



# STRATEGIC HOUSING MARKET ASSESSMENT 2009

## FINAL REPORT

August 2009





# CENTRAL LANCASHIRE STRATEGIC HOUSING MARKET ASSESSMENT 2009

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# FOREWORD

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# EXECUTIVE SUMMARY

## Background

1. In September 2008, the Central Lancashire Housing Market Partnership (Chorley Council, Preston City Council and South Ribble Borough Council along with Homes and Communities Agency, Registered Social Landlords, house builders, estate agents and mortgage lenders) commissioned **Outside Consultants** to undertake a comprehensive Strategic Housing Market Assessment.
2. The aim of the commission was to undertake a comprehensive survey of housing, including the housing market and local housing needs requirements, across all tenures and client groups, within the Central Lancashire Housing Market Area. The evidence from the Strategic Housing Market Assessment will inform the development of planning policy and housing strategy in the individual Districts and the sub-region.
3. The Strategic Housing Market Assessment used a combination of quantitative and qualitative methods in order to obtain the information required. The research drew upon a combination of primary research, telephone interviews and analysis of existing and emerging secondary data sources. The primary research was undertaken December 2008-January 2009 and took the form of a postal survey of 20,000 randomly selected households across the three Districts.

## Population

4. In 2007 Chorley's resident population was 103,775; 29.8% of the Central Lancashire sub-region. Chorley's population is forecast to grow by 12.8% (7,807) by 2017. The principal driver of this change is natural population change (as opposed to migration). In 2001, 40.8% of the Chorley population was over 45 years old. By 2017, this group will make 47.8% of the population, with the greatest increase expected in the 65-74 age group.
5. In 2007 Preston's resident population was 136,122 persons; 39.1% of the Central Lancashire area. Preston's population is forecast to grow by 4.0% (2,979) by 2017. As in Chorley the proportion of the population over 45 years old will grow; in Preston from 36.4% to 41.0%, with the greatest increase of 21.4% in the 55-64 year old age group.
6. In 2007 South Ribble's resident population was 108,103 persons; 31.1% of the Central Lancashire area. South Ribble's population is forecast to grow by 8.2% (5,408) by 2017.

As elsewhere in the sub-region the population over 45 years old will grow from 41.8% to 48.5% by 2017, with the greatest increase of 48.1% in the 65-74 year old age group.

## Households

7. Chorley had 43,996 households in 2007, an average of 2.36 persons per household; down from 2.39 persons in 2001 and projected to decrease to 2.07 persons per household by 2026. Preston had 57,351 households in 2007, an average of 2.37 persons per household; down from 2.40 in 2001 and projected to decrease to 2.09 persons per household by 2026. South Ribble had 46,271 households in 2007, an average of 2.34 persons per household; down from 2.42 in 2001 and projected to decrease to 2.12 persons per household by 2026.
8. The national trend towards diminishing household size is reflected in the projected shift in household composition to 2026. The largest proportional increases in household types are single person households increasing between 2001 and 2026 by 81.8% in Chorley, 47.1% in Preston and 72.7% in South Ribble.
9. Coupled with the ageing population, the decreasing household sizes suggest that the requirement for future dwellings will not necessarily be met by one bedroom dwellings since those smaller households in middle age and old age will need a spare bedroom for guests (children or carers) and/or flexible working.
10. The most significant driver of population change in Chorley and Preston is natural growth. In addition Preston records significant net out-migration compared to both Chorley and South Ribble. In terms of population change in South Ribble net inward migration from neighbouring authorities (mainly Preston) has been the principal driver of resident population change.
11. Preston has experienced an increase in inward migration of international economic migrants, over the three-year period from 2005/06 to 2007/08. A 40.4% increase in inward economic migrants (from 1,460 to 2,050) was recorded between 2006 and 2008.

## Employment

12. In the North West region, 76.8% of the population is economically active. Whilst Preston has the same rate, the proportions in South Ribble and Chorley are higher: 84.0% and 79.0% respectively.
13. Full-time gross weekly pay in South Ribble (£449.20) and Chorley (£442.60) is higher on average than in the region (£432.70), though slightly below the national average (£459.00). In Preston it is considerably lower (£388.70).



14. Only 44.6% of South Ribble working residents work **in** South Ribble; the main outward commuting destinations are Preston (28.2%) and Chorley (6.9%). 49.1% of Chorley working residents work **in** Chorley; the other half commutes primarily to South Ribble (12.3%), Preston (9.7%), Bolton (4.5%) and Wigan (3.8%). In comparison, 68.5% of Preston working residents work **in** Preston.

## Housing stock

15. 83.2% of housing in South Ribble and 78.2% in Chorley is owner-occupied; this is greater than the Region (68.7%) and nationally (67.7%). Preston is closely aligned with the regional distribution. The social and private rented sectors are at their largest in Preston compared to South Ribble and Chorley. It may be the size of the private rented sector is larger than official statistics suggest; it could now be as large as 13% in Preston and 11% in South Ribble.
16. Semi-detached and detached properties account for 62.2% of stock across the Central Lancashire Housing Market Area. Disparities between the Districts and the Region suggest an undersupply of apartments in South Ribble and Chorley and an undersupply of detached family properties within Preston. Preston has a higher proportion of Council Tax Band A properties (46.0% of total stock), approximately 20% higher than the national average.
17. In terms of housing delivery, Preston has built on average 346 dwellings per year between 2002 and 2008 compared to 428 in Chorley and 470 in South Ribble. From 2003 the Regional Spatial Strategy established an annual new housing provision target of 507 for Preston and 417 for both South Ribble and Chorley.
18. Continuing these provision levels into the future and comparing them with sites with potential for new housing there is, in gross terms, more than sufficient land available to meet the minimum 5 year supply requirement in each District that is expected nationally. However the actual deliverability of these sites is subject to on-going detailed work through the Strategic Housing Land Availability Assessment process. It is also important to note that the recent provision of new affordable housing has been low in all three Districts.

## Housing market activity

19. UK house prices fell 15.9% in the twelve months to September 2008 although the slowdown was less severe in the North West than in other regions. Despite the recent downturn, North West overall prices increased by 45.6% between 2003 and 2008.

20. In terms of price growth 2003-08, Chorley under-performed compared to the regional trend (45.6%) with growth of 29.6%. In the twelve months to September 2008, overall mean prices fell 5.3% compared to 3.8% across the North West. The average overall property price was £169,279. Terraced properties experienced the most significant price increase 2003-08; up 118.1%. In line with the UK market, overall transaction rates for 2008 were down 47.3% on the same period in 2007.
21. In terms of price growth 2003-08, Preston under-performed compared to regional trends with growth of 43.2%. In the twelve months to September 2008, overall mean prices fell 7.9%. The average overall property price was £153,795. Terraces and apartments experienced the most significant price increases during the five-year period recording 80.8% and 92.3% price growth respectively. Overall transaction rates within Preston for 2008 were down 62.9% on the previous year.
22. In terms of price growth 2003-08, South Ribble under-performed compared to regional trends with growth of 25.5%. In the twelve months to September 2008, overall mean prices fell 13.5%. The average overall property price was £161,983. Terraces and semi-detached dwellings experienced the most significant price increases during the five-year period recording 72.6% and 47.3% price growth respectively. Overall transaction rates within Preston for 2008 were down 59.9% on the previous year.
23. Private sector rents in Chorley are between £275-£400 per month for a one bedroom apartment, £425-£495 per month for a two bedroom flat/terraced property and £500-£600 for a three bedroom semi-detached property. Rents in Preston start at £295 per month for a one bed house, £350 -£550 per month for a one bedroom new build apartment, £400-£700 for a two bedroom property and £450-£800 for a three bedroom property. Rents in South Ribble range between £450-£500 per month for a one bedroom flat, £500-£595 for a two bedroom property and £595-£700 for a three bedroom property.

### Sub-markets in Central Lancashire

24. Preston has an origin-based self-containment of 65.8%<sup>1</sup> and as such represents a relatively contained market. Within Preston three sub-markets have been identified:
- **Preston North** – Ashton, Cadley, College, Garrison, Greyfriars, Ingol, Larches, Lea, and Sharoe Green
  - **Preston South** - Brookfield, Deepdale, Fishwick, Moor Park, Ribbleton, Riversway, St George`s, St Matthew`s, Town Centre, Tulketh and University
  - **Preston Rural** - Preston Rural East and Preston Rural North

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<sup>1</sup> i.e. 65.8% of Preston residents when moving relocated to a location within Preston

25. South Ribble is located between Preston to the north and Chorley to the south. South Ribble has an origin-based self-containment of 62.0% and as such represents a relatively contained market, albeit less so than Preston and also Chorley. Within South Ribble four sub-markets have been identified:

- **Bamber Bridge** - Bamber Bridge East, Bamber Bridge North, Bamber Bridge West, Lostock Hall, Tardy Gate, Walton-le-Dale
- **Leyland** - Farington East, Farington West, Earnshaw Bridge, Golden Hill, Leyland Central, Leyland St. Ambrose, Leyland St. Mary's, Lowerhouse, Moss Side, Seven Stars
- **Rural West** - Broad Oak, Charnock, Howick and Priory, Kingsfold, Little Hoole and Much Hoole, Longton and Hutton West, Middleforth, New Longton and Hutton East, Whitefield
- **Rural East** - Coupe Green and Gregson Lane, Samlesbury and Walton

26. Chorley is located in the south of Central Lancashire and as such looks to both the City of Preston and north Manchester. Chorley has an origin-based self-containment of 63.7% and is a relatively contained market. Within Chorley three broad sub-markets have been identified:

- **Chorley Central** - Astley and Buckshaw, Chorley East, Chorley North East, Chorley North West, Chorley South East, Chorley South West, Clayton-le-Woods and Whittle-le-Woods, Clayton-le-Woods North, Clayton-le-Woods West and Cuerden, Coppull, Euxton North, Euxton South
- **Chorley East** - Adlington and Anderton, Brindle and Hoghton, Heath Charnock and Rivington, Pennine, Wheelton and Withnell
- **Chorley West** – Eccleston and Mawdesley, Chisnall, Lostock.

## Entry-level housing

27. The median gross household income in Chorley is £29,642, which gives a house price to income ratio of 1:5.7. The median gross household income in Preston is £28,138, which gives a house price to income ratio of 1:5.5. The median gross household income in South Ribble is £32,769, which results in a house price to income ratio of 1:4.9.

28. The latest CLG guidance recommends that the lower quartile house price (LQHP) should be taken as a proxy for indicating entry-level property prices. The LQHP for Chorley is £105,000, for Preston is £93,000 and for South Ribble is £115,000. The annual income required for a household with two incomes to purchase a property in Chorley is £32,586, in Preston is £28,862 and in South Ribble is £35,845 per annum. Households with a single income would need £27,000, £23,914 and £29,700 respectively.

29. Based on 2006/07 private rent levels, households in Central Lancashire pay a mean average rent per calendar month of between £376.65 in Preston and £421.29 in South Ribble. This means a household would require an annual income between £18,079 and £20,222, making the private rented sector more affordable than owner-occupation, albeit with a far more limited supply.

## Older people

30. The housing needs of older people covers a population spanning two or more generations. The lifestyles and expectations of the age group 55-74 are likely to be very different to the generation aged over 75. Even within each age cohort there are a multiplicity of needs, demands and aspirations.
31. Almost half the households in Central Lancashire contain at least one member aged 60 or above. Households with older members are distributed across all three Districts, but there appear to be higher concentrations in the more outlying rural areas than the inner urban areas of each District. This will have an impact on access to services and support as people get older and their health and mobility needs increase.
32. As people age, and particularly from the ages of 75 upwards they are more likely to live alone. This has implications for care and support services within Central Lancashire as it suggests that as older people age and their support needs increase they are less likely to benefit from care and support within their own home provided by another member of their household.
33. 7.8% of households in Chorley, 8.0% of households in Preston and 6.7% of households in South Ribble with a member over the age of 60, felt that their home was not suitable for their needs and the main reason was that the accommodation was too large. Over a quarter of households with at least one member aged 60 or above are living in under-occupied accommodation.
34. 7.5% of Chorley households, 9.6% of Preston households and 7.3% of South Ribble households indicated that their homes required adaptations to meet their household's needs.
35. The majority of respondents aged over 55 stated they would prefer to stay in their own home in older age and have services come to them. Sheltered accommodation was the next most popular option followed by housing for older people. Moving to live with family and moving into extra care housing were the least popular options.

## **Requirement for affordable housing**

36. The model to estimate the annual shortfall in affordable housing is based on the latest CLG guidance and each stage is described in detail in the main report.
37. Chorley has an estimated annual shortfall of 723 units, Preston of 397 units and South Ribble an estimated annual shortfall of 660 units. This produces an estimated annual shortfall of affordable housing across the Central Lancashire area of 1,779 units.
38. Affordable housing provision includes both social rented housing and intermediate tenures. By identifying the households able to afford 76-99% of the lower quartile threshold price, it is possible to estimate the split between social rented housing and intermediate tenures for each District. This analysis indicates splits of 74:26 in Chorley, 68:32 in Preston and 89:11 in South Ribble.
39. 32.5% of Preston households intending to move and 25.5% of Chorley households intending to move are interested in shared ownership. In the case of South Ribble the interest is greater than the affordability measure would suggest: 29.4% of households intending to move would or could be interested in shared ownership compared to only 11.2% who could afford it.
40. In Preston, the level of interest in social rented housing for both existing households and potential new households is proportionate to the overall provision of social renting within the District, but in Chorley and South Ribble, particularly amongst potential new households the proportional interest in social rented housing is much greater than the supply.

## **Size and type of affordable housing**

41. Of all the households in Chorley that intend to move over the next two years and would like social rented accommodation, just over a third are looking for a flat and just over a fifth are looking for a one bedroom flat. However, across all housing types, two and three bedroom accommodation is in the highest demand. Demand for bungalow property is quite high.
42. The type and size preferences for affordable housing in Preston are similar to those in Chorley, but with a higher proportion demanding two-bedroom accommodation and a correspondingly lower proportion favouring three-bedroom accommodation.
43. Demand for affordable housing in South Ribble is more varied in its type and size than evident in Chorley and Preston, with 33.7% indicating that they would be interested in a

range of housing types. 16% would like two bedroom bungalows and a further 16% would like a four bedroom detached house. Overall, as with Preston the highest demand is for two-bedroom properties (59.8%).

### **Size and type of market housing**

44. Size and type preferences for market housing are different from the preferences for affordable housing. Detached and semi-detached properties feature more strongly as do larger properties with demand for more three and four bedroom houses. In Chorley, 21.1% of households would like either a two or three bedroom bungalow. Demand for one-bedroom flats in market housing is only 1.7%.
45. In Preston, the single highest demand is for three bedroom semi-detached homes (20.9%), followed by four-bedroom detached houses (15.7%). As with Chorley the demand for one-bedroom flats is very low at just 1.2%.
46. In South Ribble, demand is high for detached (30.1%), semi-detached (25.2%) and bungalow properties (24.6%). 62.0% of households indicate a demand for three or more bedrooms. Interest in one-bedroom flats is as low as in both Preston and Chorley.

### **Targets for affordable housing**

47. In terms of developing affordable housing targets in local development documents, the Strategic Housing Market Assessment provides indications of suitable targets. It is important that the statistical modelling used to derive the evidence is set alongside other evidence (for example affordable housing viability assessments) to arrive at final policy decisions.
48. Chorley is expected to build on average 417 units per annum to meet the requirements of RSS and the housing needs model (which is unconstrained) would imply an affordable housing target greater than all new provision.
49. Preston is expected to build on average 507 units per annum to meet the requirements of RSS and the housing needs model would imply an affordable housing target of over 90%.
50. South Ribble is expected to build on average 417 units per annum to meet the requirements of RSS and the housing needs model would imply an affordable housing target greater than all new provision.
51. As the figures suggested by the models are in most cases greater than the Districts' total completion targets for all dwellings as well as past performance on delivery of affordable housing, there is clearly a need to look very carefully at the sites coming forward in the

future and their suitability for mixed, sustainable developments as the Councils may need to seek a considerably higher proportion of affordable housing than has been the target in the past.

52. By maintaining the model with updated data, it will be possible to see whether an increase in the delivery of affordable housing through firmer and higher targets than have been achieved previously has the desired effect of reducing the shortfall across Central Lancashire.





# 1 APPROACH

## 1.1 Purpose and objectives of the study

- 1.1.1 In September 2008, the Central Lancashire Housing Market Partnership (Chorley Council, Preston City Council and South Ribble Borough Council along with Homes and Communities Agency, Registered Social Landlords, house builders, estate agents and mortgage lenders) commissioned **Outside Consultants** and **Knight Frank LLP** to undertake a comprehensive Strategic Housing Market Assessment.
- 1.1.2 The aim of the commission was to undertake a comprehensive survey of housing, including the housing market and local housing needs requirements, across all tenures and client groups, within the Central Lancashire Housing Market Area (the combined districts of Chorley, Preston and South Ribble).
- 1.1.3 The findings of the Assessment are of strategic importance, and will form the evidence base for future strategic planning on housing matters.
- 1.1.4 The key objectives can be summarised as:
- (i) to outline the nature and dynamics of the Central Lancashire Housing Market and reasons for housing requirements
  - (ii) to identify and assess the role of sub-markets in the housing market area and the influence of economic and transport drivers
  - (iii) to identify links with West Lancashire District Council area and the relationships with other housing markets across Lancashire and the North West , having regard to migration and economic growth
  - (iv) to provide an overview of the housing market as well as the need for social rented, intermediate/subsidised home ownership and market housing
  - (v) to inform decision-making for new social housing, private sector renewal and the evaluation of new build affordable and low cost housing products, including advice on stock conversion, demolition and re-use of existing stock
  - (vi) to inform negotiations with developers on levels of affordable housing required whilst ensuring that dwelling mix reflects the appropriate profile of local needs and demands

- (vii) to assist in developing the housing policy within the Councils' Local Development Frameworks, particularly in respect of projecting the scale and reasons for the need for affordable housing, appropriate tenure mixes to achieve sustainable communities and the sub-regional housing elements of the LDF
- (viii) to inform decisions about targeting resources and determining planning and spending priorities
- (ix) to assist in assessing the likely demand for rent, shared ownership and low cost home ownership programmes, on a sub-district basis
- (x) to inform both planning and housing on the likely levels on the need for specialised housing
- (xi) to undertake an assessment that conforms to the latest guidance<sup>2</sup>
- (xii) to provide clear and robust evidence-based, long term views of housing needs and demands across all tenures so as to inform sustainable community strategies, local authority housing strategies and Local Development Framework documents
- (xiii) to produce a housing market/needs forecast for the next five years and an indication of need over the next ten to fifteen years
- (xiv) to set findings in the context of national and regional data where possible, particularly the Regional Spatial Strategy, any growth point proposals and emerging Local Development Framework documents
- (xv) to engage with stakeholders including house builders, housing associations, estate agents, mortgage lenders and the public within this work
- (xvi) to utilise a modular approach to the work and deliver the quantified outputs required by PPS3
- (xvii) to produce one report that contains separate information detailing the housing needs/requirements within each local authority area

## 1.2 Methodology

- 1.2.1 The Strategic Housing Market Assessment uses a combination of quantitative and qualitative methods in order to obtain the information required. The research draws upon a combination of postal questionnaires, telephone interviews and analysis of existing and emerging secondary data sources.

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<sup>2</sup> *Strategic Housing Market Assessments: Practice Guidance Version 2*, Communities and Local Government, August 2007

## Secondary data analysis

- 1.2.2 The first element of the research was to collate, digest and analyse key secondary data and information sources. This would include an assessment of the quality, robustness and adaptability of existing housing markets intelligence to meet the requirements of this commission and any gaps in housing markets intelligence for future monitoring purposes.
- 1.2.3 To understand demand a detailed demographic analysis was undertaken drawing upon both historic data and future projections. Key issues such as population size, household numbers, age, household formation, income and earnings, household socio-economic classification and employment by occupation and sector were studied. Reputable data sources including the Office of National Statistics and CACI were used. Through this demographic analysis the quality and quantity of current and projected demand within the study area was examined.
- 1.2.4 Supply conditions were assessed through a review of the housing stock by type, tenure and location. We also considered, in detail, planned future supply rates, including a review of planning proposals, and policy targets for housing provision within the area. Historic supply rates were also explored through analysis of past development (completions) activity. The respective councils, Communities and Local Government, National Statistics and CACI provided the main data sources.
- 1.2.5 Local property prices and sales rates from a present and historical perspective have been reviewed at the individual property type level. Existing local market knowledge held by agents and surveyors has been combined with information drawn from structured interviews carried out with local agents to highlight market issues.

**Table 1: Secondary data research structure**

Section	Topic	Background review
Review of existing plans and strategies	<ul style="list-style-type: none"> <li>▪ Examination of regional/local planning strategy</li> <li>▪ Examination of regional/local economic strategy</li> </ul>	<ul style="list-style-type: none"> <li>▪ RSS/LDF</li> <li>▪ RES</li> </ul>
National market overview	<ul style="list-style-type: none"> <li>▪ Overview of national market trends and outlook</li> </ul>	<ul style="list-style-type: none"> <li>▪ House price indices</li> <li>▪ Sub-market indices</li> <li>▪ Economic trends/outlook</li> <li>▪ Mortgage market</li> </ul>
Local housing market overview	<ul style="list-style-type: none"> <li>▪ Overview of local market trends and differentiation of local housing markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ Land Registry data</li> <li>▪ New build market data</li> <li>▪ Local economic drivers</li> </ul>
Demand analysis	<ul style="list-style-type: none"> <li>▪ Forecasts for current and future population and household change</li> <li>▪ Drivers and dynamics of population and household change</li> <li>▪ Migration trends</li> <li>▪ Household types</li> <li>▪ Demand for family housing</li> <li>▪ Sustainability of apartment market - changing levels of demand and market context</li> <li>▪ Demand for new build in terms of implementation and cost implications of eco-design i.e. Code for Sustainable Homes, zero-carbon development</li> <li>▪ Lifetime Homes Standards i.e. elderly persons accommodation and demand for secure units</li> <li>▪ Demand from the buy-to-let market</li> <li>▪ Growth of working age population</li> <li>▪ Key areas of economic growth</li> <li>▪ Potential constraints to the local market</li> </ul>	<ul style="list-style-type: none"> <li>▪ Population and household projections</li> <li>▪ Migration statistics into and within the Central Lancashire HMA</li> <li>▪ GDP statistics</li> <li>▪ CACI</li> <li>▪ 2001 Census, ONS</li> <li>▪ Population estimates, ONS</li> <li>▪ Annual Survey of Hours and Earnings</li> <li>▪ Primary survey data analysed in SPSS</li> <li>▪ GIS analysis</li> </ul>
Supply analysis	<ul style="list-style-type: none"> <li>▪ What has been built? Overview of housing schemes in the local market in terms of size, number and location</li> <li>▪ What is being built? Review of planned schemes and those under construction</li> <li>▪ Change in development location - overview of housing land supply and capacity</li> <li>▪ District level growth strategy - supply targets</li> <li>▪ Quality of product - analysis of design</li> <li>▪ Attitudes/perceptions of house builders</li> <li>▪ Affordable housing supply</li> </ul>	<ul style="list-style-type: none"> <li>▪ Latest development supply pipeline statistics</li> <li>▪ Latest development capacity data</li> <li>▪ Communities and Local Government</li> </ul>
Affordability analysis	<ul style="list-style-type: none"> <li>▪ Current affordability profile</li> <li>▪ Drivers of change and dynamics of housing market + resulting affordability</li> </ul>	<ul style="list-style-type: none"> <li>▪ Experian, ASHE</li> <li>▪ Previous Housing Assessments</li> </ul>

### Stakeholder consultation

- 1.2.6 For the purposes of this study telephone and/or face-to-face interviews with estate agents, letting agents and developers locally were undertaken to assess local market conditions. This information has been used in the discussion of the active and future housing markets.
- 1.2.7 A stakeholder seminar to bring together key stakeholders to discuss both housing markets and needs in the sub-region will be held upon publication of this report (April 2009). The seminar will consist of facilitated workshops and presentations on findings on housing needs and housing markets.
- 1.2.8 The purpose of the interviews and seminar are:
- (i) to explore the extent to which existing housing markets intelligence can be adapted to meet the needs of the sub-Region
  - (ii) to explore the extent to which existing housing markets intelligence meets the requirements of PPS3 and the criteria set out by CLG for a robust and valid Housing Market Assessment
  - (iii) to ensure we are fully conversant with the issues around demand, needs and supply and the whole market in each of the districts and the sub-region
  - (iv) to access key secondary data sources and inform interpretation of the data
  - (v) to ensure that the qualitative experience and knowledge of stakeholders is captured to inform the subsequent quantitative analysis
  - (vi) to get up-to-date housing markets intelligence from professionals in the field

### Household survey

- 1.2.9 A postal questionnaire survey of 18,000 randomly selected households across the three areas was undertaken December 2008-January 2009. The aim of the household survey was to find out about people's experiences and views of housing in the area.
- 1.2.10 A sample of 6,000 randomly selected households in each of the three areas was drawn using the local Council Tax Registers as a sample frame. A questionnaire with covering letter was sent out to each selected household with a Business Reply envelope for the returned questionnaire. Responses were collated and data entered by an established data entry company. The responses were then exported to a statistical analysis package, SPSS, for further analysis.

1.2.11 A lower response was received from households in the Preston area and a second questionnaire was mailed to a new randomly selected sample of 2,000 households in January 2009.

1.2.12 Of the 6,000 questionnaires sent to Chorley households, 1,150 were returned, giving a response rate of 19.2%. The distribution of the response is shown below in Table 2.

Table 2: Chorley survey response			
Sub-area	Sample	Response	
	No.	No.	%
Chorley Town	1500	199	17.3
Lostock/ Eccleston/ Mawedesley (Rural West)	750	124	10.8
Chisnall/ Coppul (South West Chorley)	750	109	9.5
Euxton/ Astley & Buckshaw Villages	750	176	15.3
Clayton Brook/ Green, Clayton and Whittle-le-Woods (North Chorley)	750	140	12.2
Brindle/ Hoghton/ Wheeton/ Withnell/ Heapey (Rural East)	750	145	12.6
Adlington/ Anderton/ Heath Charnock/ Rivington (South East Chorley)	750	144	12.5
Other		102	8.9
<b>Chorley total</b>	<b>6000</b>	<b>1150</b>	<b>19.2</b>

1.2.13 Of the 6,000 questionnaires sent to South Ribble households, 1,101 were returned, giving a response rate of 18.4%. The distribution of the response is shown below in Table 3.

Table 3: South Ribble survey response			
Sub-area	Sample	Response	
	No.	No.	%
Penwortham		239	21.7
Leyland		280	25.4
Bamber Bridge and Walton le Dale		188	17.1
Lostock Hall and Farington		120	10.9
Longton, Hutton and Hoole (Western Parishes)		151	13.7
Samplesbury & Walton, Coupe Green & Gregson Lane (Eastern Parishes)		69	6.3
Other		47	4.3
<b>South Ribble total</b>	<b>6000</b>	<b>1094</b>	<b>18.2</b>

1.2.14 Of the 6,000 questionnaires sent to Preston City households, 781 were returned, giving a response rate of 13.0%. A second mailing was sent to a further sample of 2,000 households in January with a response of 280, 14.0%. The second sample was skewed in order to provoke a stronger response from under represented areas such as the postcode areas PR1 and PR3-4. The distribution of the total response is shown below in Table 4.

Table 4: Preston City survey response			
Sub-area	Sample	Response	
	No.	No.	%
Broadgate/ Avenham/ Frenchwood		81	7.5
Fishwick/ St Matthews/ Deepdale		116	10.7
Riversway/ University/ St Georges/ Moor Park		66	6.1
Brookfield/ Ribblesdale/ Garrison/ Sharoe Green/ College		165	15.2
Greyfriars/ Cadley/ Ingot/ Lea/ Larches/ Tulketh		220	20.3
Broughton, Garstang/ Grimsargh/ Inglewhite/ Longridge/ Whittingham/ Woodplumpton		158	14.5
Other		257	23.7
<b>Preston total</b>	<b>8000</b>	<b>1063</b>	<b>13.3</b>

### 1.3 Report structure

1.3.1 This Strategic Housing Market Assessment report is structured to reflect the SHMA guidance. Analysis is presented in four broad sections (blue, underlined text links to the relevant place in the document):

Policy context, including

- Planning Policy Statements
- SHMA Guidance
- Regional strategies
- Local policy context

Current housing market, including:

- Demographic and economic context
- Housing stock
- The active market

Future housing market, including:

- Macro-economic climate
- Household change
- Market change

Housing need, including:

- Current housing need
- Future housing need
- Affordable housing supply
- Housing requirements of households in need
- Targets for affordable housing

## 2 POLICY CONTEXT

### SECTION OVERVIEW

In this section of the report we examine the national, regional and local policy drivers that impact upon housing markets and housing needs. This includes summaries of key Planning Policy Statements and the evolution of the guidance on Strategic Housing Market Assessments. In addition the key aspects of regional spatial, housing and economic strategy are presented alongside local planning policy.

### 2.1 National policy drivers

#### Sustainable Communities framework

- 2.1.1 The Sustainable Communities Plan: Building for the Future set out the Government's national strategy for creating sustainable housing markets and communities. It included £38 billion of funding for regeneration and housing renewal, with a focus on regenerating deprived areas. It also included policies to extend provision of affordable housing, bring Council homes up to a decent standard, tackle low demand and abandonment and reduce homelessness. The Plan introduced a regional approach to housing policy, with new Regional Housing Boards given responsibility for producing Regional Housing Strategies (see below).
- 2.1.2 In 2005, the Government followed the Plan with two further five-year plans. Sustainable Communities: Homes for All includes the following core aims:
- Ensuring sufficient supply of high-quality homes across all three broad tenure groups;
  - Helping more people to own their own homes;
  - Making sure that all social tenants, and seven out of ten people in the private sector, have a decent home;
  - Creating sustainable, mixed communities with adequate jobs, services and infrastructure;
  - Providing additional support where needed, and halving the number of people in temporary accommodation.
- 2.1.3 Its sister document, Sustainable Communities: People, Places and Prosperity, outlined the actions that would be taken to provide the complementary services, facilities and amenities required for sustainable communities, such as schools, health services, parks, transport infrastructure and a healthy local economy.



- 2.1.4 At the centre of the Sustainable Communities framework is the principle of creating communities with a range of housing types, tenures and sizes, to promote social and economic inclusion of as many different household types and incomes as possible.

### [Kate Barker Review of Housing Supply](#)

- 2.1.5 Responding to rapid house price increases in recent years leading to concerns regarding affordability, particularly for potential first-time buyers, the Government commissioned the Kate Barker Review of Housing Supply to explore the impact of housing supply on housing market stability, housing affordability and economic growth. Among its findings was that to bring house price growth in line with the EU average of 1.1% per annum would require additional house building of 120,000 units each year. Following the Review, the Government increased the national net annual target to 200,000 new units per annum. This target has been increased to 240,000 per annum following the Green Paper in July, with a delivery target of two million homes by 2016 and three million by 2020.

### [The Northern Way](#)

- 2.1.6 The Northern Way is a Government scheme to reduce the disproportionate concentration of economic and housing growth in London and the South East of England that has accelerated house price increases there and created a £30 billion output gap between the North and the average for England. The scheme involves the three Northern Regional Development Agencies: Yorkshire Forward, the Northwest Development Agency and One NorthEast.
- 2.1.7 In 2004, ODPM published the Growth Strategy - Moving Forward: The Northern Way - which outlined how £100 million of Government funding would be spent. One of its ten policy priorities was to create sustainable communities with housing choice for all households, through regeneration and housing renewal. This also relates to another of its core aims: to improve the image of the North by making it a more attractive place to live and work.

## **2.2 National housing and planning policy reform**

- 2.2.1 The Housing Green Paper, released in July 2007, has set ambitious targets for future house building volumes, the revised target requires the delivery of three million homes by 2020. The delivery of this level of home building will prove to be a significant challenge for the development industry and the planning system. Nevertheless, there is little doubt that the Brown Government has made clear its intention to maintain and develop housing provision as a priority. Affordability issues have gained momentum in driving popular politics and as a

response to this Government has sought expertise from the private sector to aid and facilitate solutions.

2.2.2 The main drivers for reform are that the perceived need and demand for housing is way in excess of housing supply. As a consequence the increase in house prices in recent years has been marked. For the average household housing has become less affordable. Current projections indicate that the number of households will rise by 223,000 a year until 2026, while the number of new homes due to be built annually is only 185,000. This is below the current target of 200,000, and even further behind the proposed 240,000 2016 target.

2.2.3 The perceived problem, however, is not solely a deficit of supply. The mismatch of demand against supply continues to accentuate and widen the affordability gap.

2.2.4 The Government's vision is for all households to have access to a decent home at a price they can afford, in a place where they want to live and work. The Housing Green Paper proposes three main areas of change:

- More homes
- Better homes
- More affordable homes

#### [More homes](#)

2.2.5 The Government is proposing a new housing delivery target for 2016 of 240,000 homes per annum. The Government believe that there is a requirement for an additional two million homes by 2016 and three million by 2020.

2.2.6 The 2016 target will be met by the 1.6 million homes presented in the regional housing allocations already in place within the Regional Spatial Strategy (RSS) documents, including that within the four existing growth areas of which Thames Gateway and the South Midlands Milton Keynes are the largest areas of expansion. A further 150,000 - 200,000 will be added to this by the review of existing RSS currently underway in some regions. New to the total are 150,000 homes to be provided within New Growth Points (a potential estimated number of 78 across both the North and South) of which Central Lancashire and Blackpool have been allocated in July 2008. In addition to these Growth Points 10 Eco Towns are also proposed which could see an addition of between 50,000 and 200,000 new homes to the total delivery to 2016.

## New Growth Points

- 2.2.7 29 Growth Points in the south and midlands have come forward, stemming from the invitation of Local Authorities to submit strategic growth proposals in 2006. The Government claim that provision in London (mainly the inner eastern Boroughs), the four existing growth areas and the existing growth points will amount to 1.1 million additional homes by 2016. This is 300,000 more than previously planned.
- 2.2.8 The existing growth points have a relatively wide locational spread and vary in size. Major cities such as Nottingham and Bristol as well as large towns such as Swindon and Thetford are examples. A total of 100,000 new homes are estimated, 40,000 of which are planned for the Birmingham and Solihull growth point by 2016, 17,700 for Swindon, and 15,950 in Norwich.
- 2.2.9 The Government view the growth points formula as a success and propose securing additional New Growth Points in 2008-09. These New Growth Points will be nationwide and not confined to the south. It is understood that extending the programme into the north will be in addition to the Housing Market Renewal Programme.
- 2.2.10 The Housing Market Renewal Programme has faced a degree of uncertainty since the Comprehensive Spending Review (CSR) and the Pre-budget report. Commentators fear the situation whereby funding to pay for new build growth is drawing resources away from much needed market renewal.
- 2.2.11 The demolition of housing featuring strongly within the Housing Market Renewal programme and the new build expansion proposed will clearly create considerable conflict should the new build development be in the 'wrong' places. Commentators will equate the Government's actions to a 'moving' of the problem. This of course will be an argument lobbied by NIMBYs and those wishing to restrict growth on greenfield sites.
- 2.2.12 The Green Paper maintains both 'fronts' in meeting the supply challenge. That is to add to supply by effectively building more, but also add by reducing vacancy and recycling housing that is already built.
- 2.2.13 In July 2008 Communities and Local Government allocated New Growth Point status to six locations throughout the North West including, Central Lancashire and Blackpool; Greater Manchester; Warrington, Halton and St Helens; West Cheshire; Mersey Heartlands and Carlisle.

2.2.14 New Growth Point status is not a statutory designation but a relationship between central government and local partners, on the basis of four principles;

- Early delivery of housing as part of growth plans
- Supporting local partners to achieve sustainable growth
- Working with local partners to ensure that infrastructure and service provision keep pace with growth
- Ensuring effective delivery

2.2.15 Local partners' vision for Central Lancashire is:

*'to make Central Lancashire and Blackpool a growth point where the optimum balance is achieved between sustainable housing provision, economic growth and regeneration. We believe we have the potential here to grow significantly our economy, particularly in the knowledge-based, advanced manufacturing, tourism and business service sectors. Joint working across the area is already well advanced and, if selected, we will embrace the opportunity to quickly deliver an accelerated programme of affordable housing and economic growth'*<sup>3</sup>

2.2.16 The statement of ambition outlines sites across the area to facilitate and prioritise early delivery of 4,000 affordable homes, to complement the breadth of economic potential and housing need ensuring balanced and sustainable growth.

### Eco-towns

2.2.17 Eco-towns are to be exemplary 'green developments' of between 5,000 and 20,000 new homes. They are to be designed to meet the highest standards of sustainability from the home through to the whole community, including low and zero carbon technologies and good public transport to lower car use.

2.2.18 Eco towns will be designed to complement town and city centre renewal, urban extensions and the redevelopment of major sites in existing urban areas. Two sites, Northstowe in Cambridgeshire and Cranbrook in East Devon have been allocated for eco-development and will serve as demonstrator schemes.

2.2.19 A prospectus for selecting Eco-town bids has been prepared and accompanies the Green Paper. This prospectus presents the following criteria in judging the suitability of proposals:

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<sup>3</sup> **Jim Carr, Chief Executive of Preston City Council on behalf of the joint bid making authorities, quoted at <http://www.communities.gov.uk/housing/housingsupply/growthareas/newgrowthpoints/newgrowthpoints/northwestofengland/lancashireandblackpool/>**

- Zero carbon and environmental standards;
- Sustainable travel provision;
- Design quality;
- Community involvement; and
- Land use.

2.2.20 In line with Planning Policy Statement 3 (PPS3), the Government will where possible restrict the use of greenfield areas in the delivery of eco-towns.

2.2.21 New Growth Points and Eco-towns will share in the £300 million Community Infrastructure Fund. £2 million has been provided so far for preparatory work for the development of eco-towns. It is proposed that the private sector will form the majority share of investment. In addition to planning reviews to re-set regional and local targets and to incorporate New Growth Points and Eco-town provision the Government propose changes to the planning system and the way that public sector land is managed.

#### [The Code for Sustainable Homes](#)

2.2.22 The Code for Sustainable Homes, launched in December 2006 and planned for mandatory compliance for new homes by April 2008. The Code builds upon the existing building regulations Part L and EcoHomes standards, assessing the sustainability of homes according to nine design categories including energy/CO<sub>2</sub>, water, materials, surface water run-off, waste, pollution, health and well-being, management and ecology. The Code will introduce minimum standards to be achieved for energy, water, materials, surface run-off and waste. Developments are rated on a Code level one-six, standards being improved incrementally, Code three by 2010 (25% improvement on current building regulations), Code four by 2013 (44% improvement on current building regulations) and Code six being zero carbon by 2016. Meeting level six requires zero carbon emissions from all energy uses in the dwelling and provision of on site renewable energy sources either from micro generation or district accredited source.

#### [Public sector land](#)

2.2.23 A total 200,000 new homes are to be developed on public sector land by 2016, and increase of 70,000 on previous targets. This follows the identification of major additional surplus public sector land. Land stemming from British Rail, the Highways Agency, the MoD and the Department of Health total in excess of 550 new sites.

2.2.24 The Homes and Communities Agency (HCA) is set to have a major role facilitating and managing the Central Government surplus land. HCA will either acquire sites directly or take an agency role, managing or reviewing disposals and ensuring that minimum agreed standards for development are achieved.

2.2.25 Minimum standards include:

- A minimum of 50% affordable housing with provision to be consistent with planning policy;
- High design and environmental standards;
- All homes to meet a minimum standard of Level 3 of the Code for Sustainable Homes;
- Defined development start and completion dates to prevent land banking;
- Limits on the scale of buy to let sales on each site.

2.2.26 The Government also propose to reconvene the Surplus Public Sector Land Taskforce and to create through HCA a Surplus Public Sector Land Unit to drive forward and report on the progress of the programme.

### Rural housing delivery

2.2.27 In 2005 the Government set up the Affordable Rural Housing Commission to formulate recommendations on rural housing issues. Subsequently, the findings of the commission have been used to inform PPS3 and devolve greater power to planning authorities with regards rural housing provision, for example rural exceptions site policy, advocating a positive and proactive approach to the delivery of rural housing.

2.2.28 The Government has also founded the Rural Housing Advisory Group within the Homes and Communities Agency to examine greater innovation and efficiency in rural delivery. Main changes include the development of Community Land Trusts. These trusts act as mechanisms for the democratic ownership of land at the community level. Land is taken out of the market and separated from its productive use so that the impact of land appreciation is removed. This is deemed to enable the long-term planning for affordable and sustainable housing development. There are currently seven pilot schemes.

2.2.29 The publication of the Matthew Taylor Review into delivery of affordable rural housing (July 2008) advocates a flexible planning policy response to development in rural locations. Acute demand and supply imbalances in desirable rural locations have driven house prices beyond the reach of younger household groups, as such becoming the preserve of the

wealthy and elderly. Amongst the recommendations of The Taylor Review, a flexible planning approach includes reductions in section 106 agreements for developments under 15 units, joint pre-application working between local authorities and applicants and identification of landowners willing to sell land below market rate for affordable development.

### Recycling homes and land

- 2.2.30 The national target of 60% provision on brownfield land remains the goal on new development. Local Authorities are expected to produce their own targets for Brownfield use with support from English Partnerships and the new homes agency to overcome the barriers to adding some Brownfield sites to the supply chain and to lever in private investment and transform communities.
- 2.2.31 Local Authorities will also be expected to do more to bring long-term empty homes back in to use. Figures presented in the Green Paper suggest up to 150,000 homes have been empty for over two years. The Government propose using the Housing and Planning Delivery Grant to enable and facilitate bringing these properties back into use. The Government also make reference to housing purchased by capital investors on a 'buy-to-leave' basis as adding to the issue of empty homes.

### The Planning Act

- 2.2.32 The Planning White Paper, published in May 2007, proposes to streamline the planning system, strengthen the strategic role of local authorities and importantly ensure that the planning system can cope with the future target to deliver 240,000 new homes per annum. Many of the White Paper's proposals have now been included in the recently published Planning Bill whilst others are being incorporated in appropriate guidance.
- 2.2.33 New draft RSS documents, being prepared by the regional assemblies, will see local authority allocations of 190,000 homes per annum, some 30,000 more than the previous RSS. These annual targets remain below the 240,000 proposed for 2016. To work up to this rate of delivery the Government will look to induce greater flexibility in responding to demand and encourage the early review of allocations. The National Housing and Planning Advice Unit (NHPAU) will lead on providing guidance in this area.
- 2.2.34 At the local authority level PPS3 and the introduction of Strategic Housing Land Availability Assessments will be the main drivers in trying to ensure that land availability does not restrict the provision of housing. Local Authorities will be offered incentives in the form of Housing and Planning Delivery Grant for the delivery of new housing and the identification

of at least five years supply of sites ready for development and ten years worth of development potential.

- 2.2.35 Reforms aimed at streamlining the planning system include the introduction of Planning Performance Agreements (PPA) and an expanded role for the Advisory Team on Large Applications (ATLAS). PPAs between developers and Local Planning Authorities are perceived by Government as a potentially effective means of providing developers of large schemes with a more predictable, efficient and timely process.

### Infrastructure delivery

- 2.2.36 If supply is to rise successfully, the households residing within new homes will need to have access to schools, healthcare, transport and other facilities. The 2007 Comprehensive Spending Review aims to set out a framework within which Central Government departments can work together on infrastructure planning. The outcomes of the policy review process will then be tested by Communities and Local Government
- 2.2.37 For several years there have been proposals for changes to the Section 106 planning obligations system. The objective has been to widen the scope of the system and to raise more money from development to pay for local and regional infrastructure. The government has scrapped initial proposals for a Planning Gain Supplement and in its recently published Planning Bill is now proposing a new system of planning tariffs which it has dubbed the Community Infrastructure Levy (CIL). The clauses in the Bill set out the broad parameters of the CIL but the bulk of the detail will follow in regulations and guidance. Nonetheless the likely elements of the scheme can be deduced.
- 2.2.38 The Community Infrastructure Levy will be a standard charge levied on new development. It is intended to contribute to the future infrastructure needs of the area from which the development will directly or indirectly benefit. The main advantage of CIL for developers is that they will know in advance what their liability is likely to be. Another is that planning timescales should be reduced as there will be less need for negotiation between the parties.
- 2.2.39 Infrastructure plans will be drawn up within the regional spatial strategy and the local development framework defining the infrastructure requirements over the plan period and estimating the resulting expenditure to which developers will have to make a contribution via the CIL.
- 2.2.40 The CIL will be based on a combination of different total infrastructure requirements, i.e. so much for roads, so much for schools, etc. However, the authorities will arrive at a



simple figure for the levy, for example £X per home and £Y per square metre of commercial floor space. The rate of the levy will almost certainly have to take into account the size of new homes (for instance, the number of habitable rooms) and the use class into which commercial property falls.

- 2.2.41 The Government may encourage differential levels of CIL to be set for greenfield and brownfield land. Many authorities will also set different levels of CIL for different parts of their areas. For instance, Preston may want to set very different rates for Ingot than for more deprived areas of the borough. Planning guidance might even identify areas where no CIL would apply, for example in low value 'regeneration' areas.
- 2.2.42 The level of the tariff would be set through the development plan making process and so would be subject to consultation. In setting the level of a CIL the local authority would have to consider the other demands on development, such as affordable housing and the need to build low / zero carbon developments.
- 2.2.43 It is likely that the planning authority would have the discretion to waive the full CIL in circumstances where it was demonstrated that this would render development unviable. In cases where it is necessary to ensure that specific local infrastructure is secured to enable a particular development to proceed developers will be allowed to offset the CIL system with locally negotiated Section 106 agreements. Logically, the tariff should apply only to the increase in development promoted on specific sites. Where development is redevelopment, therefore, the tariff is likely to be applied to the net increase in development.
- 2.2.44 It is likely that there will be a development threshold, below which the development threshold would not apply, but the threshold is likely to be a low one. In the case of housing, for instance, CIL may well be payable if just a single new home is being developed. However, extensions to homes will almost certainly be excluded. The requirement for affordable housing will not be affected by the CIL.
- 2.2.45 Some local authorities are already operating planning tariff schemes that have been introduced within the existing legal framework. Many other authorities are in process of introducing such schemes. It is very unlikely that the Government will want to put all this on hold whilst the new system is put in place. However, they will probably be keen to ensure that emerging schemes are in line with the new legislation.

### Better homes

2.2.46 The Government do not just intend to deliver more homes, they also propose changes to ensure that better homes are built in places where people want to live and that existing homes are meeting decency standards. The Green Paper presents a series of elements they wish to develop to achieve this:

- Development of infrastructure to support growth;
- Facilitating the provision of good amenities and development of a sense of 'place';
- High standards of design;
- The provision of greener environmentally sustainable homes.

### Policy review CSR07

2.2.47 The Government is conducting an ongoing Policy Review into Supporting Housing Growth as part of the overall Consumer Spending Review 2007. This review has aimed to set out a framework within which Central Government departments can develop better co-ordination of infrastructure planning. The outcomes of the policy review process will then be tested by Communities and Local Government.

## **2.3 Planning Policy Statements**

2.3.1 Communities and Local Government determine national policies on different aspects of planning and the rules that govern the operation of the system. National planning policies are set out in Planning Policy Statements (PPS), which are gradually replacing Planning Policy Guidance Notes (PPG).

### Planning Policy Statement 1: Delivering sustainable development

2.3.2 Sustainable development is the core principle underpinning national planning policy. The Government indicate that the planning system should facilitate and promote inclusive sustainable development by:

- Making suitable land available for development in line with economic, social and environmental objectives to improve people's quality of life;
- Contributing to sustainable economic development;
- Protecting and enhancing the natural and historic environment, the quality and character of the countryside, and existing communities;
- Ensuring high quality development through good and inclusive design and the efficient use of resources; and

- Ensuring that development supports existing communities and contributes to the creation of safe, sustainable, liveable and mixed communities with good access to jobs and key services for all members of the community.

2.3.3 PPS 1 builds on the principles developed and presented in the *Sustainable Communities - building for the future* paper published in 2003. Planning has a key role in the creation of sustainable communities as well as protecting the environment. The Government present the following key principles to guide both national, regional and local planning:

- Development plans should ensure that sustainable development is pursued in an integrated way;
- Regional and local planning should ensure that development plans address the causes and the potential impacts of climate change;
- That spatial planning is at the centre of the development process;
- That planning policies promote the highest in quality inclusive demand;
- Design that fails to take the opportunities available for improving the character and quality of an area should not be accepted;
- Development plans should also contain clear, comprehensive and inclusive access policies;
- Development planning should be 'front loaded' and involve the community where relevant and appropriate

2.3.4 The planning system of Regional Spatial Strategies and Local Development Documents should take a spatial planning approach. This approach should advocate the integration of planning and land use policies. The Green Paper proposals look to introduce a step change in this integration by combining Regional Spatial Strategies and Regional Economic Strategies into one document.

### [Planning Policy Statement 3: Housing](#)

2.3.5 PPS3 sets out the Government's national planning policy framework for delivering the Government's housing objectives. PPS3 has been developed in response to the Barker Review of Housing Supply in March 2004. The proposals draw on a range of research and consultation exercises. The underlying objective of PPS3 is to initiate the necessary step change in housing delivery to meet growing demand. The Government hope to do this by creating and developing a more responsive approach to land supply at a local level.

2.3.6 PPS3 sets out a series of policy drivers pertinent to the development of new housing, they include:

### Achieving high quality housing -

- 2.3.7 Reflecting policy in Planning Policy Statement 1: Delivering Sustainable Development, good design should contribute positively to making places better for people. PPS3 indicates that design which is inappropriate for its context, or which fails to take the opportunities available for improving the character and quality of an area and the way it functions, will not be accepted.
- 2.3.8 PPS3 suggests that Local Planning Authorities should develop a shared vision with their local communities of the type(s) of residential environments they wish to see and develop design policies that set out the quality of development that will be expected for the local area, aimed at:
- Creating places, streets and spaces which meet the needs of people, are visually
  - attractive, safe, accessible, functional, inclusive, have their own distinctive identity
  - and maintain and improve local character;
  - Promoting designs and layouts which make efficient and effective use of land, including
  - encouraging innovative approaches to help deliver high quality outcomes.
- 2.3.9 In addition it is set out that Local Planning Authorities should encourage applicants to bring forward sustainable and environmentally friendly new housing developments, including affordable housing developments, and in doing so should reflect the approach set out in the PPS on climate change, including on the Code for Sustainable Homes.

### Achieving a mix of housing

- 2.3.10 Drivers of policy on housing mix are dominated by the requirement to provide for a mixed community. Key characteristics of a mixed community are indicated within PPS3 as being a variety of housing, particularly in terms of tenure and price. Pertinent to much development currently is the provision of housing for a mix of different households such as families with children, single person households and older people.
- 2.3.11 Regional Spatial Strategies should set out the region's approach to achieving a good mix of housing (examined for the North West region in subsequent sections). Local Planning Authorities should plan for a mix of housing on the basis of the different types of households that are likely to require housing over the plan period. This will include having particular regard to:
- Current and future demographic trends and profiles;

- The accommodation requirements of specific groups, in particular, families with children, older and disabled people.
- The diverse range of requirements across the area.

2.3.12 Based upon the findings of a Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:

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

2.3.13 This will be examined for Local Planning Authorities in Central Lancashire as per the research brief.

2.3.14 In summary, developers should bring forward proposals for market housing which reflect the demand and the profile of households requiring market housing, in order to sustain mixed communities. Proposals for affordable housing should reflect the size and type of affordable housing required.

2.3.15 In planning at site level, Local Planning Authorities should ensure that the proposed mix of housing on main strategic sites reflects the proportions of households that require market or affordable housing and achieves a mix of households as well as a mix of tenure and price. For smaller sites, the mix of housing should contribute to the creation of mixed communities having regard to the proportions of households that require market or affordable housing and the existing mix of housing in the locality.

#### [Achieving market housing mix -](#)

2.3.16 Local Planning Authorities should plan for the full range of market housing. In particular, they should take account of the need to deliver low-cost market housing as part of the housing mix.

#### [Achieving a mix of affordable housing -](#)

2.3.17 The Government's commitment to providing high quality housing for households unable to access market housing, as well as enabling and facilitating the movement of households out

of social rented and into home ownership is manifest within PPS3 and the accompanying Affordable Housing Policy Statement<sup>4</sup>.

- 2.3.18 PPS3 presents a new definition of affordable housing. The main difference is that social rented provision is joined by intermediate tenures such as shared ownership and shared equity. Low-cost market housing is excluded.

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

- *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.*
- *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.”<sup>5</sup>.*

- 2.3.19 PPS3 defines social rented housing as:

*“Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements...as agreed with the local authority or with the Housing Corporation as a condition of grant”.*

- 2.3.20 And defines intermediate affordable housing as:

*“Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent”.*

- 2.3.21 The definitions above replace guidance given in the Planning & Affordable Housing Circular 6/98 and Planning Policy Guidance No. 3: Housing 2000 (PPG3).

- 2.3.22 The context for the delivery of affordable housing policy at the national level is the development of mixed communities and stepping beyond the traditional separation of tenure. Regional Spatial Strategy sets out the regional approach to addressing affordable housing including targets for the region. Local Development Documents set out local district wide affordable housing policy and are based upon evidence collated through Strategic Housing Market Assessment.

- 2.3.23 In Local Development Documents, Local Planning Authorities are required to:

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<sup>4</sup> Delivering Affordable Housing Policy Statement, Communities and Local Government, November 2006.

<sup>5</sup> Annex B, Planning Policy Statement 3 (PPS3) Housing, Communities and Local Government, November 2006.

- Set an overall target for the amount of affordable housing to be provided across the plan period
- Specify the type and size of affordable housing
- Set separate targets for social-rented and intermediate affordable housing
- Set site size thresholds

### Planning Policy Statement 6: Planning for Town Centres

2.3.24 The Government's key objective for town centres is to promote their vitality and viability by planning for growth and development within existing centres. Specific objectives include:

- Enhancing consumer choice for all through the provision of retail, leisure, and local services;
- To support efficient, effective, competitive retail, leisure and tourism with the objective of improving productivity;
- To improve accessibility, ensuring that new development is accessible and well served by a range of transport methods.

2.3.25 Also included within the above objectives is the need to adhere to objectives presented in Planning Policy Statement 1. Pertinent to town centre development is the need to:

- promote high quality and inclusive design;
- improve the quality of the public realm and open spaces;
- protect and enhance the architectural and historic heritage;
- provide a sense of place and focus for community activities and ensure that the town centre provides a safe environment for business, shopping and residence.

2.3.26 The Government advocates a planning-led approach to town centre development led at the regional and local levels. Within a regional planning context local planning authorities should actively plan for growth and manage change in town centres over the period of their development plan documents by:

- selecting appropriate existing centres to accommodate the identified need for growth by making better use of existing land and building stock;
- if relevant by extending the town centre;
- managing and developing the role of the town centre by promoting and developing new services;
- planning for new centres of an appropriate scale in the areas of significant growth or where there are deficiencies in the existing network of centres.

- 2.3.27 The above proposals emphasis the planning and development for town centres where growth is being realised and requires managing. In town centres experiencing stagnation or decline local authorities should look to consolidating and developing any areas of potential strength.
- 2.3.28 Central Lancashire is a polycentric sub-region serving as both strengths and weaknesses, based on a series of overlapping labour markets and associated travel to work areas. Economic growth as a key service centre will be driven by its strategic location between both the Manchester and Liverpool city regions. The Central Lancashire city region to compete economically must offer complementary employment and residential offer to Greater Manchester and Merseyside, promote enterprise and inward investment in the employment centres.

### Planning Policy Statement 12: Local Development Frameworks

- 2.3.29 Local Development Framework is the non-statutory term for the portfolio of Local Development Documents that comprise the spatial planning strategy for the area encompassing a local planning authority. Local Development Frameworks encapsulate the spatial approach presented above. Traditionally the land use planning system has focussed upon the regulation and control of the use of land. Local Development Frameworks (LDFs) aim to go beyond this to establish connection and integration with other strategies and policies that are not usually included within the planning system but that have an impact on spatial development.
- 2.3.30 The overall aim of the LDF is to streamline the planning process and to promote a proactive approach to managing and facilitating development. LDFs differ considerably to previous spatial planning documents in that they are continuous and fluid and are designed to be driven by an overall vision for development. The main differences between the LDF process and Local Plans are:
- Continuous not finite process;
  - Integration as a key element;
  - A prominent role for community involvement with 'front loading' built into the planning process;
  - Evidence based decision making;
  - A formal requirement for sustainability appraisal;
  - A wider spatial planning approach going beyond traditional development control to work with developers to manage and plan for development;



- The LDF will try to bring clearer timing and scheduling to plan making through a defined Local Development Scheme.

2.3.31 Local Development Frameworks comprise a series of Development Plan Documents and Supplementary Planning (guidance) documents. Supplementary Planning documents are not subject to independent examination and do not have development plan status. Development Plan documents include:

- A core strategy - this document sets out the overall vision, the spatial objectives and core policies for development
- Site specific allocations of land
- Area Action Plans

2.3.32 Other important related documents include a Statement of Community Involvement a development scheme and Annual Monitoring Reports.

## 2.4 Strategic Housing Market Assessments

2.4.1 Strategic Housing Market Assessments are crucial to decision-making and resource-allocation processes for local authorities. From a land-use planning perspective, housing needs assessments are legally necessary to support affordable housing policies in Local Development Documents, particularly to secure developer contributions to affordable housing via s106 agreements.

2.4.2 Other reasons for undertaking Strategic Housing Market Assessments include:

- informing local and regional spatial planning and housing strategies
- assisting authorities with decisions on social housing allocation priorities, private sector renewal options and the valuation of new-build low cost home ownership units
- informing the development of housing policies on stock conversion, demolition and transfer

2.4.3 The role of housing assessments can be summarised thus:

*“Assessments are...key to investment decisions; helping authorities to look at local housing markets when new settlements are planned, particularly where catchments cover several local authority areas. In these situations, understanding the housing market will help authorities to assess housing demand and need in relation to new settlements. It will also help authorities to justify a certain level of affordable housing whilst ensuring that the dwelling mix reflects the profile of local housing demand and need; and in relation to planning policies for affordable housing, aiding an appreciation of how housing need translates into different sizes and types of*

*affordable housing (i.e. intermediate market, social rented) so that they can negotiate appropriate mixes on new sites.*<sup>6</sup>

2.4.4 In terms of both housing markets and housing need analysis, our approach has always been grounded in current government guidance. This includes:

- Bramley, G. et al, *Local Housing Needs Assessment: A Guide to Good Practice*, DETR, July 2000
- DTZ Pineda, *Housing Market Assessment Manual*, ODPM, February 2004
- *Local Housing Systems Analysis Best Practice Guide*, Communities Scotland, 2004
- *Local Housing Market Assessment Guide*, Welsh Assembly Government, 2006
- *Strategic Housing Market Assessments: Practice Guidance Version 1 and Version 2*, Communities and Local Government, March 2007 and August 2007

2.4.5 It is significant that the Guidance provides greater defence to challenge by defining the terms that ensure a robust set of outputs:

*...a strategic housing market assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs and meets the requirements of all of the process criteria in figures 1.1 and 1.2 (see Table 5 and Table 6 below). In such circumstances there is no need for the approach used to be considered at the independent examination<sup>7</sup>*

Table 5: Core Outputs	
1	Estimates of current dwellings in terms of size, type, condition, tenure
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market
3	Estimate of total future number of households, broken down by age and type where possible
4	Estimate of current number of households in housing need
5	Estimate of future households that will require affordable housing
6	Estimate of future households requiring market housing
7	Estimate of the quantity of affordable housing required
8	Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.

<sup>6</sup> *Local Housing Assessment, A Practice Guide (Discussion Draft)*, March 2005, p8

<sup>7</sup> *Strategic Housing Market Assessments: Practice Guidance Version 2*, CLG, August 2007, p9

2.4.6 Furthermore the Guidance states that:

*...strategic housing market assessments will not provide definitive estimates of housing need, demand and market conditions. However, they can provide valuable insights into how housing markets operate both now and in the future. They should provide a fit for purpose basis upon which to develop planning and housing policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand.*<sup>8</sup>

Table 6: Process Checklist	
1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region
2	Housing market conditions are assessed within the context of the housing market area
3	Involves key stakeholders, including house builders
4	Contains a full technical explanation of the methods employed, with any limitations noted
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner
6	Uses and reports upon effective quality control mechanisms
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken

2.4.7 It is these Core Outputs and the Process Checklist that a Strategic Housing Market Assessment will be judged against and it is evident that where developers are challenging Strategic Housing Market Assessments as a basis for planning policy they are focusing on elements within these tables.

## 2.5 Regional policy context

2.5.1 Responsibilities for housing planning and delivery significantly shifted to the regional level following the Sustainable Communities Plan 2003 and the Planning and Compulsory Purchase Act 2004. Regional Housing Boards and Regional Planning Bodies are respectively required to produce a Regional Housing Strategy (RHS) and a Regional Spatial Strategy (RSS) for submission to Regional Assemblies and Communities and Local Government (CLG).

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<sup>8</sup> *ibid*, p9

## North West Regional Spatial Strategy

- 2.5.2 The approved North West RSS was published in September 2008 guiding development to 2021. The Strategy influences and is closely aligned with the economy, housing strategy, transport, the built and natural environment, informed by the Regional Economic Strategy (RES) and Regional Housing Strategy (RHS). The RSS helps to define the future roles of places; how places work together and, ultimately, about the effect places have on the quality of life that people living in, working in or visiting that area experience. As such it provides a broad and long term development strategy for the Region.
- 2.5.3 The guiding principals of the RSS are to accomplish more sustainable patterns of development focussed on the three city regions of Central Lancashire, Manchester and Merseyside, the latter two prioritised for investment and regeneration. Key objectives to stem the unsustainable out migration of population through Pathfinder Housing Market Renewal Programme and focus jobs and investment into urban centres, with no strategic change in the approach to the greenbelt.
- 2.5.4 The Regional Housing Board anticipate pressure on the existing residential stock from a rapidly growing population across the region, through processes of natural growth and significant in-migration. The RSS outlines delivery of 413,000 new homes to 2021, equating to 23,111 per annum. A higher annual target of 32,000 new homes was proposed within earlier drafts, however designation of six New Growth Points throughout the region, will contribute to delivery of higher housing figures. Central Lancashire alone (and Blackpool), is outlined to deliver 25% increase on RSS housing targets. The three City Regions will be the principal focus for housing, employment, shopping, leisure, education, health and cultural activities and facilities in the region. The key spatial priority for the core regional cities will be to manage and spread the benefits of growth, reducing the social and economic disparities, with targeted investment in housing, transport and social and environmental infrastructure.
- 2.5.5 The RSS outlines the vision for the North West to 2021 as a region that has:
- 'acted to deliver sustainable development, leading to a higher quality of life for all and reduced social, economic and environmental disparities...by 2021 to see Manchester and Liverpool firmly established as world class cities...the growth and development of the Central Lancashire City Region as a focus for economic growth will continue, building on the existing strengths of the urban centres around commerce, higher education, advanced manufacturing and resort tourism...the regions towns and cities will offer strong and distinctive centres for their hinterlands, with attractive, high quality living environments that meet the needs of their inhabitants'.*
- 2.5.6 Key RSS housing aims include the following:

- Take account of decreasing household sizes and increases in life expectancy;
- Ensure that new house building is managed in a way that supports the restructuring of housing markets in areas where there is low demand and that increases the amount of affordable housing across the region, particularly in areas of high need;
- Create a better mix of housing, in terms of type, size and tenure to reflect the needs and aspirations of the residents, creating the communities where people want to live whilst supporting the economy in a sustainable way.

2.5.7 In terms of future growth the RSS identifies the Central Lancashire City Region as a focus for significant investment and sustainable development, balancing economic growth with the regeneration of the more deprived areas. The urban centres of Preston, Burnley, Blackpool and Blackburn are to be the main focus of this economic development, Preston earmarked to become a key centre for knowledge-based economy. The central area of the Central Lancashire City Region of Preston, Chorley and South Ribble Districts (referred to as Greater Preston in the RSS, but hereafter referred to as Central Lancashire in this report) is recognised as a significant economic focus as outlined in the Preston City Vision.

2.5.8 The RSS recognises that the condition of the region’s current housing stock is the most important aspect to address in creating the right residential offer to support the economy (Policy L3). The Strategy presents the approach and operational priorities for managing the provision of new housing in spatial terms. The scale and distribution of housing provision will focus upon the areas designated as key drivers of economic growth, whilst the location of development determined through identification of land for housing supply and the sequential Local Development Framework process. Table 7 presents the housing allocations per annum across the North West to 2021.

#### Policy L5 - The provision of affordable housing

2.5.9 In line with the national picture, there is a clear shortage of affordable housing throughout the North West, particularly in rural locations, when assessed on the basis of house price to income ratios. The RSS identifies that a flexible approach should be adopted throughout the region to the provision of affordable housing, detailed within individual Local Development Frameworks, with consideration for sites in rural locations to provide sole provision for this type.

2.5.10 The driver behind the setting of individual planning authority targets are the findings of Strategic Housing Market Assessments as set out in PPS3.

**Table 7: Distribution of North West regional housing provision 2003-2021**

	<b>Total housing provision 2003-2021</b>	<b>Annual average rates of housing provision (net of clearance)</b>	<b>Indicative target proportion of housing provision to use</b>
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	(net of clearance replacement)	replacement)	brownfield land and buildings
<b>North West</b>	<b>416,000</b>	<b>23,111</b>	<b>At least 70%</b>
<b>Greater Preston</b>			
Chorley	7,500	417	At least 70%
Preston	9,120	507	At least 70%
South Ribble	7,500	417	At least 70%
<b>Manchester / Salford</b>			
Manchester	63,000	3,500	At least 90%
Salford	28,800	1,600	At least 90%
<b>Pennine Manchester</b>			
Oldham	5,200	289	At least 80%
Rochdale	7,200	400	At least 80%
Tameside	13,500	750	At least 80%
<b>Southern Manchester / North East Cheshire</b>			
Stockport	8,100	450	At least 80%
Trafford	10,400	578	At least 80%
Congleton	5,400	300	At least 80%
Macclesfield	7,200	400	At least 80%
<b>Northern Manchester</b>			
Bolton	10,400	578	At least 80%
Bury	9,000	500	At least 80%
Wigan	17,600	978	At least 80%
<b>Liverpool / Knowsley</b>			
Knowsley	8,100	450	At least 65%
Liverpool	35,100	1,950	At least 90%
<b>Mid Mersey</b>			
Halton	9,000	500	At least 65%
St Helens	10,260	570	At least 65%
Warrington	6,840	680	At least 80%
<b>Wirral</b>			
Wirral	9,000	500	At least 80%
<b>South West Lancashire</b>			
Sefton	9,000	500	At least 65%
West Lancashire	5,400	300	At least 65%
<b>Central East Lancashire</b>			
Blackburn with Darwen	8,800	489	At least 65%
Hyndburn	3,400	189	At least 65%
Ribble Valley	2,900	161	At least 65%
<b>East Lancashire</b>			
Burnley	2,340	130	At least 65%
Pendle	3,420	190	At least 65%
Rossendale	4,000	222	At least 65%

<b>Fylde Peninsula</b>			
Wyre	3,700	206	At least 65%
Blackpool	8,000	444	At least 65%
Fylde	5,500	306	At least 65%
<b>West Cumbria and Furness</b>			
Allerdale (outside National Park)	4,800	267	At least 50%
Barrow-in-Furness	2,700	150	At least 80%
Copeland (outside National Park)	4,140	230	At least 50%
<b>Lakes and Morecambe Bay</b>			
Eden (outside National Park)	4,300	239	At least 50%
South Lakeland (outside National Park)	7,200	400	At least 50%
Lake District National Park	1,080	60	At least 50%
Lancaster	7,200	400	At least 70%
<b>North Cumbria</b>			
Carlisle	8,100	450	At least 50%
<b>South Cheshire</b>			
Crewe and Nantwich	8,100	450	At least 60%
<b>West Cheshire</b>			
Chester	7,500	417	At least 80%
Ellesmere Port and Neston	7,200	400	At least 80%
Vale Royal	9,000	500	At least 80%

Source: RSS September 2008

### [North West Regional Housing Strategy \(RHS\)](#)

2.5.11 The North West Regional Housing Strategy was launched on 27<sup>th</sup> March 2009. The Strategy has been produced against a backdrop of significant structural change that has called for new approaches to advance and develop the 2005 Strategy. These changes include:

- The impact of the credit crunch on housing markets that were already extraordinarily dynamic
- A changing demography
- Identifying routes to establish or strengthen links between housing and economic agendas
- Ways of improving access to affordable homes whilst continuing to restructure vulnerable markets
- Spatially prioritising market intervention to ensure that limited public resources are used in the most effective way
- Ensuring greater spatial prioritisation of market intervention
- Optimising the role of housing in tackling climate change and addressing fuel poverty

2.5.12 The overarching driver behind the Strategy is to ensure the Region's housing offer supports sustained long term economic growth, inclusion and regeneration, while playing a central role in delivering the benefits of this to all communities. The Strategy aims to address the tension that can exist between creating a long-term housing offer that looks to people's aspirations and reacting to short-term pressures to meet immediate housing needs by strengthening and focussing interventions to ensure that housing markets operate effectively.

2.5.13 The overall vision of the Regional Housing Strategy is:

*"to create balanced housing markets across the North West that support economic growth, strengthen economic and social inclusion and ensure that everyone has access to appropriate, well-designed high quality, affordable housing in sustainable, mixed and vibrant communities."*

2.5.14 To achieve this there are three equally important and connected objectives for the Strategy:

- Achieving the right quantity of housing
- Continuing to raise the quality of the existing housing stock
- Connecting people to the improved housing offer

2.5.15 The Strategy provides a framework for the 5 sub-regions to shape their housing strategies and work with their districts in establishing market interventions that will create balance across their housing markets. Using intelligence gathered from Strategic Housing Market Assessments, such as this one, these interventions will address the core three objectives through locally determined solutions and tie housing into a wider policy environment.

### [North West Regional Economic Strategy](#)

2.5.16 The North West Regional Economic Strategy was published in 2006 and establishes the framework for economic development, skills and regeneration to focus economic growth for the £98 billion economy comprising 6.8 million people and 230,000 firms. The Strategy identifies five priority areas of business, skills and employment, regeneration, infrastructure and quality of life establishing key aims and objectives to achieve the vision statement of, *'a dynamic, sustainable international economy which competes on the basis of knowledge, advanced technology and an excellent quality of life for all'*.



## 2.6 Local policy context

- 2.6.1 The Central Lancashire Local Development Framework Core Strategy was published in its Preferred Options version in September 2008, the result of collaborative partnership between the three councils of Preston, South Ribble and Chorley establishing the vision, objectives and policies for the future growth and development of Central Lancashire the core of the City Region. The vision for Central Lancashire's future provides the basis for the preferred spatial planning options and the broad direction of macro-level development policy. The ultimate goal for Central Lancashire is in turn driven by national policy to achieve sustainable communities through sustainable development.
- 2.6.2 The aim is to finalise and adopt the Core Strategy by 2011. In terms of housing strategic objectives the Core Strategy, in line with PPS3 aim to provide decent, affordable housing in areas where people want to live, establishes the key principle to 'improve access to good quality and resource efficient housing including affordable housing', tackling the issues of poor existing housing stock in areas of deprivation. These principles are in line with the respective Housing and Community Strategies of the three authorities.
- 2.6.3 The strategy scenario presented in the Core Strategy will be given a more defined spatial focus when the other supporting LDF documents, such as the Site Allocation documents, are produced.

### Chorley, South Ribble, Preston Housing Strategies

- 2.6.4 All refer to the need to improve existing housing through the Stock Condition Survey process. In South Ribble, the Leyland Town Centre Masterplan proposes regeneration schemes including housing. The Chorley Town Centre Strategy proposes conversion and re-use of vacant floorspace above retail units.

## 2.7 Summary

- 2.7.1 There is a clear hierarchy of national, regional and local strategies driving change throughout Central Lancashire. As outlined in the Regional Economic Strategy a process of continued economic restructuring is required to achieve national indicators through expansion of emerging knowledge-based sectors such as high specification manufacturing. The economic restructuring needs to be supported by changes in the residential offer, as outlined in the Core Strategy in order to retain and attract the economically active households and drive economic change.

- 2.7.2 The North West Regional Spatial Strategy and allocation of New Growth Point Status to Central Lancashire and Blackpool establishes the spatial framework for economic and housing market renewal. The Central Lancashire Local Development Framework process is ongoing and will set the spatial framework for development across the three local authorities. The Core Strategy developed in tandem across the authorities establishes the future aims for growth to provide decent, affordable housing in areas where people want to live, primarily tackling the issues of poor existing housing stock in areas of increasing deprivation. These principles are in line with the respective Housing and Community Strategies of the three authorities.
- 2.7.3 This study provides an understanding of the operation the housing markets within Central Lancashire and the extent and type of housing need both current and future, which should influence policy development and underpin sustainable housing market change.

# 3 DEMOGRAPHIC & ECONOMIC CONTEXT

## SECTION OVERVIEW

In this section of the report we examine demand side drivers and trends. As per the Strategic Housing Market Assessment Practice guidance this includes household composition and demographic change, detailed socio-economic analysis, migration and travel to work patterns. The section closes with an analysis of incomes and earnings. This is covered in further detail within the section of affordability.

### 3.1 Demographic trends and drivers

- 3.1.1 In this section we look at population growth in the three respective authorities within Central Lancashire (as defined above) in the context of the wider North West region. According to the latest figures in 2007 Chorley had a total resident population of 103,775 representing a 4.9% increase since the last Census in 2001, recording a resident population of 98,962. The resident population of Chorley represents 29.8% of the total Central Lancashire sub-region.
- 3.1.2 Chorley is forecast a 12.8% population increase to 111,582 persons by 2017, representing an increase of 7,807 persons between 2007 and 2017 (CACI). The principal components of change throughout the authority being net natural population change represented by pronounced increases in the 20-34 year old age categories (CACI, ONS).
- 3.1.3 In line with forecast national trends, the older age categories are expected to witness the greatest increases as a proportion of total resident population. According to the 2001 Census 40.8% of the Chorley population were above the age of 45 years. By 2017 it is expected that this proportion will increase to 47.8%, with the greatest increase of 72.5% in the 65-74 year old age group. Apart from the older age categories substantial increases are expected in the 20-34 year olds of 13.7% across Chorley, representing the most economically active and household formation groups, providing the greatest source of demand for new residential development.
- 3.1.4 According to the latest figures in 2007 Preston had a total resident population of 136,122 persons, representing a 1.7% increase since the last Census in 2001, recording a resident population of 133,803 persons. The resident population of Preston represents 39.1% of the total Central Lancashire area.

- 3.1.5 Preston is forecast to see a 4% population increase to 139,101 persons by 2017, representing an increase of 2,979 persons 2007-2017 (CACI). In line with forecast national trends, the older age categories are expected to witness the greatest increases as a proportion of total resident population. According to the 2001 Census 36.4% of the Preston population were above the age of 45 years. By 2017 it is expected that this proportion will increase to 41.0%, with the greatest increase of 21.4% in the 55-64 year old age group. Apart from the older age categories substantial increases are expected in the 20-34 year olds of 21.3% across Preston.
- 3.1.6 According to the latest figures in 2007 South Ribble had a total resident population of 108,103 persons, representing a 3.0% increase since the last Census in 2001, recording a resident population of 104,936 persons. The resident population of South Ribble represents 31.1% of the total Central Lancashire area.
- 3.1.7 South Ribble is forecast to see an 8.2% population increase to 113,511 persons by 2017; an increase of 5,408. In line with forecast national trends, the older age categories will experience the greatest increases as a proportion of total resident population. According to the 2001 Census 41.8% of the South Ribble population were above the age of 45 years. By 2017 it is expected that this proportion will increase to 48.5%, with the greatest increase of 48.1% in the 65-74 year old age group. Apart from the older age categories substantial increases are expected in the 20-34 year olds of 18.4% across South Ribble.

**Table 8: Residential population of Chorley, Preston and South Ribble**

Population Age	2001 % of total			2017 % of total			2001- 2017 % change		
	Chorley	Preston	South Ribble	Chorley	Preston	South Ribble	Chorley	Preston	South Ribble
0 - 4	5.5	6.0	5.4	5.3	6.1	5.2	9.7%	5.6%	3.7%
5 - 9	6.3	6.5	6.2	5.5	5.8	5.4	-2.3%	-8.6%	-5.5%
10 - 14	6.7	6.8	7.1	5.6	5.6	5.7	-4.9%	-14.4%	-12.4%
15 - 19	6.0	7.5	6.1	5.0	6.0	5.3	-6.9%	-15.8%	-5.9%
20 - 24	5.1	7.7	4.8	4.9	8.5	5.2	9.4%	14.9%	17.0%
25 - 34	13.9	14.7	13.3	12.9	15.0	12.5	4.3%	6.4%	1.7%
35 - 44	15.6	14.4	15.3	12.9	12.1	12.1	-6.6%	-13.1%	-14.4%
45 - 54	15.0	12.2	14.6	15.2	13.7	15.1	14.1%	16.4%	12.3%
55 - 64	11.8	9.6	11.6	12.8	11.2	12.7	22.5%	21.4%	18.2%
65 - 74	7.6	7.9	8.6	11.7	8.7	11.7	72.4%	14.2%	48.1%
75+	6.4	6.7	7.0	8.1	7.4	9.0	42.6%	14.4%	38.4%
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>12.8%</b>	<b>4.0%</b>	<b>8.2%</b>

Source: CACI

- 3.1.8 In terms of the wider regional housing market, the North West recorded a resident population of 6,889,544 in 2007, representing an 4.1% increase on the 2001 Census, recording a resident population of 6,619,248. In terms of absolute numbers the region

represents the greatest source of population and household growth with a projected increase of 3% (205,158 persons) to 2017.

- 3.1.9 The trend towards an ageing population is reflected throughout region with a growing older population profile, 40.1% of the resident population recorded over the age of 45 years in 2001, increasing to 45.5% by 2017. Despite the increase in the older age categories the local authority trend for expected increases within the 20-34 year olds is reflected throughout the region with a 22.8% forecast increase within these age categories between 2001-2017.
- 3.1.10 CACI population forecasts, as with all official forecasts are 'development neutral', in that the projections do not take into consideration recent or current development proposals. The inference of this is that official projections underestimate the potential growth of the population which, for example, could be underpinned by potential new development. The population forecasts described above can be taken as a minimum or base case scenario.

### Population structure

- 3.1.11 The population structure of the respective Central Lancashire districts have a slightly skewed population structure with proportionally more males in the younger and middle age range categories, illustrating the principal forecast components of population change through natural change. In line with national profiles the older age categories are skewed towards the resident female population. Figure 1 illustrates the age profile of Chorley indicating the overall trends. The median age for the resident population within Chorley at 39, is in line with the regional North West profile at 38, though marginally older than the national average at 37 years old (ONS Neighbourhood Statistics 2001 Census KS02).

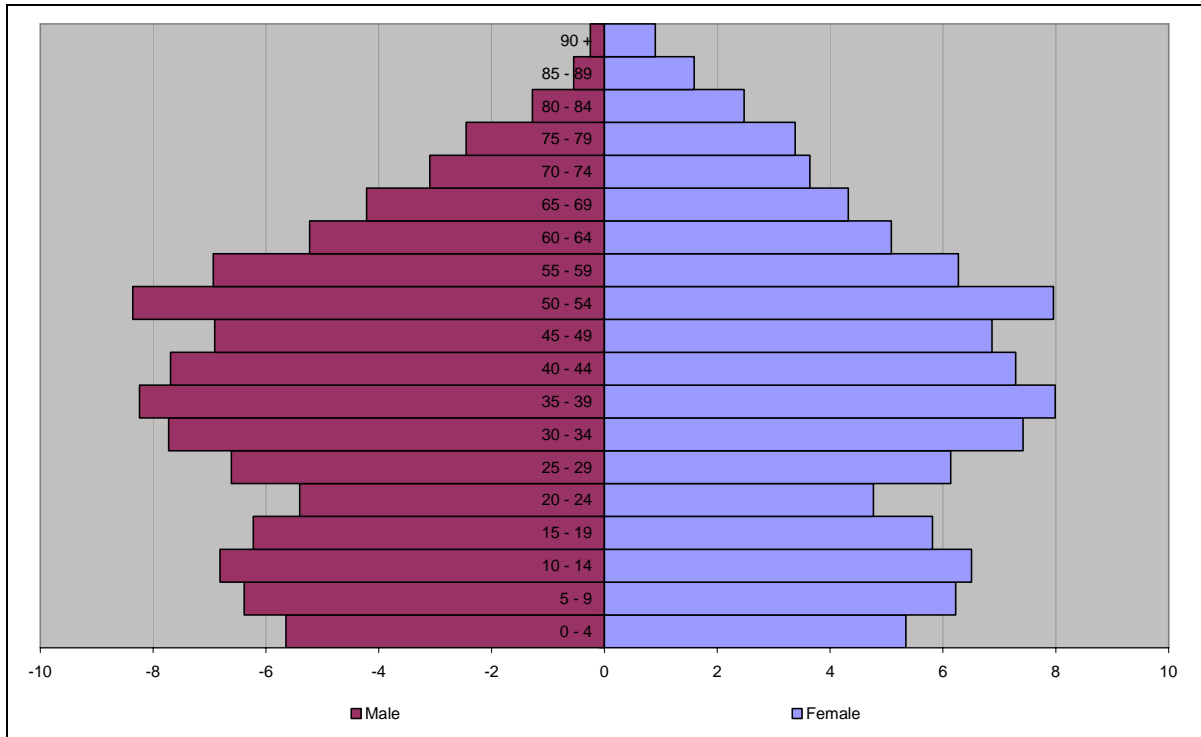


Figure 1: Population pyramid - Chorley locale male and females (%)

Source: CACI

3.1.12 Figure 2 illustrating the population structure of Preston local authority has a slightly skewed population structure with proportionally more females in the older age range categories beyond the age of 60 years old. The local authority profile illustrates a more constrained proportion of young adults though males represent a marginally greater proportion within the younger age categories. The median age for the resident population within Preston at 35, is lower than both the regional North West profile at 38 and national average at 37 years old (ONS Neighbourhood Statistics 2001 Census KS02). The inference of this younger profile reflects the more urban profile of Preston as the urban centre of Central Lancashire compared to both Chorley and South Ribble.

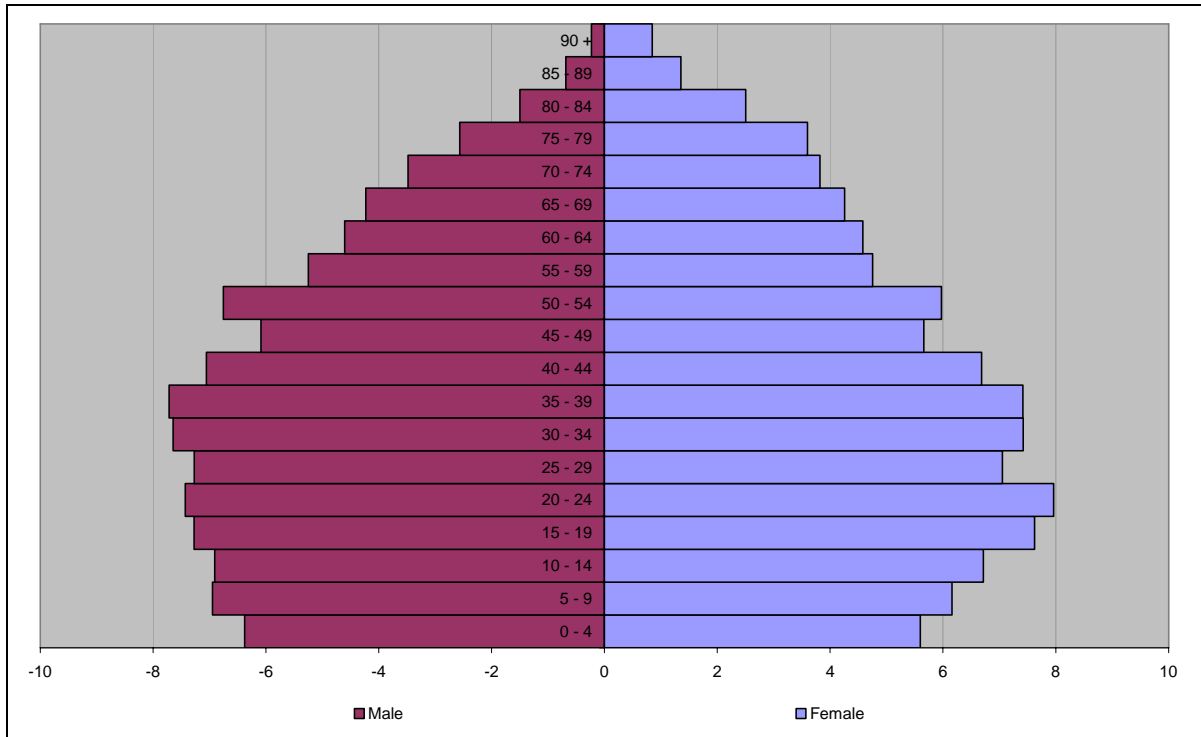


Figure 2: Population pyramid - Preston locale male and females (%)

Source: CACI

3.1.13 Figure 2 illustrates the age profile of South Ribble indicating the overall trends. The median age for the resident population within South Ribble at 39, is in line with the regional North West profile at 38, though marginally older than the national average at 37 years old (ONS Neighbourhood Statistics 2001 Census KS02). Both population profiles for Chorley and South Ribble indicate an uneven age distribution with the 20-29 year old cohort categories underrepresented compared to Preston recording a relatively younger age profile. Demographic and economic profiles are inextricably linked whereby the younger age profile of Preston will reflect the employment and higher education opportunities within the city. South Ribble and Chorley record an older age profile reflecting the trend for established households, wealth permitting, to leave urban areas and move to more desirable suburban / rural locations.

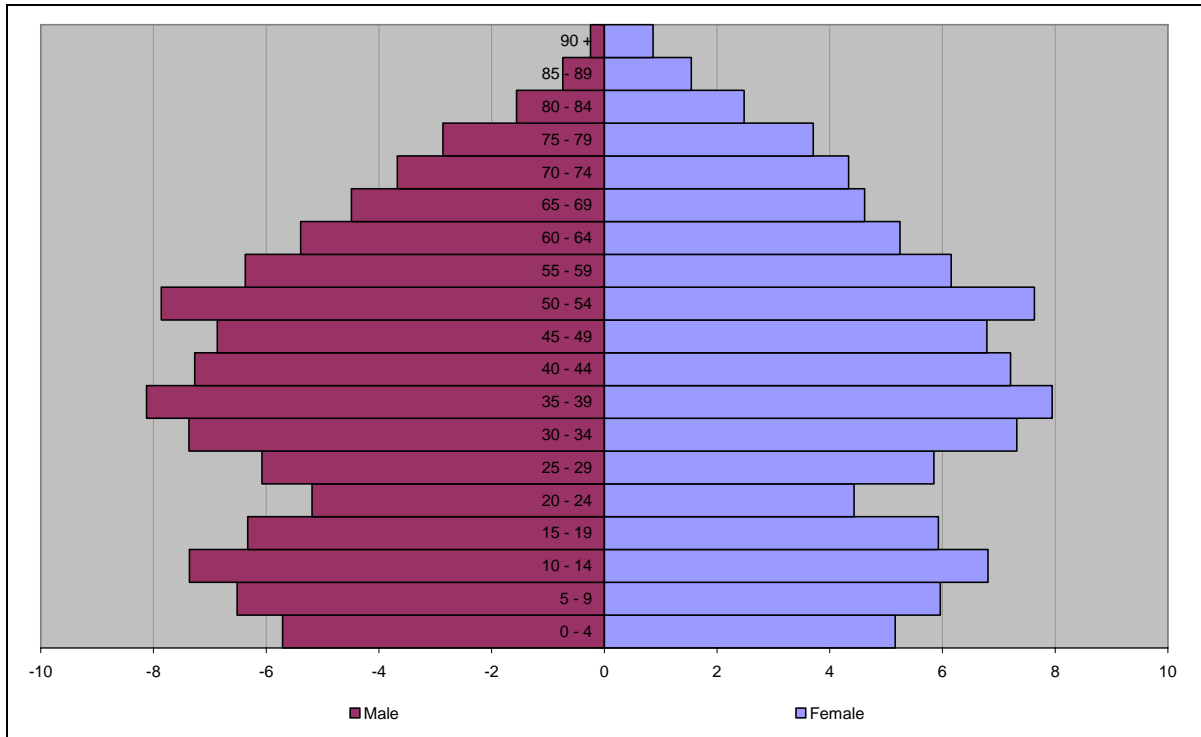


Figure 3: Population pyramid - South Ribble locale male and females (%)

Source: CACI

### Households

- 3.1.14 Household growth has outpaced population growth over recent decades as the average size of households has declined nationally. Cultural and demographic shifts such as rising divorce levels, increased student numbers and life expectancy have all contributed to the increase of single person households. Chorley was recorded as having 43,996 households in 2007, an average of 2.36 persons per household, declining from 2.39 persons in 2001(CACI) and projected to decrease to 2.07 persons per household by 2026 (CLG 2004 based projections).
- 3.1.15 Preston was recorded as having 57,351 households in 2007, an average of 2.37 persons per household, declining from 2.40 in 2001(CACI) and projected to decrease to 2.09 persons per household by 2026 (CLG).
- 3.1.16 South Ribble was recorded as having 46,271 households in 2007, an average of 2.34 persons per household, declining from 2.42 in 2001(CACI) and projected to decrease to 2.12 persons per household by 2026 (CLG).
- 3.1.17 According to official forecasts North West is expected to record 2.07 persons per household, in line with the national figure of 2.09, by 2029 (CLG).



3.1.18 In terms of household type the respective local authorities and wider region reflect a profile broadly in line with the national picture. The comparatively younger demographic profile recorded within Preston above is reflected in the household type profile (Table 9), comprising a greater proportion of single person households at 47.2% compared to Chorley (41.1%), South Ribble (40.0%) and the region (44.6%). A corresponding disparity between the authorities exists for those married households, with this household type underrepresented in Preston (38.1%), compared to Chorley (43.8%), South Ribble (45.6%) and the region (39.5%) (CACI). This profile suggests a more traditional established resident household profile within Chorley and South Ribble.

**Table 9: Household composition Chorley, Preston, South Ribble and North West**

Household composition	Chorley (%)	Preston (%)	South Ribble (%)	North West (%)
Single person households	41.1	47.2	40.0	44.6
Married or remarried	43.8	38.1	45.6	39.5
Separated	1.8	1.8	1.6	1.9
Divorced	7.1	6.5	6.4	6.8
Widowed	6.3	6.4	6.5	7.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CACI

3.1.19 The national trend towards diminishing household size is reflected in the projected shift in household composition to 2026 across the three authorities. The largest proportional increase across all types within the authorities are single person households increasing by 81.8% between 2001 and 2026 in Chorley, 47.1% in Preston and 72.7% in South Ribble. The households classified as married couples are projected to experience a corresponding decrease in Preston of -20.8% over the same period, but remaining stable in both Chorley and South Ribble.

3.1.20 The proportion of co-habiting couple households is also projected to increase from 9.1% to 11.1% in Chorley, 9.1% to 12.9% in Preston and 8.9% to 11.1% in South Ribble. The trends are reflected in the wider regional profile, the North West is expected to record a 53.7% increase in one person households and a 68.2% increase in co-habiting couple households to 2029 (CLG). Those households classified as married are expected to decrease by -10.7% over the same period. Average household size across each local authority is expected to decrease to approximately 2.1 persons per household by 2026.

3.1.21 If present national trends continue, in the future household size is likely to fall as single person households and childless couples become more common, therefore household numbers may increase beyond figures currently forecast. In addition these figures do not

take into account the level of existing household need and should be regarded as a base case scenario.

- 3.1.22 Coupled with the ageing population it is clear that the smaller households will be older households either requiring particular properties to meet their needs and/or suitably sized to provide spare rooms for visiting family members or carers.

**Table 10: Household composition 2006-26**

<b>Chorley</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>
Married couple	50.0%	46.8%	44.0%	42.3%	40.7%
Cohabiting couple	9.1%	10.6%	12.0%	11.5%	11.1%
Lone parent	6.8%	6.4%	6.0%	5.8%	5.6%
Other multi-person	4.5%	4.3%	4.0%	5.8%	5.6%
One person	29.5%	31.9%	34.0%	36.5%	37.0%
All persons	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Preston</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>
Married couple	40.0%	36.8%	33.9%	32.8%	30.6%
Cohabiting couple	9.1%	10.5%	11.9%	11.5%	12.9%
Lone parent	9.1%	8.8%	8.5%	8.2%	8.1%
Other multi-person	7.3%	8.8%	8.5%	8.2%	8.1%
One person	32.7%	35.1%	37.3%	37.7%	40.3%
All persons	100.0%	100.0%	100.0%	100.0%	100.0%
<b>South Ribble</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>
Married couple	51.1%	47.9%	46.0%	44.2%	42.6%
Cohabiting couple	8.9%	10.4%	10.0%	11.5%	11.1%
Lone parent	6.7%	6.3%	6.0%	5.8%	5.6%
Other multi-person	4.4%	4.2%	6.0%	5.8%	5.6%
One person	28.9%	31.3%	32.0%	34.6%	35.2%
All persons	100.0%	100.0%	100.0%	100.0%	100.0%
<b>North West</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>
Married couple	42.6%	39.4%	36.9%	34.9%	33.2%
Cohabiting couple	9.5%	10.7%	11.4%	11.8%	12.0%
Lone parent	9.0%	9.1%	9.0%	8.8%	8.6%
Other multi-person	6.5%	6.5%	6.5%	6.5%	6.5%
One person	32.5%	34.4%	36.2%	38.0%	39.5%
All persons	100.0%	100.0%	100.0%	100.0%	100.0%

Source: CLG

## **3.2 Economic trends and drivers**

- 3.2.1 The North West is a £98 billion economy with 6.8 million people and 230,000 firms (North West Regional Economic Strategy 2006). The North West accounts for 11.4% of the UK

population, 11% of the employment and 10% of UK GVA. Approximately 40% of the North West's top 500 companies are based in Greater Manchester whilst Greater Manchester contributes 40% of the North West's total GVA. Estimated at £38.3 billion in 2003 Greater Manchester is the UK's largest regional economy (NW RES 2006, ONS). Lancashire represents £18.1 billion (19.6% market share) of the regional economy.

3.2.2 The Manchester city region is the driving force of the North West with links to Central Lancashire, Liverpool and Leeds City Regions, comprising an average annual GVA growth rate of 2.5% between 1999 and 2003, outperforming the UK (2.2%) and the North West (1.7%) (Manchester Enterprises, ONS).

3.2.3 The Regional Economic Strategy identifies three drivers to achieving the vision and economic growth within the region:

(i) namely to improve productivity and grow the market, based upon encouraging enterprise and retain the high value added jobs (predominantly within manufacturing in Central Lancashire);

(ii) to grow the size and capability of the workforce, reducing worklessness, developing skills within the workforce and retaining those high calibre employees with graduate level qualifications, and;

(iii) maintaining conditions for sustainable growth, investing in the region's environment, culture and infrastructure.

3.2.4 The attraction of a mobile skilled workforce to the Central Lancashire City Region is strategically imperative to support economic growth and realise the ambitions of the Regional Economic Strategy (RES). The aims for the region include an increase of 120,000 persons in the workforce with graduate qualifications and an additional 80,000 persons out of worklessness and into employment from the working age population to fill the gap between national and regional employment levels.

### **3.3 Migration trends and drivers**

3.3.1 Understanding migration flows is essential to identifying housing markets. The most significant factor for a robust local economy is the extent to which places have a skilled, creative and entrepreneurial workforce, as highlighted within the Regional Spatial Strategy. Within the service and knowledge economy, corporations choose to locate in areas comprising a skilled workforce, therefore graduate and knowledge economy worker attraction and retention is imperative to support the growth of the local economy. Analysis

of internal migration patterns can elucidate trends and the size of principal demand drivers across Central Lancashire.

- 3.3.2 2008 components of change data reveals that the most significant driver of population change in Chorley and Preston is natural growth in light of net births to death ratios. In addition Preston records significant net out-migration compared to both Chorley and South Ribble. In terms of population change in South Ribble net inward migration from neighbouring authorities (mainly Preston) has been the principal driver of resident population change. However the level of population flux is modest indicating an inclusive housing market throughout the three authorities.
- 3.3.3 Analysis of the latest UK intra-regional migration trends reveals substantial population exchange across the Central Lancashire districts suggesting a relatively inclusive housing market. Chorley is the least self-contained in this respect. Key migration trends here can be elucidated namely net inward migration to Chorley from Bolton (1,580 net persons between 2000-2006), Wigan (860 net persons), Preston (310 net persons) and West Lancashire (220 net persons), providing evidence that these adjacent locations will form a potential source of demand for an expanded residential offer within Chorley. Net outward migration from Chorley is recorded to South Ribble, notwithstanding the most net outward migrants over the previous seven years to South Ribble the net figure of 40 intimates relatively low population change (PRDS migration data, NHSCR). Figure 4 illustrates the net migration trends to and from Chorley.

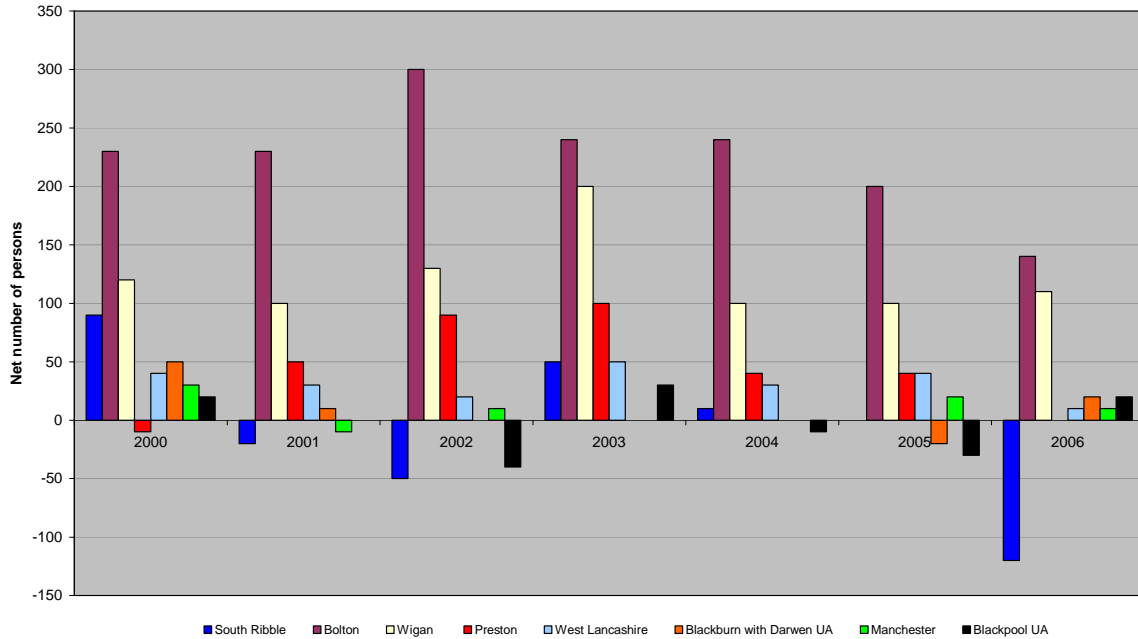


Figure 4: Net migration trends to and from Chorley

Source: PRDS migration data, NHSCR

3.3.4 Analysis of the latest UK intra-regional migration trends reveals that Preston (see Figure 5) experiences net out migration to the neighbouring local authorities. Substantial net outward moves are made from Preston to South Ribble totalling -2,860 net persons between 2000-2006. Preston has experienced considerable net out-migration to neighbouring authorities between 2000-2006, including -460 person net migration to Fylde, -410 net to Manchester, -310 net to Chorley, and -260 net loss to Ribble Valley. Preston is a net recipient of resident migrants from Lancaster 100 net and Blackpool 290 net over the same period (PRDS migration data, NHSCR). Figure 5 illustrates the net migration trends to and from Preston.

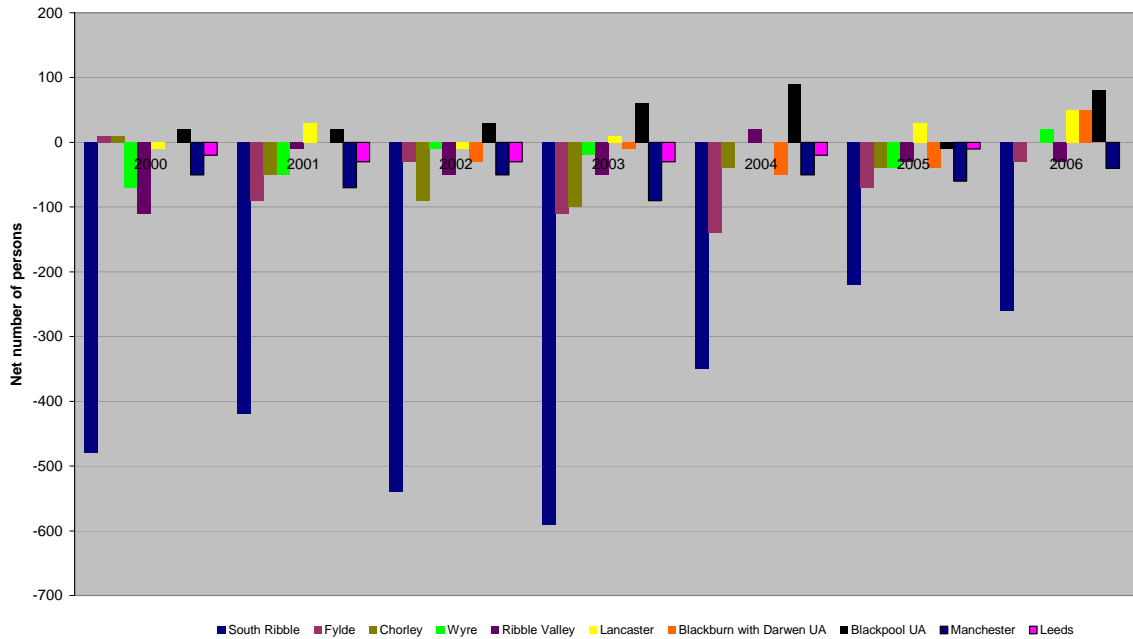


Figure 5: Net migration trends to and from Preston

Source: PRDS migration data, NHSCR

- 3.3.5 Migration is an important factor driving demographic change, having significant implications for household formation and housing need in terms of housing preference and demand profile. The trend for significant net out-migration for Preston, though providing an indication of household moves in Central Lancashire, may be an artefact of the source material as the comparatively younger age profile of Preston may not capture the number of younger inward migrants tending not to register with a local GP. Correspondingly, older established household moves from the city into neighbouring desirable locations are reflected in the migration trends given the greater propensity of these households to register.
- 3.3.6 Additionally the quality and range of residential offer and employment opportunities will impact significantly upon the locational choices of the most mobile workforce. For recent University of Central Lancashire graduates and knowledge economy workers, the employment offer within the local authority may be constrained, suggested by the net outward migration trend to the nearest major employment centre of Manchester. The issue of net out migration is therefore a significant issue to address in terms of the quality and range of future offer in the medium to long term in order to attract and retain the most economically active households in the local authority.
- 3.3.7 Figure 6 illustrates the overall net migration trends to and from South Ribble, indicating the principal sources of demand for housing of those entering the borough. South Ribble recorded considerable net inward migration from the neighbouring authorities between

2000-2006. The authority is a net recipient of resident migrants from Preston, Blackburn, Blackpool, Sefton and West Lancashire. South Ribble has recorded net out migration to Fylde, Lancaster and Ribble Valley (PRDS migration data, NHSCR). The trends suggest that net migration to South Ribble wealth permitting, established household movers to more suburban desirable areas.

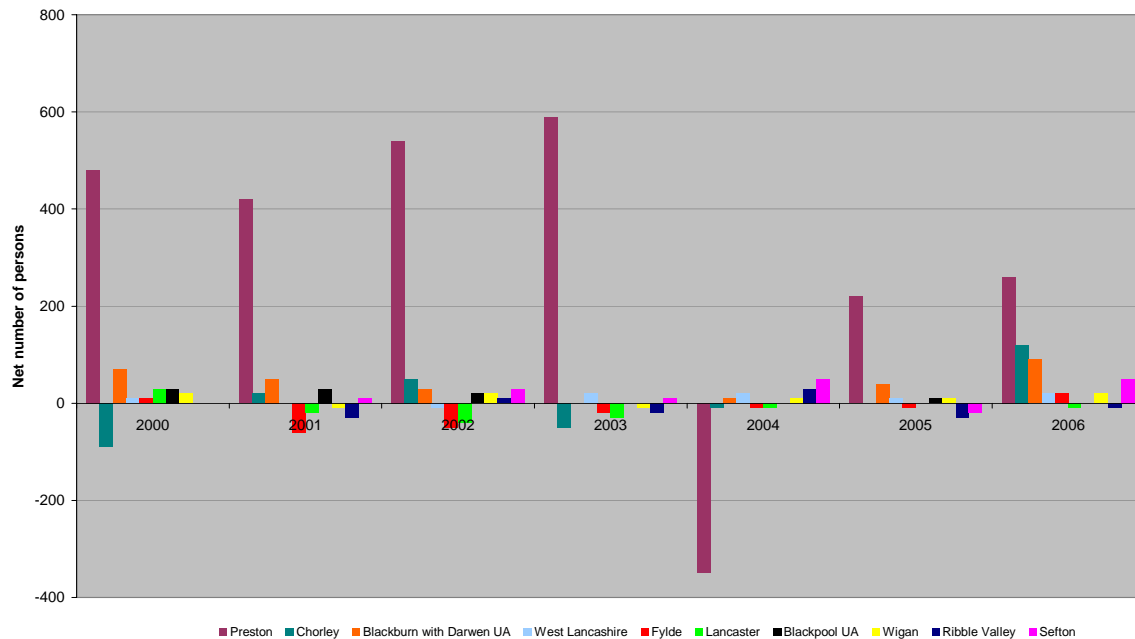


Figure 6: Net migration trends to and from South Ribble

Source: PRDS migration data, NHSCR

3.3.8 The migration pattern since 2001 indicates continued net out-migration of residents from Preston; total net migration has recorded -4,300 population loss over the period 2000-2006. Chorley and South Ribble have recorded net inward migration over the same period of 3,040 and 2,590 respectively. Despite Preston offering a relatively affordable location compared to neighbouring locations, the local market is undermined by a restricted residential offer in terms of quality and range for aspirant households. The locational choices of the most mobile household groups, such as young professionals, recent graduates, between 20-29 years and newly emerging households and family building, between 30-44 years old, are influenced by employment opportunities and by the quality of place and residential offer in terms of range and quality. In order to attract and retain the more economically active and professional households, the quality and range of the residential offer and employment opportunities are imperative determinants of the locational choices. Expansion of the residential offer in terms of additional supply of quality and range will contribute to stemming the net outward flow of residents to neighbouring markets.

### Length of residence

- 3.3.9 The average length of residence within a given area provides a useful indication of the quality of place and residential offer, to retain and attract economically active households in terms of facilities and environment. Traditionally, wealth permitting, established households move beyond urban areas to desirable suburban and rural locations with associated provision of good schooling and amenities. As highlighted within the Core Strategy, Central Lancashire functions as a self-contained housing market area with the majority of household moves taking place within the area. Both Chorley at 14.1 years and South Ribble at 15 years record higher lengths of residency than the national average at 13.9 years.
- 3.3.10 During the last twenty years the emergence of urban living within the UK city centres has been characterised by a younger resident demographic and higher levels of resident / tenant turnover, resulting from short term occupancies within the private rented sector. This effect is illustrated in section 4.4 highlighting the higher levels of population turnover within central Preston compared to the Central Lancashire area as a whole. Indicative of the relatively younger demographic profile of the urban area of Preston compared to the neighbouring local authorities the length of residence averaging 12.2 years is below the figure for both Chorley and South Ribble.
- 3.3.11 As illustrated by the Survey of English Housing and studies undertaken by the Joseph Rowntree Foundation, the propensity to move decreases markedly above the age of 35 years old, a group referred to as 'family builders' and when household locational choices become more permanent.

### International migration

- 3.3.12 Economic conditions exert a strong influence on migration patterns, as such the major metropolitan regions and sub-regions across the UK have been the principal recipients of economic migrants particularly since the accession of Eastern European countries to the EU. The North West has been a principal recipient of a significant number of international economic migrants into the UK, recording 51,550 persons during 2007. This has increased 117% from 23,670 persons in 2003. Studies undertaken by the Joseph Rowntree Foundation highlight the increasingly acute demand for accommodation within the regions as a result of domestic and international migration patterns.
- 3.3.13 Latest available figures reveal that Preston has experienced an increase in inward migration of economic migrants, over the three-year period from 2005/06 to 2007/08. A 40.4%



increase in inward economic migrants has been recorded from a total 1,460 persons during 2006 to 2,050 during 2008. This increase coupled with marginal natural population increase, suggests burgeoning levels of demand within the residential stock particularly the private and social rented sector. Preston currently is the fifth largest recipient of economic migrants in the North West region following Manchester 11,230 persons, Liverpool 5,190 persons, Salford 3,180 and Bolton 2,200 persons during 2007/08.

- 3.3.14 Latest figures for net inward migration into the North West reveals a continued dominance of economic migrants from the Eastern European accession countries. The majority of economic migrants to the area are recipients of relatively modest wages and therefore have a limited ability to access the open housing market.

**Table 11: Top 20 economic migrant countries of origin to Central Lancashire 2007/08**

<b>Chorley</b>	<b>No.</b>	<b>Preston</b>	<b>No.</b>	<b>South Ribble</b>	<b>No.</b>	<b>North West</b>	<b>No.</b>
Poland	140	Poland	850	Poland	160	Poland	20,190
Hungary	20	India	350	Hungary	30	Pakistan	3,460
Germany	10	China	260	Portugal	10	India	3,100
Latvia	10	Pakistan	70	Rep of Ireland	10	Slovak Republic	2,660
Turkey	10	Hungary	60	Latvia	10	Lithuania	1,050
China	10	France	30	India	10	Germany	860
India	10	Slovak Rep	30	Thailand	10	France	840
Pakistan	10	Nigeria	30	USA	10	Australia	710
New Zealand	10	Germany	20			South Africa	650
		Italy	20				
		Rep of Ireland	20				
		Spain	20				
		Lithuania	20				
		Romania	20				
		Botswana	20				
		Malaysia	20				
		Greece	10				
		Netherlands	10				
		Portugal	10				
		Czech Rep	10				
<b>Total</b>	<b>270</b>	<b>Total</b>	<b>2,050</b>	<b>Total</b>	<b>300</b>	<b>Total</b>	<b>51,550</b>

Source: DWP National Insurance application numbers 2007/08

## 3.4 Socio-economic profile

### Chorley

- 3.4.1 Within Chorley there are 65,500 persons of employment age of which 53,800 (79.0%) are economically active. This figure is higher than both the regional (76.8%) and national

average 78.6%. Unemployment levels within Chorley (3.6%) are less than those across the region (5.6%) and nationally (5.2%) (NOMIS ONS 2007).

- 3.4.2 In terms of average full time gross weekly pay the resident workforce of Chorley (£442.6) compares well with the regional (£432.7), though slightly below the national average (£459.0). In terms of skilled workforce the local authority compares relatively favourably with both the regional and national profile. A total 81.4% of the resident workforce possesses National Vocational Qualification (NVQ) Level One compared to 78.3% in the North West and 78.1% nationally. A slightly higher percentage of the resident workforce are in possession of National Vocational Qualification (NVQ) Level Two, Three and Four or equivalent than the regional and national profile at 67.1%, 46.1% and 24.3% respectively.

### Preston

- 3.4.3 Within the City there are 84,000 persons of employment age of which 65,300 (76.8%) are economically active. This figure is in line with both the regional (76.8%) though below the national average 78.6%. Unemployment levels within Preston (6.0%) are slightly above those across the region (5.6%) and nationally (5.2%) (NOMIS ONS 2007).
- 3.4.4 In terms of average full time gross weekly pay the resident workforce of Preston (£388.7) compares unfavourably with the regional (£432.7) and national average (£459.0). In terms of skilled workforce the local authority compares relatively favourably with both the regional and national profile. Though a total 74.7% of the resident workforce possesses National Vocational Qualification (NVQ) Level One compared to 78.3% in the North West and 78.1% nationally, a slightly higher percentage of the resident workforce are in possession of National Vocational Qualification (NVQ) Level Three and Four or equivalent than the regional and national profile at 48.5% and 28.9% respectively. These figures may reflect the presence and some retention of University of Central Lancashire graduates within the district at the higher qualification levels.

### South Ribble

- 3.4.5 Within South Ribble there are 65,600 persons of employment age of which 59,100 (84.0%) are economically active. This figure is higher than both the regional (76.8%) and national average 78.6%. Unemployment levels within South Ribble (3.3%) are less than those across the region (5.6%) and nationally (5.2%) (NOMIS ONS 2007).
- 3.4.6 In terms of average full time gross weekly pay the resident workforce of South Ribble (£449.2) compares well with the regional (£432.7), though slightly below the national average (£459.0). In terms of skilled workforce the local authority compares relatively

favourably with both the regional and national profile. A total 88.1% of the resident workforce possesses National Vocational Qualification (NVQ) Level One compared to 78.3% in the North West and 78.1% nationally. A slightly higher percentage of the resident workforce are in possession of National Vocational Qualification (NVQ) Level Two, Three and Four or equivalent than the regional and national profile at 72.4%, 50.5% and 27.7% respectively.

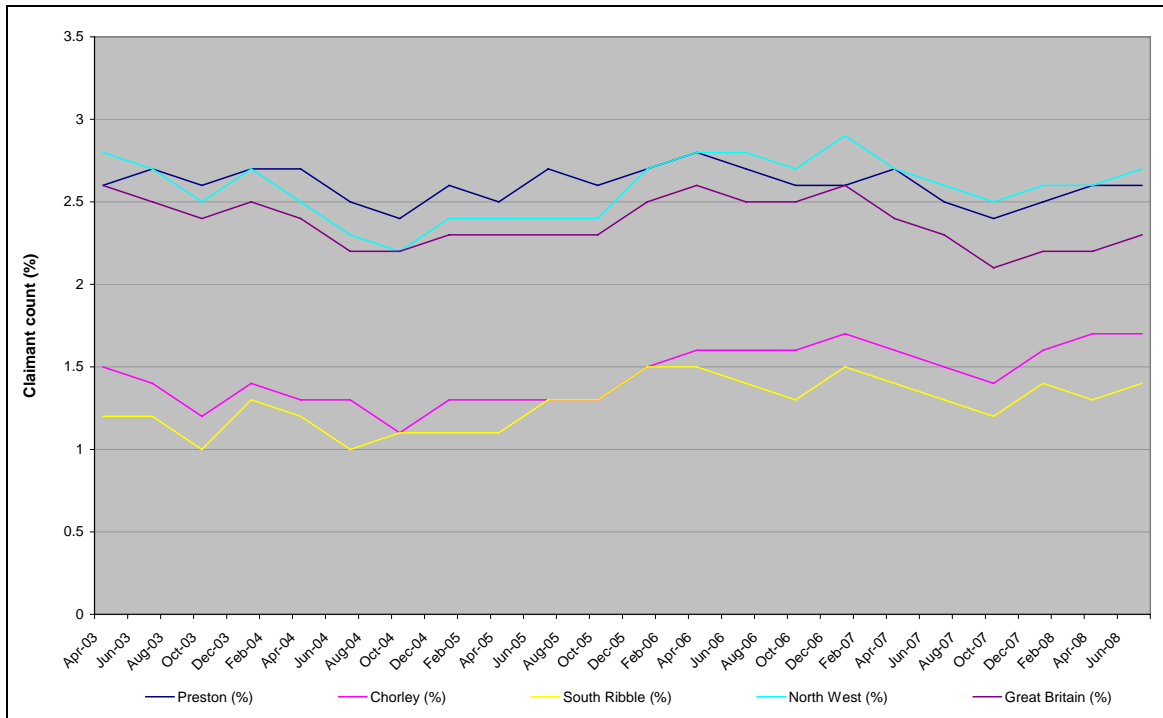


Figure 7: Job Seekers Allowance claimant count

Source: NOMIS

ACORN analysis

- 3.4.7 CACI provides a socio-economic analysis tool called ACORN, which divides Great Britain into social groupings related to income, lifestyle, attitude and preference.
- 3.4.8 In terms of relative affluence reflecting migration trends analysed above, the socio-economic profile and housing market are inextricably linked. Areas experiencing net migration loss tend to comprise a greater proportion of less desirable locations as, wealth permitting, households will move towards more desirable locations. The ACORN analysis indicates that Chorley and South Ribble have a similar profile in contrast to Preston, as despite 'Wealthy Achiever' households and 'Comfortably Off' households being the largest groups in all three districts, the proportion of these groups in Chorley and South Ribble is greater than in Preston.

- 3.4.9 Those residents classified as ‘Wealthy Achievers’ comprise 34.4% and 32.6% of the resident population within Chorley and South Ribble respectively, compared to 23.6% in Preston. The disparity in the relative profile corresponds to a greater proportion of households classified as ‘Moderate Means’ and ‘Hard Pressed’ representing 23% and 21.1% of Preston households respectively. This proportion is significantly higher than in South Ribble and Chorley.
- 3.4.10 The socio-economic profile of the respective authorities illustrates the suburban/rural profile of both Chorley and South Ribble, with a nominal 0.5% and 0.8% respectively classified as ‘Urban Prosperity’ compared to 6.5% in Preston.

**Table 12: Socio-economic profile: ACORN Categories**

	Chorley (%)	Preston (%)	South Ribble (%)	North West (%)	Great Britain (%)
Wealthy Achievers	34.4	23.6	32.6	19.6	23.3
Urban Prosperity	0.5	6.5	0.8	5.7	13.3
Comfortably Off	32.6	24.4	44.7	30.6	28.1
Moderate Means	15.7	23.0	10.9	19.2	13.2
Hard Pressed	15.2	21.1	10.9	24.5	21.7
Unclassified	1.5	1.3	0.0	0.4	0.4
Total Households	100.0	100.0	100.0	100.0	100.0

Source: CACI

- 3.4.11 The ACORN socio-economic household analysis further breaks down these five broad lifestyle categories into a large number of individual, very specific and detailed household types as demonstrated in Table 13 below.
- 3.4.12 Chorley and South Ribble have a higher proportion of residents classified as ‘Secure Families’ 20.8% and 26.5% of the total, compared to Preston at 13.9% and the region at 16.5%; suggesting a community of settled families. Despite these disparities both Chorley and Preston record a similar profile of residents classified as ‘Blue Collar Roots’ 12.8% and 11.7% compared to South Ribble 8.9% and ‘Struggling Families’ at 11.4% Chorley, 13.6% Preston, though lower at 8.7% in South Ribble. These figures suggest greater socio-economic diversity within Chorley and Preston than South Ribble.
- 3.4.13 Although both Chorley and South Ribble have high proportions of “Wealthy Achievers”, they are made up of different sub-groups: 16.0% of the Chorley population is ‘Wealthy Executive’ whereas 15.1% of South Ribble’s population is classified as ‘Flourishing Families’.

**Table 13: Socio-economic groups**

		Chorley (%)	Preston (%)	South Ribble (%)	North West (%)
Wealthy Achievers	Wealthy Executives	16.0	9.5	10.1	6.7
	Affluent Greys	5.1	4.1	7.4	5.6
	Flourishing Families	13.4	10.0	15.1	7.3
Urban Prosperity	Prosperous Professionals	0.0	0.7	0.0	1.3
	Educated Urbanites	0.3	2.2	0.8	2.6
	Aspiring Singles	0.3	3.6	0.1	1.7
Comfortably Off	Starting Out	2.0	2.9	2.5	2.9
	Secure Families	20.8	13.9	26.5	16.5
	Settled Suburbia	9.4	6.6	14.6	8.1
	Prudent Pensioners	0.5	1.0	1.1	3.2
Moderate Means	Asian Communities	0.0	7.5	0.0	1.4
	Post Industrial Families	2.9	3.9	2.0	3.1
	Blue Collar Roots	12.8	11.7	8.9	14.7
Hard Pressed	Struggling Families	11.4	13.6	8.7	14.6
	Burdened Singles	2.8	5.0	2.1	7.2
	High Rise Hardship	1.0	2.5	0.1	2.5
	Inner City Adversity	0.0	0.1	0.0	0.2
Unclassified		1.5	1.3	0.0	0.4
Total households		100.0	100.0	100.0	100.0

Source: CACI

- 3.4.14 The respective profiles suggest a considerable pent-up potential demand for an expanding residential offer within Central Lancashire to reconcile the need for residential growth and address issues of pockets of low demand such as those within Preston. Likewise in established areas within Chorley and South Ribble the socio-economic profile suggests the need for an accessible and affordable residential offer for younger, less established purchasers.

### SOC 2000

- 3.4.15 Table 14 below shows the distribution of the workforce by Standard Occupational Classification (SOC2000). The economically active population is employed across a wide variety of occupations; however the Preston workforce is represented predominantly within the two lower tiers of the SOC categories. In terms of occupational economic profile, Chorley and South Ribble comprise a greater number of residents within the top three SOC tiers at 39.9% and 37.1% respectively, compared to 36.1% within Preston. The main disparity is contained within the lower three SOC occupations at 27.9% Chorley, 28% South Ribble and 32.3% within Preston.

**Table 14: Workforce by occupation**

	<b>Chorley (%)</b>	<b>Preston (%)</b>	<b>South Ribble (%)</b>	<b>North West (%)</b>
1. Managers and senior officials	15.7	12.5	13.9	13.7
2. Professional occupations	11.3	11.2	10.2	10.5
3. Associate professional and technical occupations	12.9	12.4	13.0	12.8
4. Administrative and secretarial occupations	12.2	13.2	14.9	13.1
5. Skilled trades occupations	12.5	11.3	13.0	11.7
6. Personal service occupations	7.4	7.1	6.9	7.6
7. Sales and customer service occupations	7.0	9.8	8.2	8.3
8. Process, plant and machine operatives	9.2	9.1	9.0	9.8
9. Elementary occupations	11.7	13.4	10.7	12.5
<b>Total workforce</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: CACI

- 3.4.16 This profile provides further indication of the disparity in the residential offer within the area and potential for expansion of the current offer in terms of type and quality. The most notable disparity represented by the 'Elementary Occupations' at 13.4% of the Preston resident workforce, compared to 11.7% Chorley and 10.7% South Ribble.

### 3.5 Travel to work

- 3.5.1 Economic restructuring has led to significant shifts in employment patterns across the UK, in particular in recent years across industrial parts of the North of England. For the North West this has meant a significant shift in employment away from textile based manufacturing and manufacturing to other industrial sectors and to the service sector. Many of these jobs are based outside of Chorley and South Ribble, these areas having grown as dormitory district centres serving the larger employment centres of Manchester and Preston. The fragmented patchwork of urban and semi-rural/agricultural land of both Chorley and South Ribble can be characterised as the 'middle of everything, but the centre of nothing'. As a consequence commuting to the neighbouring employment centres is now a major feature of these areas. Travel to work data detailed below, identifies Preston as the employment centre of Central Lancashire: Preston records a 70% retention rate of its resident workforce, compared to 50% for Chorley and 45% for South Ribble. The Central Lancashire area as a whole records a higher resident workforce retention rate of approximately 77%, pointing to the fact that many of the commuting trips are short distance journeys into neighbouring Central Lancashire districts.
- 3.5.2 Travel to work data provides us with information on the mobility of the workforce, commuter flows (the area as a place to live or a place to work). Utilising ONS and Census data the travel to work patterns reveal as a reflection of migration trends, latest available travel to work data illustrates significant labour exchange across the sub-region.

3.5.3 In terms of Chorley's resident working population (see Table 15 and Figure 8), 49.1% of Chorley working residents have the Chorley District as their place of work. The other half primarily commutes to South Ribble (12.3%), Preston (9.7%), Bolton (4.5%) and Wigan (3.8%).

**Table 15: Place of work of outward commuting Chorley residents**

(For reference: Chorley resident workforce employed within local authority 24,141 persons; 49.1%)

<b>Location</b>	<b>No of people</b>	<b>% of working age population</b>
South Ribble	6,052	12.3%
Preston	4,754	9.7%
Bolton	2,200	4.5%
Wigan	1,869	3.8%
Blackburn with Darwen	1,334	2.7%
Manchester	1,081	2.2%
West Lancashire	1,059	2.2%
Fylde	680	1.4%
Salford	565	1.1%
Warrington	450	0.9%

Source: ONS 2008

3.5.4 In terms of Chorley's workforce population (see Table 16 and Figure 9), 66.1% of those in employment in Chorley live in Chorley. South Ribble is the single largest source of inward commuting employees comprising 9.8% of the total inward workforce. Wigan (4.3%), Bolton (3.2%) and Preston (3.0%) comprise the following main sources of inward commuting workforce indicating additional sources of demand, above those resident within the area. The following map reveals the principal sources of inward commuting employees.

**Table 16: Residence of inward commuting Chorley workforce**

(For reference: Chorley resident workforce employed within local authority 24,141 persons; 66.1%)

<b>Location</b>	<b>No of people</b>	<b>% of working age population</b>
South Ribble	3,567	9.8%
Wigan	1,569	4.3%
Bolton	1,157	3.2%
Preston	1,097	3.0%
West Lancashire	831	2.3%
Blackburn with Darwen	501	1.4%
Sefton	304	0.8%
Ribble Valley	212	0.6%
Fylde	208	0.6%
Wyre	205	0.6%

Source: ONS 2008

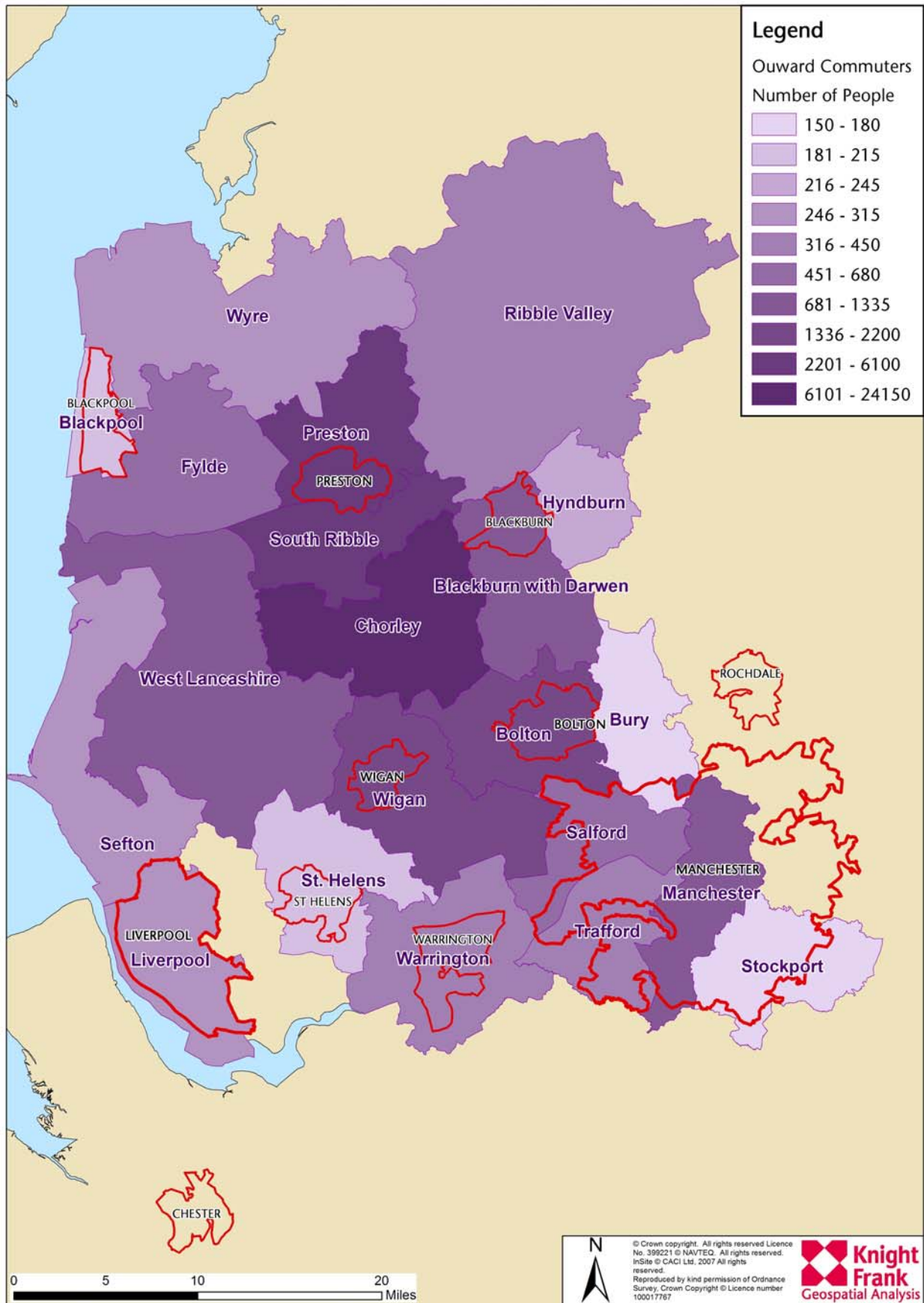


Figure 8: Place of work of outward commuting Chorley residents

Source: ONS, Knight Frank GEO-spatial analysis unit



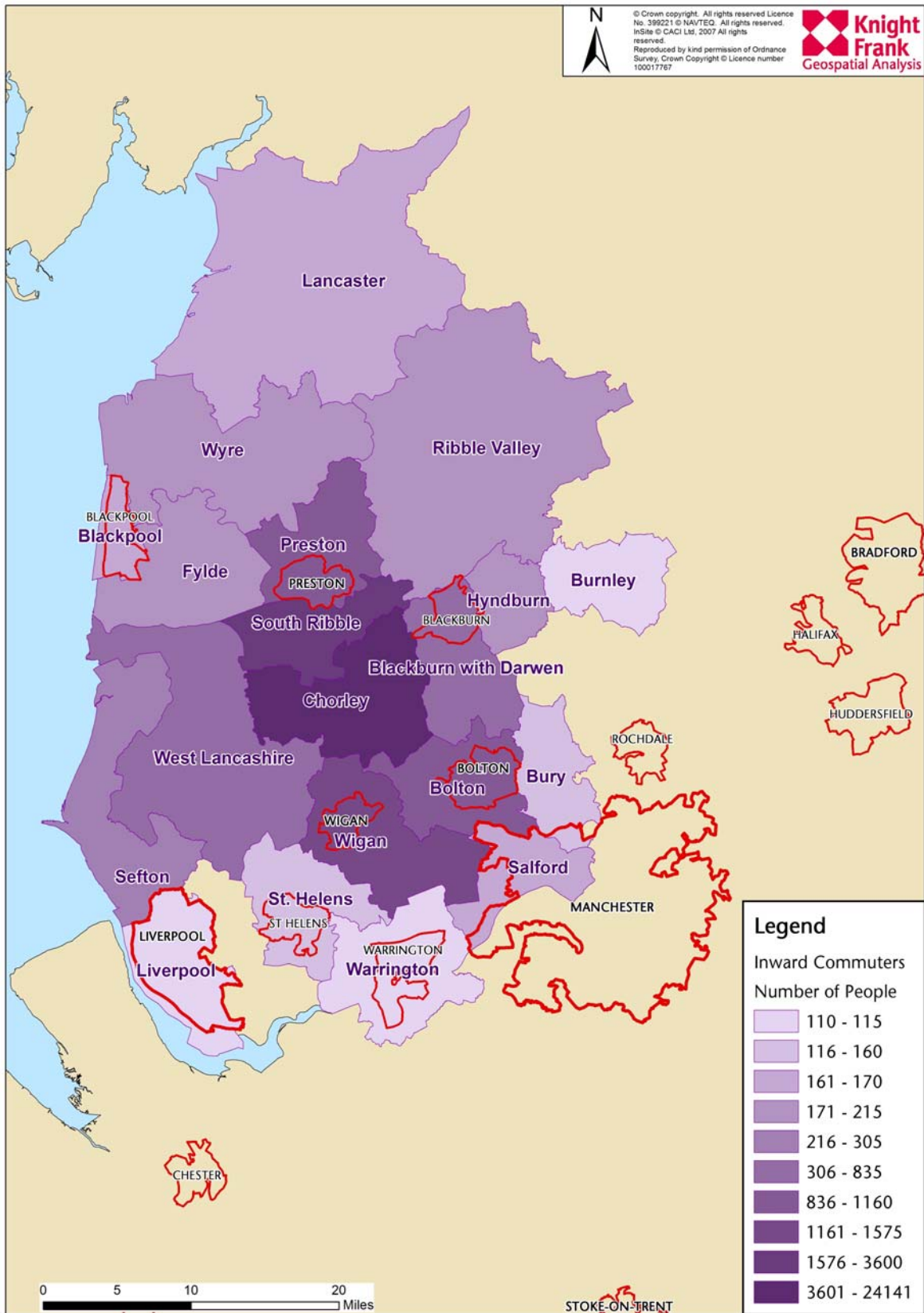


Figure 9: Place of work of inward commuting Chorley residents

Source: ONS, Knight Frank GEO-spatial analysis unit

3.5.5 In terms of Preston’s resident working population (see Table 17 and Figure 10), 68.5% of Preston working residents have Preston as their place of work, indicating a relatively inclusive labour market. The remainder primarily commute to South Ribble (6.9%) and Fylde (6.4%).

**Table 17: Place of work of outward commuting Preston residents**

(For reference: Preston resident workforce employed within local authority persons 38,475; 68.5%)

<b>Location</b>	<b>No of people</b>	<b>% of working age population</b>
South Ribble	3,884	6.9%
Fylde	3,580	6.4%
Ribble Valley	1,584	2.8%
Chorley	1,097	2.0%
Wyre	922	1.6%
Blackpool	880	1.6%
Blackburn with Darwen	687	1.2%
Manchester	486	0.9%
Lancaster	410	0.7%
Bolton	379	0.7%

Source: ONS 2008

3.5.6 In terms of Preston’s workforce population (see Table 18 and Figure 11), 49.5% of those in employment in Preston live in Preston. South Ribble (18.4%) is the single largest source of inward commuting employees, followed by Chorley (6.1%). The role of Preston as the main urban and employment centre is illustrated in terms of the absolute numbers of commuting workforce in the three respective local authorities. A far greater number of inward commuters are recorded into Preston than into South Ribble or Chorley indicating Preston as the source of employment for the catchment area, though employees are resident within the neighbouring Chorley and South Ribble area.

**Table 18: Residence of inward commuting Preston residents**

(For reference: Preston resident workforce employed within local authority 38,475; 49.5%)

<b>Location</b>	<b>No of people</b>	<b>% of working age population</b>
South Ribble	14,490	18.4%
Chorley	4,754	6.1%
Fylde	2,714	3.5%
Wyre	2,383	3.0%
Ribble Valley	2,123	2.7%
Blackpool	1,769	2.3%
Blackburn with Darwen	1,569	2.0%
Lancaster	1,405	1.8%
West Lancashire	1,251	1.6%
Wigan	1,038	1.3%

Source: ONS 2008

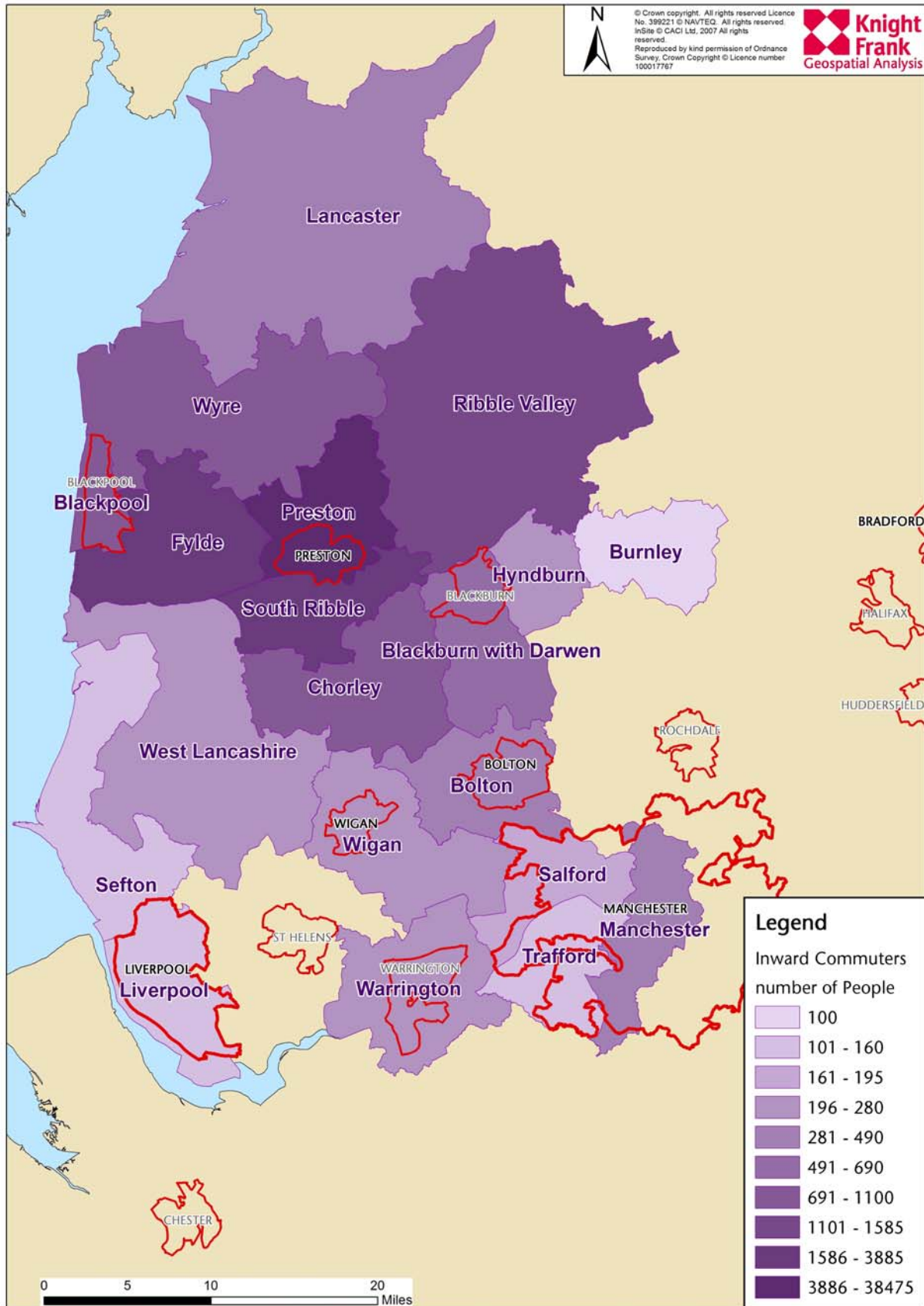


Figure 10: Place of work of outward commuting Preston residents

Source: ONS, Knight Frank GEO-spatial analysis unit

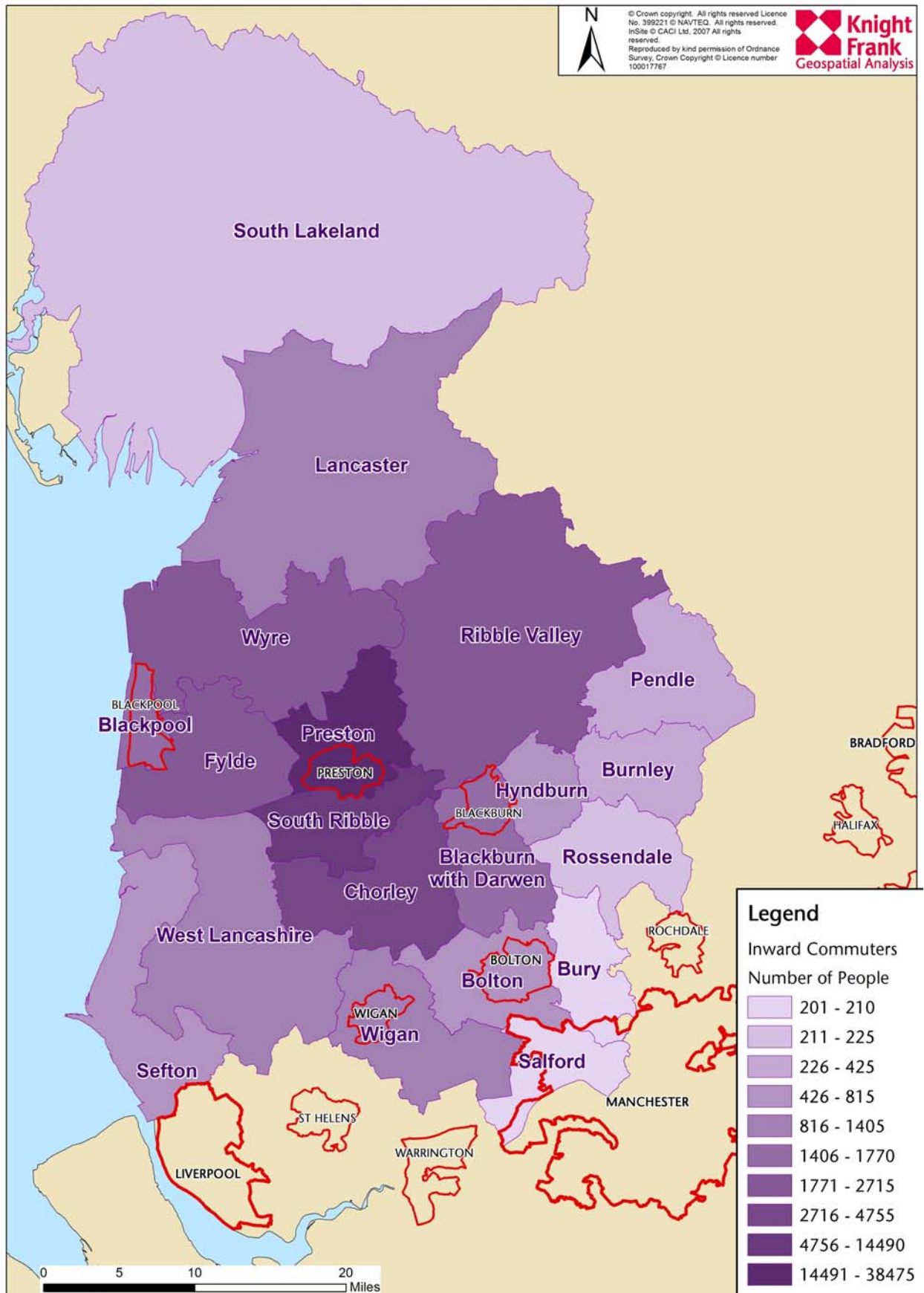


Figure 11: Residence of inward commuting Preston residents

Source: ONS, Knight Frank GEO-spatial analysis unit

3.5.7 In terms of South Ribble's resident working population (see Table 19 and Figure 12), only 44.6% of South Ribble working residents have South Ribble as their place of work, indicating an outward commuting pattern to sources of employment. . The main commuting destinations are Preston (28.2%) and Chorley (6.9%).

**Table 19: Place of work of outward commuting South Ribble residents**

(For reference: South Ribble resident workforce employed within local authority persons 22,909; 44.6%)

<b>Location</b>	<b>No of people</b>	<b>% of working age population</b>
Preston	14,490	28.2%
Chorley	3,567	6.9%
Fylde	1,903	3.7%
Ribble Valley	1,005	2.0%
Blackburn with Darwen	989	1.9%
West Lancashire	595	1.2%
Manchester	501	1.0%
Wigan	483	0.9%
Wyre	417	0.8%
Bolton	403	0.8%

Source: ONS 2008

3.5.8 In terms of South Ribble's workforce population (see Table 20 and Figure 13), 54.9% of those in employment in South Ribble live in South Ribble. Chorley (14.5%) is the single largest source of inward commuting employees, followed by Preston (9.3%), comprise the main sources of inward commuting workforce indicating additional sources of demand, above those resident within the area. The following map reveals the principal sources of inward commuting employees.

**Table 20: Residence of inward commuting South Ribble workforce**

(For reference: South Ribble resident workforce employed within local authority persons 22,909; 54.9%)

<b>Location</b>	<b>No of people</b>	<b>% of working age population</b>
Chorley	6,052	14.5%
Preston	3,884	9.3%
Wigan	1,157	2.8%
Blackburn with Darwen	920	2.2%
West Lancashire	853	2.0%
Fylde	589	1.4%
Bolton	549	1.3%
Wyre	536	1.3%
Blackpool	533	1.3%
Ribble Valley	482	1.2%

Source: ONS 2008

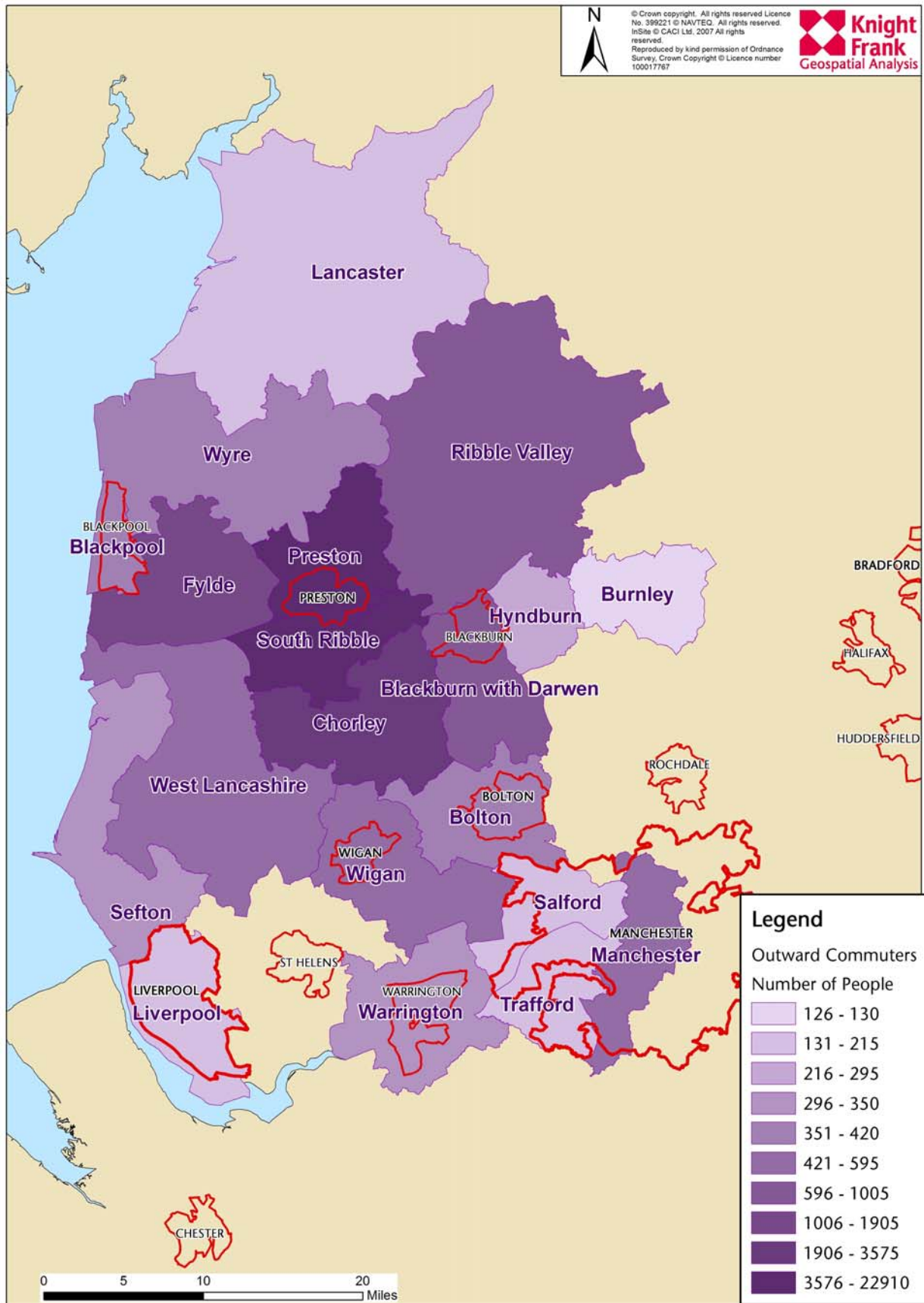


Figure 12: Place of work of outward commuting South Ribble residents

Source: ONS, Knight Frank GEO-spatial analysis unit

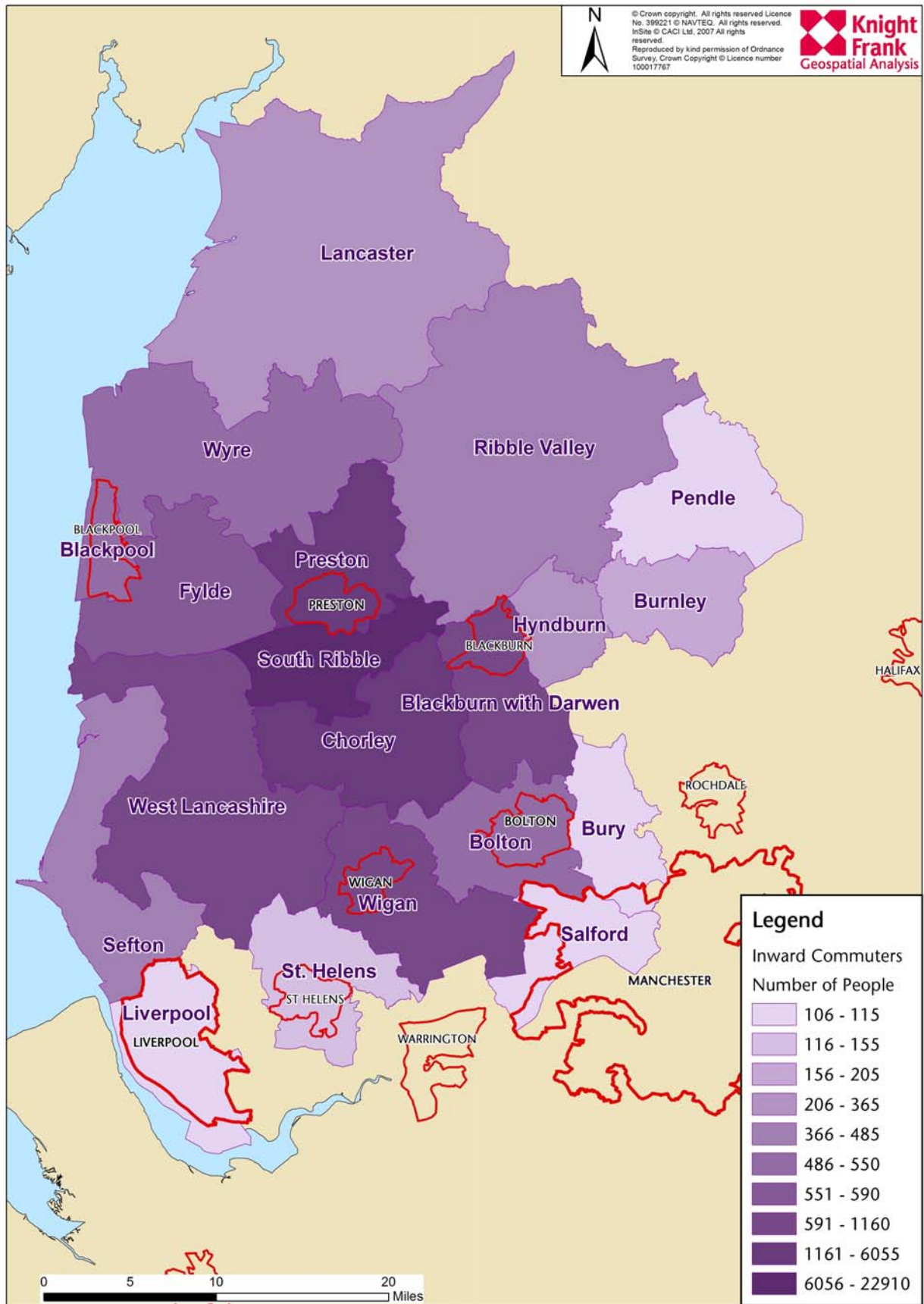


Figure 13: Residence of inward commuting South Ribble workforce

Source: ONS, Knight Frank GEO-spatial analysis unit

### 3.6 Incomes and earnings

3.6.1 Figure 14 illustrates the spatial distribution of average incomes across Central Lancashire.

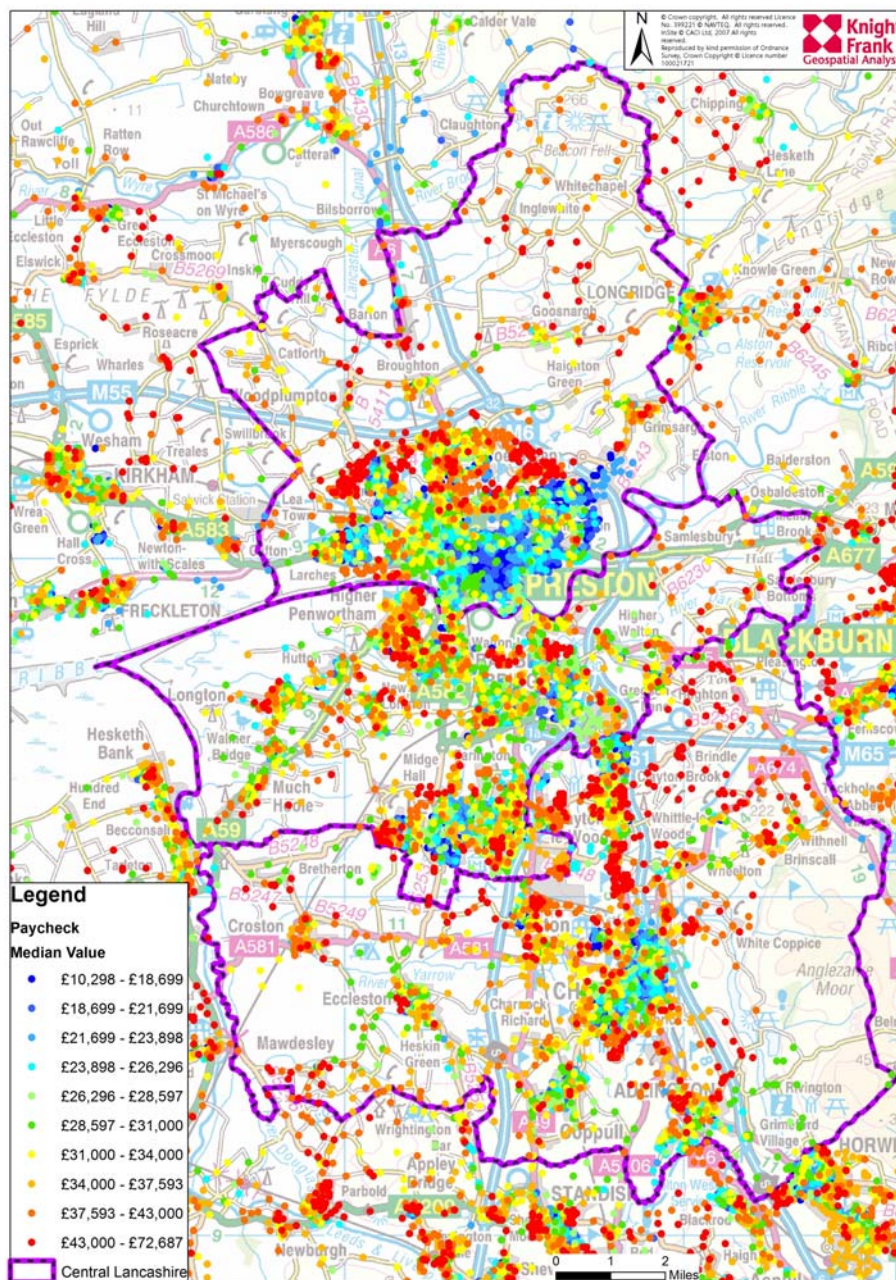


Figure 14: Average incomes across Central Lancashire

Source: CACI Paycheck

3.6.2 Unsurprisingly the distribution of those households with higher average incomes correlates with the spatial distribution of higher priced property within the desirable suburban and rural areas. These households operate the greatest degree of choice in making the decision as to where to locate, based on the range of residential offer and the quality of place. The central urban areas of the respective local authorities including Preston, Leyland and Chorley comprise households with the lowest average income levels. This illustrates a



process of 'residualisation' within the central urban areas whereby, wealth permitting, those who are able enact upon the ability to move out to more desirable, less densely populated areas.

### **3.7 Summary**

- 3.7.1 The analysis of demographic change shows strong demand for development in Central Lancashire. Preston, Chorley and South Ribble are expected to experience a population increase and positive demographic change within the younger household forming and family building age groups.
- 3.7.2 The main driver in the demographic change projected in Central Lancashire is natural change supplemented by migration. Most of the migration is contained within Central Lancashire (i.e. between Preston, South Ribble and Chorley) with net in-migration into the combined area mainly arising from Bolton, Wigan and West Lancashire. Clearly this is being affected by the residential offer. Our analysis shows that the issue of a restricted city living market and lifestyle offer in Preston is having a negative impact on graduate retention and the lack of larger housing here is contributing to family households moving into South Ribble in particular.
- 3.7.3 Currently, as mortgage availability is tight and prices remain high relative to incomes, affordability is also an importance factor in shaping demand. The approach to the market must aim to marry the aspirations of wealthier households with the ability of the local population to access it. Supply must meet with the needs and aspirations of both the local population and any new in-migrating population. It is to a detailed analysis of current and future supply that our attention now turns.

# 4 HOUSING STOCK

## SECTION OVERVIEW

In this section of the report we examine housing supply trends within the Central Lancashire Housing Market Area. As per the Strategic Housing Market Assessment Practice guidance we review the present housing stock profile in terms of dwelling type and tenure, residential completions and the development pipeline. We also examine the conditions for housing development including the current land market and the effects of current policy on the economics of housing development. To support our analysis we have undertaken a survey of local and national developers currently undertaking work in the Central Lancashire HMA, the findings of which are presented here.

### 4.1 Housing stock

- 4.1.1 Latest Housing Strategy Statistical Appendix data (2007/08) provided by Communities and Local Government estimates that, with 150,684 dwellings, the Central Lancashire Housing Market Area represents 4.9% of the total stock across the North West region. The distribution and profile of the housing stock within Central Lancashire Housing Market Area is not typical of an established city region based on a legacy of economic activity and concentric growth, such as those of Manchester and Liverpool city regions. As illustrated within the travel to work analysis, Preston is the principal employment centre of the city region, the neighbouring authorities of Chorley and South Ribble having grown as dormitory centres in part serving as a residential district locations for the major employment centres. That is not to say there is no local employment, but merely that a majority of South Ribble's working population and half of Chorley's working population work outside their respective Districts.
- 4.1.2 Whilst Preston's central settlement pattern is based upon industry led economic growth the district remains relatively rural overall and only gained city status in 2002. The proposed Central Lancashire New Town designated in the early 1970's, comprising Preston, Leyland and Chorley, did not materialise into a statutory body. The legacy is fragmented and polycentric in nature within Central Lancashire, characterised by a number of medium sized settlements throughout South Ribble and Chorley. Both, located between major employment centres of Manchester and Preston, serve to some extent as residential dormitory areas.
- 4.1.3 Economic performance is inextricably linked to the residential offer within an area and development of the housing stock in Leyland was driven by economic growth associated with the automotive industry. The restructuring of the manufacturing sector within

Leyland is reflected in a relatively less affluent economic resident population compared to the national picture.

## 4.2 Tenure

- 4.2.1 In terms of housing tenure, South Ribble has the highest proportion of owner-occupier households at 83.2%, closely followed by Chorley with 78.2%. These are both greater than the regional (68.7%) and national (67.7%) figures. Preston on the other hand appears closely aligned in all tenures with the regional distribution.
- 4.2.2 Both the social and private rented sector comprises a significantly higher number of households in Preston at 19.3% and 8.7% respectively, compared to South Ribble at 10.9% and 3.9% and Chorley at 14.4% and 4.7% respectively. The level of social and private rented housing stock in Preston, as derived from the 2001 Census, appears comparable with that across the region and nationally.
- 4.2.3 It is possible that the size of the private rented sector is being underestimated by Census and CACI data, as the 2007 House Condition Study for Preston and South Ribble suggested that the private sector could now be as large as 13% in Preston and 11% in South Ribble. If correct, this would suggest that many of the dwellings that were previously recorded as being in owner-occupation in these two districts are now actually being let out to private tenancies. This is an area that would benefit from further research, to determine the size of the private rented sector and the way in which it contributes to the housing market in Central Lancashire.
- 4.2.4 The level of social rented housing in Preston, though higher than South Ribble and Chorley, is slightly less than the level both regionally and nationally. The higher proportion of private rented accommodation within Preston compared to the other Central Lancashire districts is indicative of the city as both the main employment centre and location of higher education institutions such as the University of Central Lancashire.

Table 21: Housing tenure (%)

		Chorley	Preston	South Ribble	North West	England & Wales
Owner-occupied	Owned outright	32.4	29.7	35.1	29.8	28.9
	Owned with mortgage/loan	45.8	39.0	48.1	38.9	38.8
	Shared Ownership	0.9	1.1	0.8	0.6	0.6
Social rent	Social rented	14.4	19.3	10.9	20.1	19.9
Private rent	Private landlord/letting agency	4.1	7.7	3.3	7.7	8.4
	Employer of household member	0.1	0.1	0.1	0.1	0.3
	Relative/friend of household member	0.4	0.6	0.4	0.6	0.6
	Other privately rented	0.1	0.3	0.1	0.2	0.3
Rent free		1.6	2.2	1.3	2.1	2.2
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CACI 2008

- 4.2.5 Figure 15 presents the proportions of owner occupied dwellings by 2001 Census Output Area across Central Lancashire. The Output Areas that contain the highest proportion of owner occupied stock, where over 60% of the total tenure comprises owner occupation, are found across the peripheral locations and main radial transport routes, such as the A59 and M6 corridors. Owner occupation represents a lower proportion of total stock within the more urban central Output Areas, reflecting the relatively less affluent socio-economic profile of those residing within more central locations. Higher relative proportions of owner occupation within suburban locations such as Fulwood and Cottam create an in-road into inner urban housing areas consisting of high proportions of social housing.
- 4.2.6 Wealth-permitting households tend to move to desirable locations within the suburbs and rural areas, a process of residualisation results in the most central urban locations populated by those on lower incomes including students, the elderly, unemployed or infirm within socially-rented and privately rented dwellings. This is highlighted within the Core Strategy earmarking Inner East Preston as an area suffering from changing levels of demand.
- 4.2.7 The emergence of a city living market within Preston city centre initially went some way to revitalising the central housing market, the urban renaissance of urban centres, attracting a relatively younger, well-educated and comparatively affluent demographic. However the adverse effect of the city living market caters for a narrow target resident group, characterised by short-term tenancies, typically six month lets and high levels of household churn. This housing market type is evident within the central areas of Preston, far less within South Ribble as a whole recording high levels of owner occupation and a relatively low proportion of private renters. The central areas of Chorley, though lower than Preston,

record higher levels of private renters than South Ribble, suggesting a comparatively more mobile household profile.

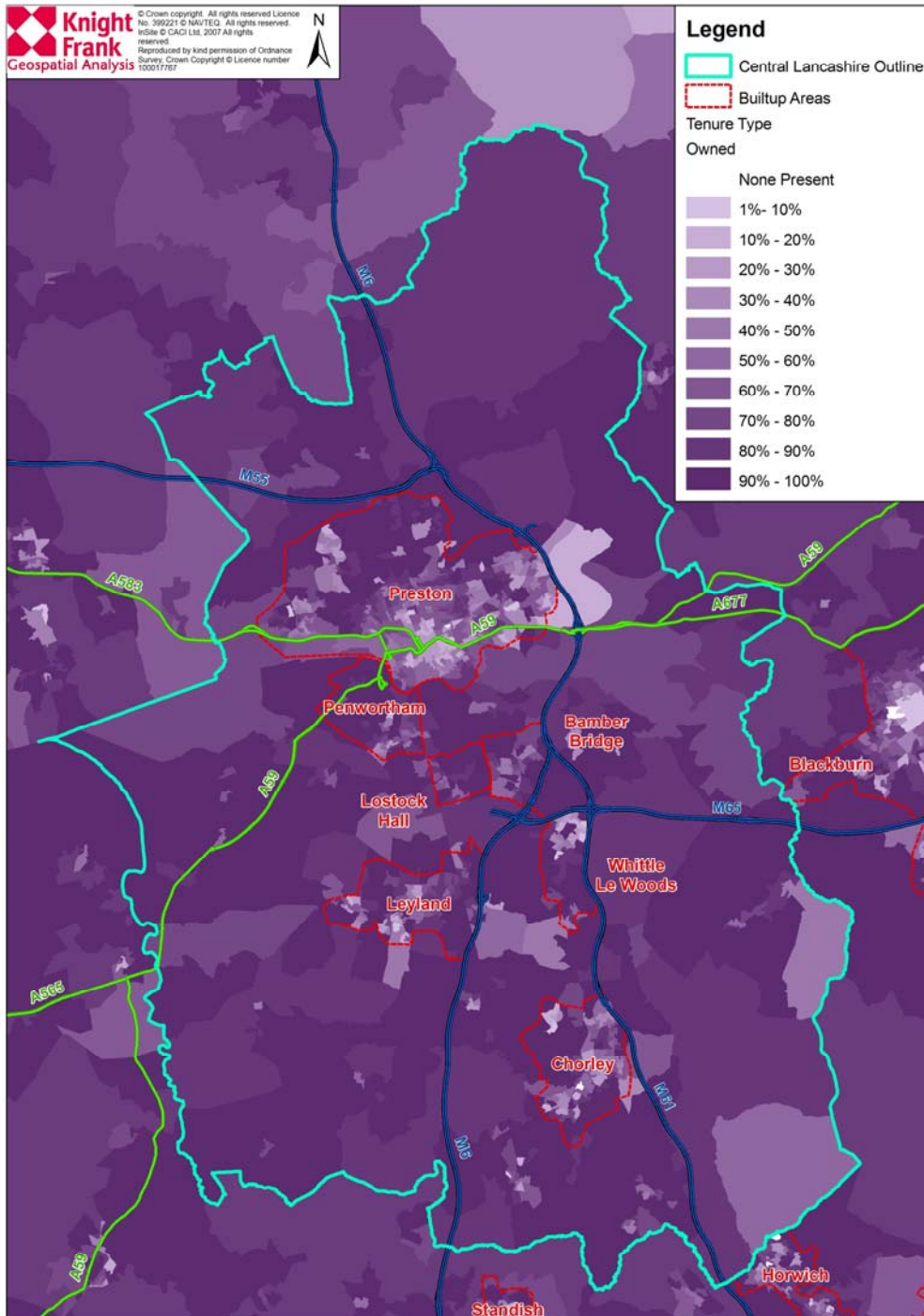


Figure 15 Proportion of owner occupied properties in Central Lancashire HMA

Source: ONS Census

4.2.8 Figure 16 presents the proportions of social rented dwellings by 2001 Census Output Area across Central Lancashire. The Output Areas that contain the highest proportion of social rented accommodation are pepper-potted throughout the urban areas of Leyland, Preston

and Chorley. East Preston has a high proportion of social rented accommodation stock, corresponding with a high proportion of flatted units indicated in Figure 21.

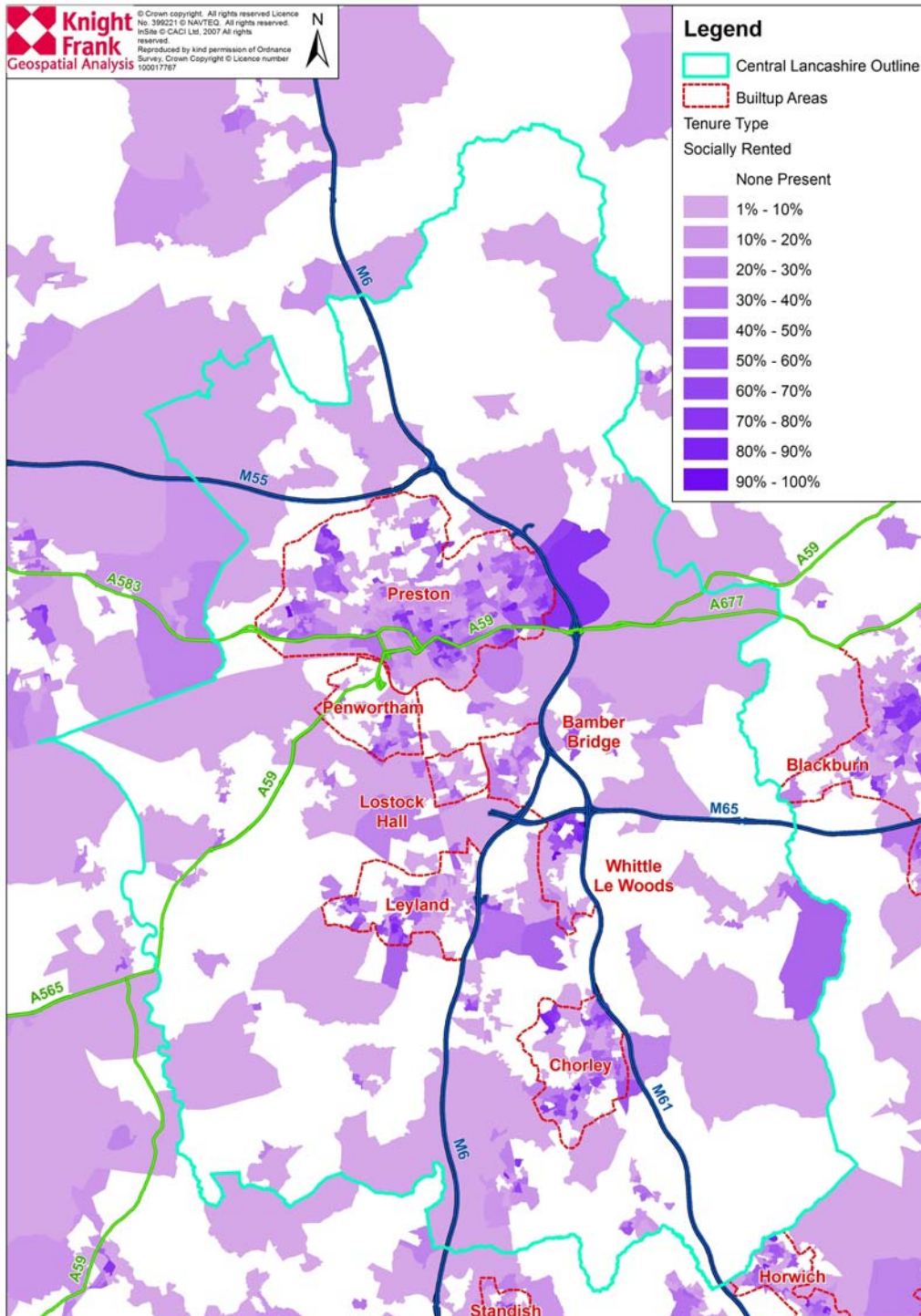


Figure 16 Proportion of social rented dwellings at OA level in Central Lancashire HMA

Source: ONS Census

4.2.9 Figure 17 presents the proportions of private rented dwellings by 2001 Census Output Area across Central Lancashire.

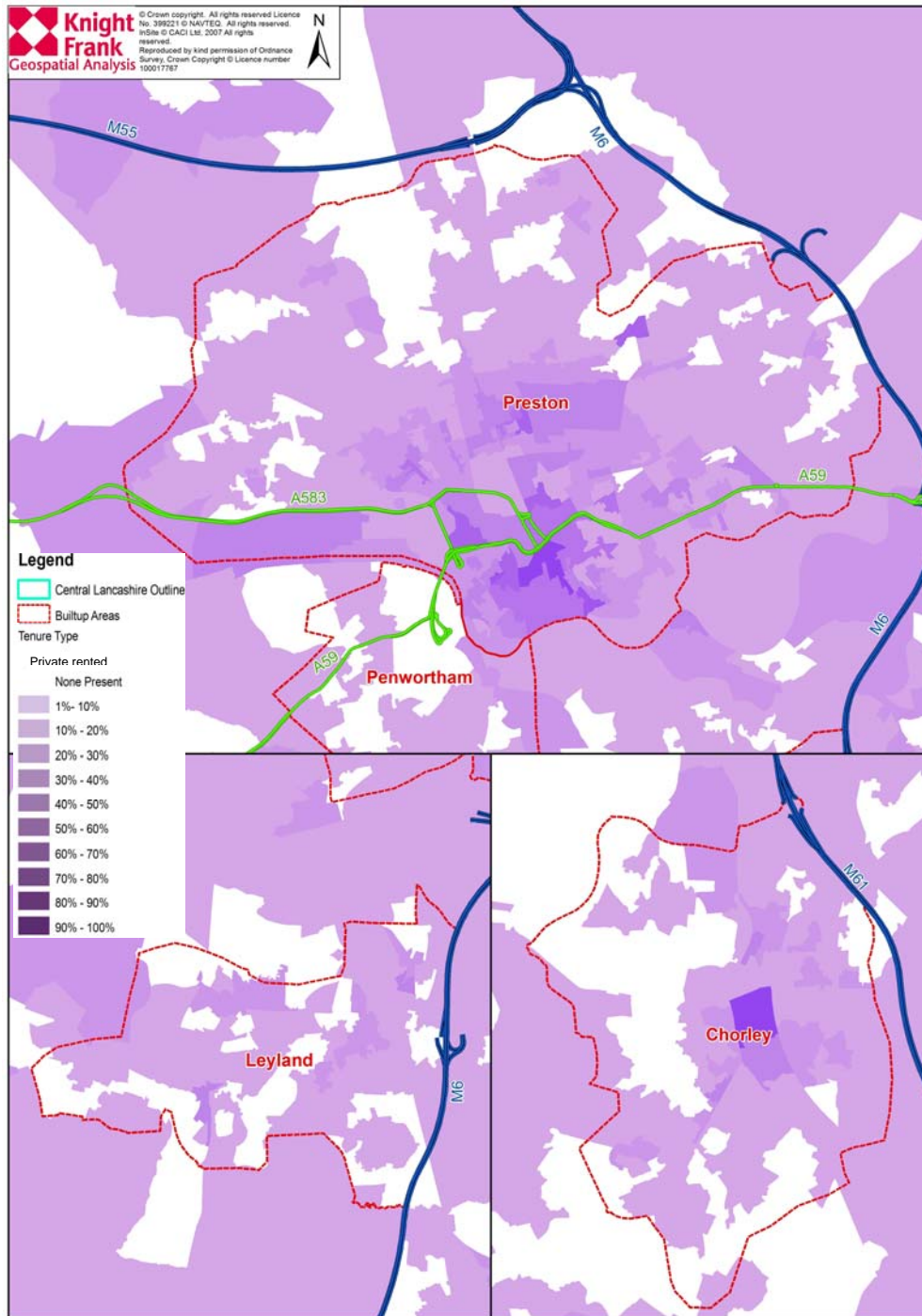


Figure 17 Proportion of private rented dwellings in Central Lancashire HMA

Source: ONS Census

4.2.10 The Output Areas that contain the highest proportion of private rented accommodation are found within the central areas of Chorley and Preston. The proportion of private rented sector households will have increased since the 2001 Census given the significant increase in the purchasing price of entry-level properties, the recent constraints on lending

availability and growth of the investor-led city centre buy-to-let private rented sector market. Multiple sectors of private renting have emerged within Preston, Chorley and to a lesser extent Leyland operating from areas commanding the highest to lowest in rent. Increasingly the private rented sector is being relied upon as an accessible entry route to accommodation for younger potential purchasers, students and as housing for homeless households.

- 4.2.11 In migrant workers from EU accession states have also found provision within the private rented sector. Concentrations of these tenancies have been found within central and inner east Preston in particular.

### 4.3 Type

- 4.3.1 Both semi-detached and detached properties account for 62.2% of stock across the Central Lancashire Housing Market Area, reflecting the relatively more traditional profile of current residential range. Disparities between the Districts' and the Region highlight an apparent undersupply of flatted accommodation within South Ribble and Chorley and an undersupply of detached family properties within Preston.

Table 22: Dwelling type (%)

	Chorley	Preston	South Ribble	Central Lancashire	North West	England and Wales
<b>Detached</b>	28.6	18.1	27.4	24.1	17.7	22.6
<b>Semi-detached</b>	34.9	33.7	46.9	38.1	36.6	30.9
<b>Terraced</b>	27.8	33.0	17.7	26.7	31.7	25.5
<b>Flat, maisonette or apartment</b>	8.3	14.8	7.3	10.6	13.5	20.3
Purpose built	6.8	12.0	6.2	8.7	10.2	15.3
Conversion	0.7	2.0	0.5	1.1	2.3	3.9
Commercial building	0.8	0.8	0.7	0.8	1.0	1.1
<b>Shared accommodation</b>	0.0	0.3	0.0	0.2	0.2	0.3

Source: CACI 2007

- 4.3.2 Since the emergence of the new city living market in Preston during the last five years the spatial distribution of dwelling types are quite distinct within the three Districts. Clear patterns to the development and remodelling of housing on the detached, semi-detached, terraced and apartments are evident. Figure 18 to Figure 21 present the spatial distribution of the current housing stock based on the 2001 Census Output Area geography.<sup>9</sup>
- 4.3.3 Figure 18 presents the proportions of detached dwellings by 2001 Census Output Area across Central Lancashire.



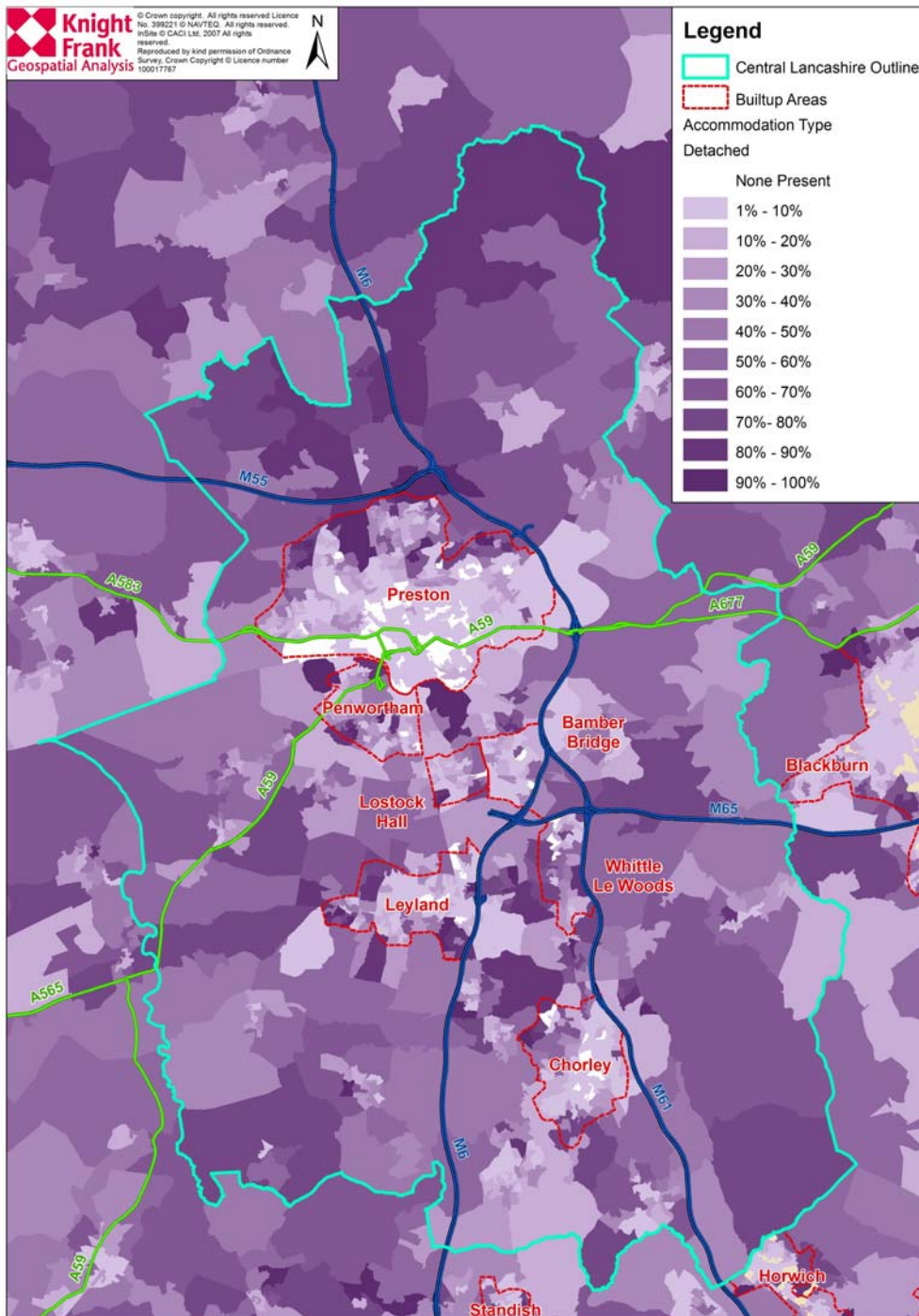


Figure 18 Proportion of detached dwellings in Central Lancashire HMA

Source: ONS Census

4.3.4 The Output Areas that contain the highest proportion of detached dwellings are distributed to the north of Preston in the peripheral and rural locations such as Broughton and Cottam and further north towards Inglewhite and Whitechapel. Detached properties comprise notably lower proportion of total stock throughout the inner urban band of Output Areas throughout Preston. Concentrations of detached properties are found in Bamber Bridge,

<sup>9</sup> Each Output Area contains approximately 125 households

Walton-le-Dale, Penwortham and Higher Penwortham in South Ribble, Euxton, Clayton-le-Woods and towards the south east of Chorley. The Output Areas that contain the highest proportion of detached properties suggest the most desirable locations, due to the fact that these properties command the highest prices and become increasingly less accessible to all but the highest earners and therefore more exclusive. The distribution of detached properties (Figure 18) corresponds with the highest priced areas in the Central Lancashire Housing Market Area (see Figure 32 below on page 129).

4.3.5 Figure 19 presents the proportions of semi-detached dwellings by 2001 Census Output Area across Central Lancashire.

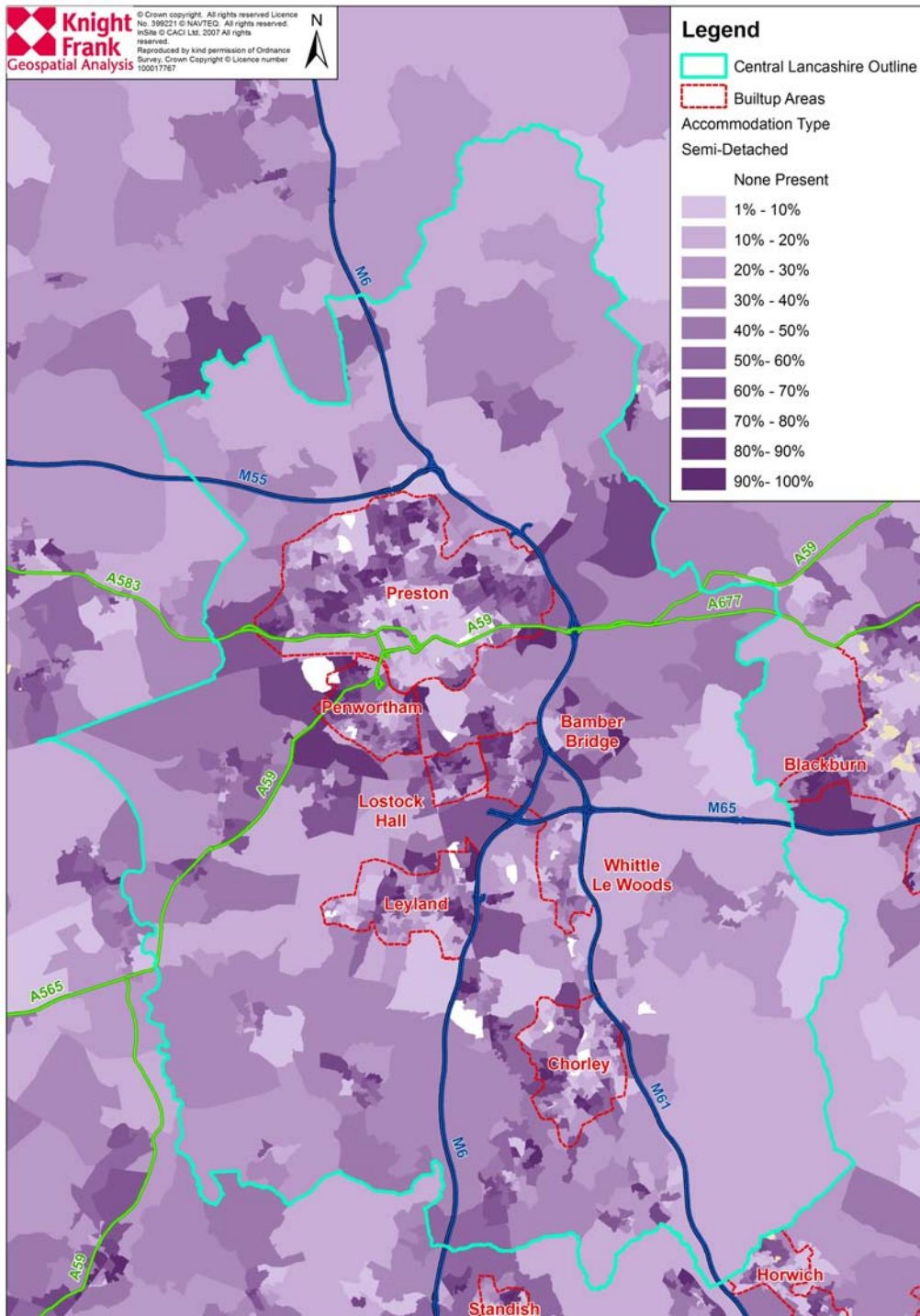


Figure 19 Proportion of semi-detached dwellings in Central Lancashire HMA

Source: ONS Census

4.3.6 It is clear to see that the concentric pattern of development within the suburban locations radiating from the inner urban areas indicates high proportions of semi-detached accommodation. High levels of this dwelling type, notably absent from the inner urban

areas and the peripheral rural locations, band each of the three large urban centres of Preston, Chorley and Leyland.

4.3.7 Figure 20 presents the proportions of terraced dwellings by 2001 Census Output Area across Central Lancashire.

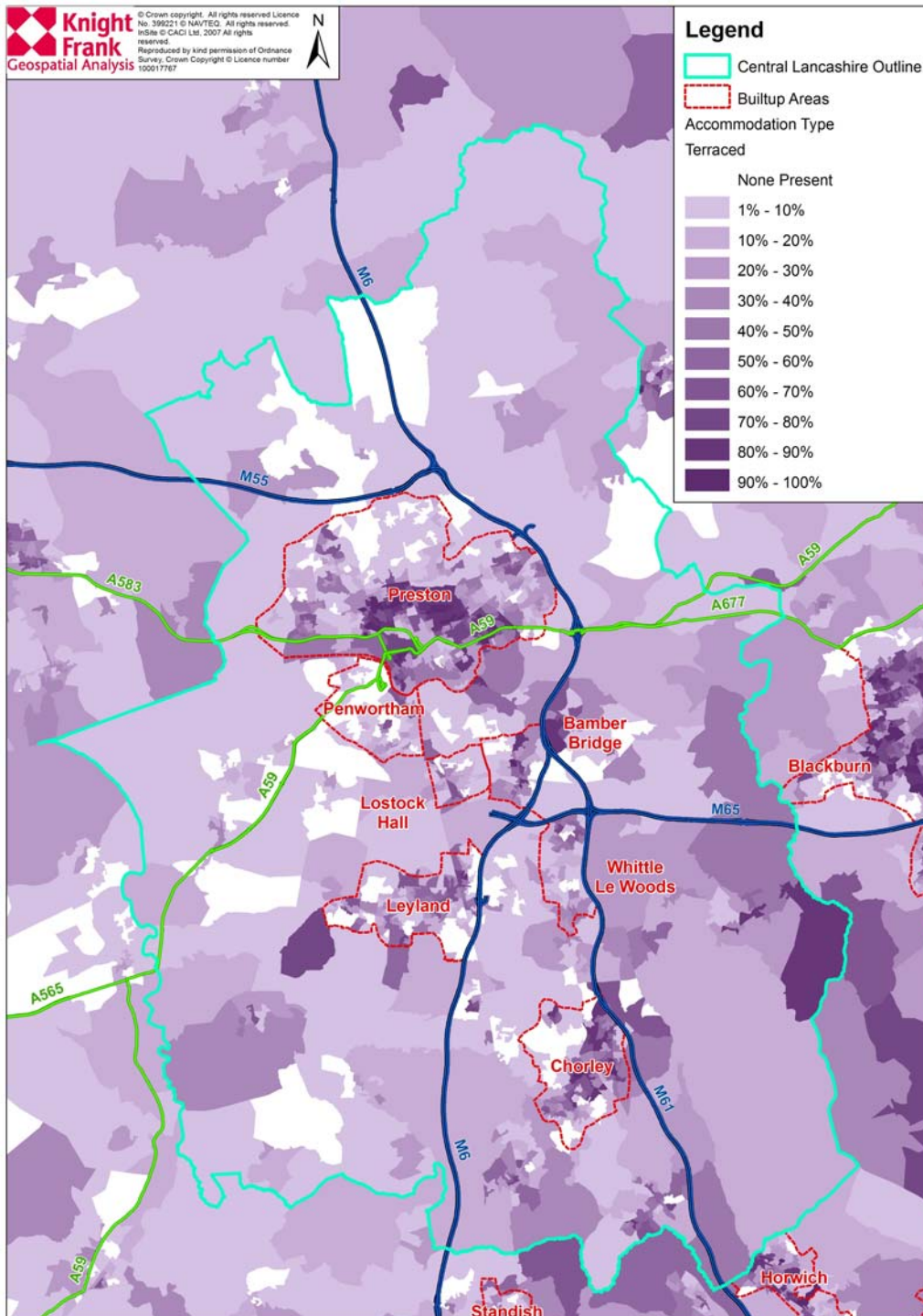


Figure 20 Proportion of terraced dwellings in Central Lancashire HMA

Source: ONS Census

4.3.8 The areas that contain the highest proportion of terraced properties are found within the dense urban locations of Preston, such as inner east Preston and Chorley town. There is a notable absent of this property type within more peripheral locations the exception being locations around Croston in the west and Withnell in the east. This housing stock represents the most affordable accommodation type due to the predominance of pre-1919 stock and in need of various degrees of repair, consequently targeted by first time buyers and private investors. A legacy of these purchaser patterns, particularly investors, as highlighted in the Core Strategy, is the preponderance of terraced stock within the private rented sector within areas of changing or declining demand. The maps therefore provide a spatial illustration by Output Area where focussed renovation of existing stock would need to take place.

4.3.9 Figure 21 presents the proportions of apartment dwellings by 2001 Census Output Area across Central Lancashire.

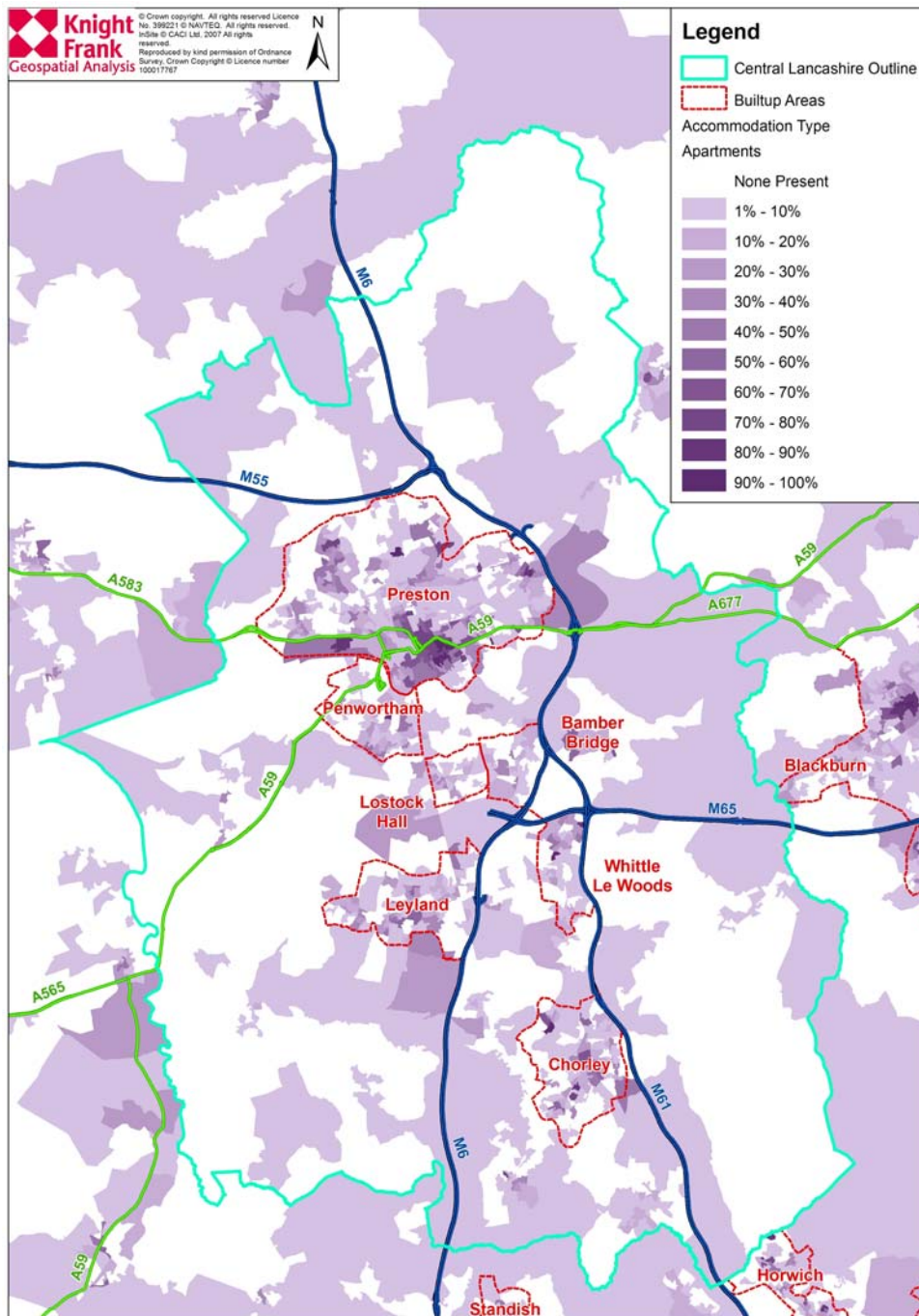


Figure 21 Proportion of flats/apartments in Central Lancashire HMA

Source: ONS Census

4.3.10 Notwithstanding the number of apartment schemes that have been developed within Preston city centre since 2001, which consequently are not shown on the map, the areas that contain the highest proportion of apartments remain within the dense urban fabric of Preston city centre and pockets of Chorley town as highlighted in Figure 21.

- 4.3.11 In response to the Urban White Paper (2000) and Sustainable Communities Plan - Building for the Future (2003) an emergent city living market has developed nationally, particularly in cities with a high proportion of higher education students and graduate employees. The city living market has made its mark within Preston city centre, catering for those predominantly younger households whom prefer close proximity to services and employment. Even with 2001 Census data, Figure 21 illustrates the concentration of high-density apartment accommodation within the three respective urban centres of Central Lancashire, with prevalence of this type within Preston.
- 4.3.12 As an indication of the range of residential type, Preston records a higher proportion of Council Tax Band A properties at almost 46% of total stock, approximately 20% higher than the national average, indicating a preponderance of smaller, lower value stock. Preston local authority comprises a correspondingly lower proportion of Band E, F, G and H properties at 7.7% compared to 18.6% nationally. By contrast the distribution of properties in Chorley and South Ribble indicates a higher proportion of dwellings in the higher tax bands.

Table 23: Dwellings by Council tax band (%)

Council Tax Band	Preston	South Ribble	Chorley	Central Lancashire	North West	England and Wales
A	45.9	20.9	31.2	33.8	42.9	24.7
B	19.6	25.8	22.3	22.3	19.1	19.4
C	16.1	25.4	18.8	19.8	17.3	21.6
D	10.7	15.7	12.7	12.8	9.9	15.2
E	4.2	8.1	9.5	7.0	5.8	9.7
F	2.0	3.1	3.8	2.9	2.8	5.2
G	1.5	1.0	1.6	1.4	1.9	3.6
H	0.1	0.0	0.1	0.1	0.2	0.6
I	0.0	0.0	0.0	0.0	0.0	0.0
X	0.0	0.0	0.0	0.0	0.0	0.0

Source: Dwelling Stock by Council Tax Band 2006, ONS

## 4.4 Historic and future supply

- 4.4.1 In line with Government housing priorities for increased housing delivery, growth and regeneration, the key policies for the North West Regional Spatial Strategy are to ensure good quality housing is available to all throughout the region. The increased provision throughout Central Lancashire reflect and support the RSS and Core Strategy programme for realising the potential of the local housing market.

4.4.2 Under the aegis of the RSS specific key themes include:

- Ensure sufficient additional housing is provided in sustainable patterns of development to meet requirements taking into consideration existing growth patterns and future projections
- Ensure that sufficient housing is provided to underpin economic growth and regeneration in North West City Regions, including the Central Lancashire City Region and the need to meet local affordable needs particularly in desirable rural locations. The Regional Spatial Strategy recognises the need to provide access to affordable rural housing and develop active communities as a priority throughout the region
- In line with PPS3 requirements, encourage the use of higher densities to make more efficient use of land
- Through regeneration and renewal provide well-designed, diverse, attractive and successful places to live and work and contribute to the restructuring of residential offer throughout the region.
- Creating a better mix of housing, in terms of type, size and tenure to reflect the needs and aspirations of the residents, creating the communities where people want to live whilst supporting the economy in a sustainable way

4.4.3 Furthermore the RSS refers to the Central Lancashire City Region as a location with strong potential forecast economic growth, and is therefore with the city regions of Manchester and Liverpool, the focus for continued regeneration and inward investment, strengthening and restructuring the local economy underpinned by high-tech and knowledge-based sectors.

4.4.4 Historically, annual housing provision targets across the North West have been established through previous RSS (Regional Planning Guidance 13) translated through the Joint Lancashire Structure Plan. According to these targets the authorities of Central Lancashire have been operating in a climate of anticipated oversupply in light of outstanding planning permissions. These development plans have now been superseded by the recently published Regional Spatial Strategy, outlining a considerable uplift in required annual completion rates for the Central Lancashire area. Additionally the designated New Growth Point status allocated to Central Lancashire, including Blackpool in July 2008, places greater focus on housing completion rates.



- 4.4.5 Considering each district in turn, the Joint Lancashire Structure Plan outlined an annual provision for Preston of 480 units between 2001-2006, falling to 180 units annually between 2006-2016. The Structure Plan outlines an annual provision for Chorley of 485 units between 2001-2006, falling to 230 units between 2006-2016. An annual provision rate for South Ribble of 290 units between 2001-2006, falling to 165 units between 2006-2016. Following the recent RSS publication, total housing provision rates between 2003-2021 have increased for Preston to 9,120 units, equating to 507 per annum; Chorley and South Ribble 7,500 units, equating to 417 units per annum.
- 4.4.6 The Central Lancashire Growth Point bid was based upon the ambition statement for a forward looking economy throughout the sub region, '*where the optimum balance is achieved between sustainable housing provision, economic growth and regeneration*'. The need to accommodate growth and renewal throughout the sub-region is recognised as a principal driver of accelerated housing and infrastructure delivery, in particular that of affordable housing.

### Preston

- 4.4.7 In terms of annual housing delivery rates, the revised figures within the latest Preston Annual Monitoring Report record completions averaging 346 dwellings per year over the last six year period. Despite recent upturns in delivery this figure falls below the latest (2007/08) RSS target for 507 per annum, due in large part to the high number of demolitions during the early part of the monitoring period.

Table 24: Historic completions

Year	Total gains	Total losses	Net completions	Structure Plan target	RSS target	Forecast completions* <sup>10</sup>
2001-02	430	292	138	480		
2002-03	134	55	79	480		
2003-04	325	216	109	480	507	
2004-05	655	160	495	480	507	
2005-06	563	7	556	480	507	
2006-07	555	70	485	180	507	
2007-08	427	73	354	180	507	
2008-09					507	550
2009-10					507	550
2010-11					507	550
2011-12					507	550
2012-13					507	610
2013-14					507	610
2014-15					507	610
2015-16					507	610

Source: Preston Annual Monitoring Report 2007/08

4.4.8 Preston represents the main urban centre of the Central Lancashire city region in terms of employment, culture, retail and higher education. In line with the main urban centres across the UK, the supply of housing within Preston since 2001 has been skewed towards apartment units. During the 2007-08 monitoring period apartment units accounted for 80.3% of total supply, 64.6% of which comprised purpose-built flats. The supply of houses represented 19.7% of total supply, comprising 5% detached, 3.1% semi-detached, 11.1% terraced.

4.4.9 In terms of affordable housing delivery a total 33 dwellings were delivered during the 2007/08 monitoring period, as identified within the Growth Point ambition statement above, the early delivery of affordable housing, is earmarked as a priority in light of continuing affordability constraints. Contour Housing Association developed all units for shared ownership at the former York House and Lancaster House site in Avenham.

#### Future supply

4.4.10 In terms of outstanding planning permissions, allocations and windfall sites identified in the Five Year Residential Land Availability Study 2008, there exists an estimated capacity for 4,355 dwellings in Preston. Of this total 1,516 were unimplemented planning permissions, whilst the number of granted permissions does not necessarily equate to guaranteed delivery, particularly in the current development market, the number provides an

<sup>10</sup> Established through 5-year housing land supply assessment of outstanding applications and allocations

indication as to potential schemes in the system. A total 409 were under construction as at July 2008. Based on the current annual RSS target of 507 units, the supply of outstanding residential land equates to a gross supply of 8.6 years, which includes a number of city centre apartment planning permissions that are currently not attractive to the market. The breakdown of potential future residential supply is illustrated below. More detailed consideration of house building land delivery issues is dealt with separately in the Central Lancashire Strategic Housing Land Availability Assessment work

**Table 25: Residential future supply**

<b>Land allocation with granted planning permission</b>	<b>Estimated capacity (No.)</b>
Brownfield with unimplemented planning permission	1,407
Greenfield with unimplemented planning permission	109
Brownfield pending or pre-application	1,699
Greenfield pending or pre-application	731
Under construction	409
<b>Total</b>	<b>4,355</b>

Source: Preston five-year land supply study, July 2008

- 4.4.11 The implications for the local housing market in response to driving higher levels of economic growth, are to ensure that the residential supply is of the right type, size and in the right locations to reflect the aspirations of the changing socio-economic profile, addressing the need for growth, affordability and offsetting areas of low demand.
- 4.4.12 Table 26 illustrates the current 20 largest sites in Preston with outstanding planning applications and permissions that will be the focus of major residential delivery.

**Table 26: Preston 20 largest outstanding residential planning permissions & allocations**

<b>Site location</b>	<b>Total units</b>	<b>Under construction</b>	<b>Planning status</b>
Cottam - Remaining English Partnership sites	731		pending / pre app
Queen Street - Countryside Properties	605		unimplemented
Cottam Hall Brickworks	390		pending / pre app
GOSS Graphics	296		pending / pre app
Land off Stanley Street/Queen Street (Brookhouse)	275		pending / pre app
Tithebarn	250		pending / pre app
Alstoms, Channel Way	235		pending / pre app
Avenham Car Park, Avenham Street	210		unimplemented
Whittingham Hospital Grounds	171		unimplemented
Alliance Works, Goodier Street and part of Manchester Mill	170		pending / pre app
Land to rear of Ryelands Crescent & Thurnham Road	109		unimplemented
Sharoe Green Hospital, Sharoe Green Lane	85	u/c	
Former St Joseph's Orphanage, Theatre Street	81		unimplemented
Oakleigh Lawson Street	68	u/c	
Whittingham Lane (Hudson and Wailing)	61		unimplemented
Fox Street Car Park and 52-62 Corporation Street	52		unimplemented
4-10 Lawson Street	50	u/c	
Crystal House, Birley Street	48	u/c	
Mount Street/Garden Street	47		unimplemented
Hemmings Mill, New Hall Lane	45		pending / pre app

Source: Preston Residential Land Availability Study 2008

4.4.13 Table 27 illustrates the largest twenty previously developed sites in Preston suitable and available for residential development outlined within the latest National Land Use Database that will contribute to future residential delivery. The NLUD establishes a total previously developed land capacity for 2,427 units throughout Preston.

**Table 27: Preston 20 largest previously developed sites available for development**

Site location	Total capacity (units)	Planning status	Land type
Sharoe Green Hospital, Watling Street Road	435	Outline planning	Vacant buildings
Former Whittingham Hospital, Whittingham Lane, PR3 2JE	281	Outline planning	Vacant buildings
Former Whittingham Hospital, Whittingham Lane, PR3 2JE	271	Outline planning	Vacant buildings
Former Whittingham Hospital, Whittingham Lane, PR3 2JE	100	Outline planning	Vacant buildings
Former Coal Yard site, Fletcher Road, PR1 6RE	93	None	Vacant land
Land rear of 34 to 66 Thurnham Road, PR2 1QB	88	None	Vacant land
Former Whittingham Hospital, Whittingham Lane, PR3 2JE	84	Outline planning	Vacant land
Former Whittingham Hospital, Whittingham Lane, PR3 2JE	82	Outline planning	Vacant land
Former Whittingham Hospital, Whittingham Lane, PR3 2JE	81	Detailed planning	Vacant land
Land at 130 Moor Lane, PR1 2SQ	78	Detailed planning	Storage
110 – 126 Whittingham Lane, PR3 5DD	70	Detailed planning	Derelict
Land off Fox Street, PR1 2AB	59	Detailed planning	Car Park
Oakleigh, Lawson Street, PR1 2QT	50	Detailed planning	Residential
4 – 10 Lawson Street, PR1 2QT	42	Detailed planning	Offices
Land off Hardwicke Street, PR1 1TQ	40	Detailed planning	Vacant land
Site rear of 36-58 Longridge Road, PR2 6RJ	33	None	Vacant land
Crystal House, Birley Street, PR1 2QE	30	Vacant buildings	Draft allocation
42 West Cliff, PR1 8HU	30	Vacant buildings	None
Lawson Street and Snow Hill, PR1 2HH	30	Detailed planning	Car Park
Land at Truro Place, PR1 5HD	25	None	Vacant land

Source: National Land Use Database

### Chorley

4.4.14 In terms of increased annual housing targets, the JLSP target of 230 units per annum between 2006-16 for Chorley has been increased within the RSS to 417 units per annum to 2021. The 2007/08 Chorley Annual Monitoring Report records annual housing completions averaging 428 dwellings per year over the last six year period. The comparatively high level of completions over the Plan period has resulted in a surplus of units compared to the JLSP targets, however there exists a deficit compared to the increased RSS requirements.

Table 28: Historic completions

Year	Total gains	Total losses	Net completions	Structure Plan target	RSS target	Forecast completions*
2001-02			527	485		
2002-03			528	485		
2003-04			648	485	417	
2004-05			481	485	417	
2005-06			383	485	417	
2006-07			199	230	417	
2007-08			326	230	417	
2008-09					417	518
2009-10					417	539
2010-11					417	494
2011-12					417	401
2012-13					417	401
2013-14					417	401
2014-15					417	402
2015-16					417	289

Source: Chorley Annual Monitoring Report 2007/08

- 4.4.15 In terms of affordable housing delivery a total of 9 dwellings were delivered during 2007/08.

#### Future supply

- 4.4.16 In terms of outstanding planning permissions, allocations and windfall sites in Chorley identified in the latest Five Year Residential Land Availability Study 2008, there exists an estimated capacity for 3,995 dwellings. Of this total 3,922 were unimplemented planning permissions, whilst the number of granted permissions does not necessarily equate to guaranteed delivery, particularly in the current development market, the number provides an indication as to potential schemes in the system. Based on the current annual RSS target of 417 units, the supply of outstanding residential land equates to a gross supply of 9.6 years. The following tables illustrate components of the potential future housing land supply however more detailed consideration of house building land delivery issues is dealt with separately in the Central Lancashire Strategic Housing Land Availability Assessment work.
- 4.4.17 Table 29 illustrates the current 20 largest sites in Chorley with outstanding planning applications and permissions that will be the focus of major residential delivery.

**Table 29: Chorley 20 largest outstanding residential planning permissions and allocations**

Site location	Total units	Under construction	Planning status
Buckshaw Village, Euxton	832	14	Reserved Matters
Buckshaw Village, Whittle-le-Woods	760	368	Reserved Matters
Gillibrand, Chorley	708	623	Full Planning
Lex Auto Logistics, Pilling Lane, Chorley	400	0	Reserved Matters
Fairview Farm, Adlington	204	168	Full Planning
Crosse Hall Farm, Chorley	164	11	Full Planning
Eaves Green, Chorley	149	0	Reserved Matters
Talbot Mill, Bagganley Lane/Froom Street, Chorley	149	0	Outline planning
Cabbage Hall Fields, Chorley	113	100	None
Land Adj Botnay Brow, Chorley	102	0	Outline planning
Gillibrand Hall, Chorley	87	44	Reserved Matters
Red Bank, Chorley	56	26	Outline planning
Balshaw Lane, Euxton	54	48	Full Planning
Croston Timber Works Goods Yard	45	0	Outline planning
R/O Lord St & New St	35	33	Full Planning
Land to rear of 243-289, Preston Road, Clayton Le Woods	25	0	Full Planning
605 Preston Road, Clayton-le-Woods	23	0	Full planning
Oakwood Road, Chorley	18	0	None
Off Moss Lane, Coppull	18	0	Outline planning (expired)
Former DTC Cars, Westminster Road, Chorley	16	0	Full planning

Source: Chorley Housing Land Availability Report 2007/08

- 4.4.18 Table 30 illustrates the current previously developed sites in Chorley suitable and available for residential development outlined within the latest National Land Use Database that will contribute to future residential delivery. The NLUD establishes a total previously developed land capacity for 423 units throughout Chorley.

**Table 30: Chorley largest previously developed sites available for development**

Site location	Total capacity (units)	Planning status	Land type
Land north of Talbot Mill, Bagganley Lane	120	Derelict	Allocated
Gillibrand Hall, Grosvenor Road	87	Vacant land	Detailed planning
Land adjacent to Cowling Mill, Cowling Brow	79	Vacant land	None
Royal Ordnance Site, Euxton Lane	60	Derelict	Detailed planning
Former Woodyard, Station Road, Croston	19	Vacant land	None
Land rear of 29-41 Mavis Drive	18	Vacant land	Allocated
Land adjacent to Park Mills, Deighton Road	18	Derelict	Allocated
Yard at Buckingham Street,	12	Manufacturing	Allocated
Reservoir eastern side of Back Lane, Clayton le Woods	10	Vacant land	None

Source: National Land Use Database

## South Ribble

- 4.4.19 The JLSP target of 165 units per annum between 2006-16 for South Ribble has been increased within the RSS to 417 units per annum between 2003 to 2021. The 2007/08 South Ribble Annual Monitoring Report records annual housing completions averaging 470 dwellings per year over the last six year period. The comparatively high level of completions over the Plan period has resulted in a surplus of 183 units compared to the JLSP targets, however there exists a deficit compared to the increased RSS requirements.

**Table 31: Historic completions**

<b>Year</b>	<b>Total gains</b>	<b>Total losses</b>	<b>Net completions</b>	<b>Structure Plan target</b>	<b>RSS target</b>
2001-02				290	
2002-03			499	290	
2003-04			538	290	417
2004-05			657	290	417
2005-06			520	290	417
2006-07			284	165	417
2007-08			320	165	417
2008-09					417
2009-10					417
2010-11					417
2011-12					417
2012-13					417
2013-14					417
2014-15					417
2015-16					417

Source: South Ribble Five-Year Housing Land Supply Position

- 4.4.20 In terms of affordable housing delivery a total 8 dwellings were delivered during the latest monitoring period (South Ribble Annual Monitoring Report 2008).

## Future supply

- 4.4.21 In terms of outstanding planning permissions, allocations and windfall sites in South Ribble identified in the Five Year Residential Land Availability Study 2008, there exists an estimated capacity for 3,655 dwellings. Of this total 1,786 were unimplemented planning permissions, whilst the number of granted permissions does not necessarily equate to guaranteed delivery, particularly in the current development market, the number provides an indication as to potential schemes in the system. Based on the current annual RSS target of 417 units, the supply of outstanding residential land equates to a gross supply of 8.8 years. The following tables below illustrate components of the potential future housing land supply however more detailed consideration of house building land delivery issues is

dealt with separately in the Central Lancashire Strategic Housing Land Availability Assessment work

4.4.22 Table 32 illustrates the current 20 largest sites in South Ribble with outstanding planning applications and permissions that will be the focus of major residential delivery.

**Table 32: South Ribble 20 largest outstanding residential planning permissions & allocations**

Site location	Total units	Site status	Planning status
Moss Side Vehicle Test Track	639	Not started	None
Farington Business Park, Wheelton Lane / Carr Lane, Farington	471	Not started	Application
Leyland & Birmingham Rubber Works & Adjacent Land, Golden Hill Lane / Wheelton Lane, Leyland	289	Under construction	Reserved matters
Land to east of Leyland Road, Lostock Hall	260	Not started	None
Lime Kiln Farm, Todd Lane North	202	Not started	None
Lostock Hall Gas works the Cawsey, Lostock Hall	198	Not started	Outline planning
Arla Foods, School Lane, Bamber Bridge	165	Not started	None
Parcel B Dawson Lane, Buckshaw Village	130	Under construction	Reserved matters
Royal Ordnance works, Buckshaw Village	120	Not started	None
Land to west of Grasmere Avenue, Farington, Leyland	100	Not started	None
Wesley Street Mill, Club Street, Bamber Bridge	95	Not started	None
Parcel K2 Off Dawson Lane, Buckshaw Village	92	Under construction	Reserved matters
Prestolite Site, Golden Hill Lane, Leyland	90	Not started	None
Kellet Lane, Bamber Bridge	80	Not started	None
Land to West of Central Avenue (Parcel A), Buckshaw Village	70	Not started	Reserved matters
Coupe's Foundry, Kittlingbourne Brow, Higher Walton	60	Not started	None
Brindle Road, south of railway, Bamber Bridge	58	Not started	None
Charley Fold, School Lane, Bamber Bridge	48	Not started	Application
Village Centre, Buckshaw Village,	44	Not started	Reserved matters
Land off Ambrose Avenue (parcel A), Buckshaw Village	40	Not started	Reserved Matters

Source: South Ribble Housing Land Availability Report 2007/08

4.4.23 Table 33 illustrates the current previously developed sites in South Ribble suitable and available for residential development outlined within the latest National Land Use Database that will contribute to future residential delivery. The NLUD establishes a total previously developed land capacity for 869 units throughout South Ribble.

**Table 33: South Ribble largest previously developed sites available for development**

Site location	Total capacity (units)	Planning status	Land type
Leyland test track, Aston Way, Moss side, PR26 7TZ	437	Allocated in Plan	Vacant land
Arla foods, School Lane, Bamber Bridge	220	None	Vacant building
Wesley Street Mill, Wesley Street	191	None	Vacant building
Land on corner of Towngate and Southview Terrace, Leyland	10	Outline planning	Vacant land



Source: National Land Use Database

## 4.5 The land market and residential development

- 4.5.1 Private developers and house builders undertake a large amount of research and due diligence before selecting sites for purchase; for instance site accessibility, legal title and tenure issues, environmental considerations and abnormal development costs. Assuming their research leads to the conclusion that the subject site is capable of being developed for their desired product, the appraisal process will shift to an analysis of land value - i.e. what figure can the developer afford to pay for the site.
- 4.5.2 Typically the developer is aiming to secure a predetermined level of profit from the development. The level of profit accepted will be determined by the risks present in the site, but is essentially a function of revenue (from house sales) against costs.
- 4.5.3 Two factors which must be maintained at appropriate levels to ensure that residential development is undertaken include:
- (i) Developers must be able to achieve an adequate level of profit in order to balance the risks involved in development, and;
  - (ii) Landowners must be able to achieve a sale of their land at a price in excess of its value in an alternative use to residential development as well at a price that at least matches their value aspiration
- 4.5.4 The introduction of affordable housing to a development site will have several effects; there could be a perceived increase in the complexity of development with procedures and negotiations required or in certain cases there could be an adverse effect on the marketability of the private units as a result of the proximity of social rented accommodation. On a more fundamental level the introduction of new unit tenures will affect revenue and to a lesser extent costs.
- 4.5.5 The price received by a developer for a private residential sale unit is set in the open market, the price received for an affordable housing unit is determined by a combination of an assessment of capitalised future rental receipts and the availability of subsidy. The net result will be in the vast majority of cases a reduced price received by the developer as compared to the private unit.
- 4.5.6 It has been argued that the cost of constructing affordable housing units is lower than for private residential units. In practice, as planning authorities increasingly require that at

least the external treatment is the same for both and Housing Corporation (now Homes and Communities Agency) Design & Quality Standards (DQS) get ever more stringent, affordable build costs often equal, and may actually exceed, those for the open market units.

- 4.5.7 In normal circumstances therefore the introduction of affordable housing into a development mix will reduce the price received by the developer. This reduction in revenue will not normally be offset by lower costs so it will result in either a lower development profit or a lower land price. The question as to who bears the reduction in revenue will to some extent be determined by the timing that information is known. A developer with full information relating to the requirement to provide affordable housing, the likely grant availability and potential affordable housing revenue will be in a position to negotiate with the landowner on this basis and an increasing proportion of the 'cost' of affordable housing provision will be borne by the landowner through a reduced land price. The corollary to this is that the earlier in the planning process the purchase takes place or if planning rules change following purchase, the more 'cost' will be borne by the developer and the lower the profit will be.
- 4.5.8 The relationship between property prices, build costs and land values is crucial to residential development in the UK currently. Compounding the economics of development is ownership and the process by which it becomes available for development. Despite its importance, this is an area in which there is little transparency and limited research. The Barker Review of Housing Supply highlighted that most housing land is owned or controlled by the publicly listed house builders. While the land holdings of this group are significant, a sizeable amount of potential housing land is owned by 'non-developing' organisations, especially the public sector. In the current environment where private house builders are struggling, the Government emphasis has shifted to the release and development of public sector land.
- 4.5.9 The increased availability of funding for new affordable housing in recent years has prompted many social housing providers, namely Registered Social Landlords (RSLs), to take a more active role in the development market. In an effort to improve the chances of obtaining funding and take greater control of the delivery process, the larger providers are building up land banks. Given the policy push for more mixed-tenure development and the growing ability of providers to develop open market as well as affordable housing, this group is set to account for a growing proportion of housing output in future.
- 4.5.10 A sizeable proportion of potential housing supply is tied up in larger mixed-use regeneration schemes, which primarily fall into the 'private' developer category with the landowner typically either a commercial developer or an institutional investor. In terms of actual

delivery of new housing, a key question has to be what strategy these organisations will employ once they have achieved planning permission. There are a number of options including parcelling the land to sell on to developers, developing under joint venture agreements or even building housing to let. This is an area where we might see more involvement by contracting type organisations as well as the developing providers.

- 4.5.11 Land values are residual values and are affected by the cost and risk involved in gaining planning consent, as well as development costs S106 costs, affordable housing demands, infrastructure costs, renewable energy requirements, building regulation costs and higher design standards need to be considered. With so many factors affecting land values together with diminishing residential prices, land values may erode to the extent that the owners of the land will refuse to sell thus further restricting supply.

## 4.6 Summary

- 4.6.1 The supply of housing within Central Lancashire reflects the legacy of the area as a base for industry and manufacturing. The distribution of the housing stock within Central Lancashire does not typify a stock profile that would characteristically represent the growth of an established city region.
- 4.6.2 The variation between rural and urban environments provides notable differences in the housing stock across the Central Lancashire market and also provides wide variation in the distribution of tenure. South Ribble is 84% owner occupied whilst the City of Preston has a significantly higher incidence of households renting, on a par with the regional average.
- 4.6.3 Historically the Central Lancashire districts of Preston, Chorley and South Ribble have met their Joint Structure Plan targets. Despite current problems with the housing market, new RSS allocations will now mean that the land supply for housing will be tested. The context for new housing supply remains economic growth. The implications for the local housing market in response to driving higher levels of economic growth is to ensure that the residential supply is of the right type, size and in the right locations to reflect the aspirations of the changing socio-economic profile, addressing the need for growth and affordability. This will be especially pertinent for the more rural areas of the sub-region.
- 4.6.4 Ongoing changes to the economy of the sub-region mean that the residential offer in the Central Lancashire Housing Market Area is facing greater pressure to respond. Economic performance is inextricably linked to the residential offer within an area. To maximise economic development and anchor the benefit of economic change development over the next economic cycle will be required to provide a broader range of housing types.

# 5 THE ACTIVE MARKET

## SECTION OVERVIEW

In this section of the report we provide an economic and housing market background, setting the three respective Central Lancashire markets into context. We draw out the key themes influencing market performance and provide our outlook for future trends in the broader residential market.

### 5.1 The national housing market

- 5.1.1 The UK housing market is undergoing a severe correction. Prices have fallen steeply, with most indices pointing to a fall of 20% since the peak in Autumn 2007. The change in transaction levels has been even more marked, with sales volumes in many areas over 50% lower than the 10-year average. This represents a dramatic change after over ten years of rising house prices, and has been driven by the sudden withdrawal of many mortgage products and the introduction of far more rigorous criteria for lending. Increasing pessimism over the UK's economic prospects has aggravated these falls.
- 5.1.2 Consequently, the number of active buyers has fallen as many wait for prices to drop further. Those who remain active are unable or unwilling to buy at the values expected by vendors. As a result, few properties are selling, although there are signs that a greater sense of realism is emerging as homeowners become more aware of the problems facing the market. Transactions will only recover when there is some evidence of a 'floor' being reached and the availability of mortgage finance increases.
- 5.1.3 According to the Bank of England, mortgage approval volumes are at the lowest level since records began in 1993, and the most recent figures (January 2009) suggest that current activity is more than 70% lower than expected for the time of year.
- 5.1.4 The numbers of repossessions, mortgages in arrears and forced sales are increasing, and rising unemployment levels suggest that prices still have some way to fall. Many of the leading forecasting organisations predict that prices will fall by 10% over 2009, although the risks of steeper declines are intensifying as GDP projections deteriorate. Recent base rate cuts had little immediate effect on the mortgage market, as some banks were initially unwilling to pass on any changes. They will, however, increase the likelihood of a more stable market emerging in 2010.
- 5.1.5 There are signs that new build sales activity has revived somewhat. Land Registry data shows that transactions were only 18% lower during the third quarter of 2008 than during

the same quarter in 2007, compared to falls of 26% and 24% recorded during Q1 and Q2. However, this may reflect more aggressive discounting and greater realism on behalf of developers rather than a market revival. Nevertheless for some properties, high rental yields are now beginning to attract investors.

- 5.1.6 The residential **investment market** on the whole has seen a slowdown in activity with the number of new buy to let mortgages down 20% in the year to Q2 2008. The proportion of such loans in arrears has increased to 1.1%, the highest since records began in 1998.
- 5.1.7 Although rents have come under pressure as a result of deteriorating employment prospects, yields have increased as rental declines are being outpaced by the fall in capital values. Consequently, cash-rich investors are starting to take an interest in rental property for returns alone. Yields of as high as 10% are possible for some new build and auction stock.
- 5.1.8 The **house building industry** is struggling and construction levels have now reached the lowest seen since the end of the Second World War, with around 100,000 private units built in 2008. It seems unlikely that this figure will dramatically increase in 2009. Consequently, this could exacerbate the gap between growing household numbers and housing supply identified in the 2004 Barker Report.
- 5.1.9 Other shifts in the market may prove significant, such as an increased appetite for renting and reported interest in land acquisition by long-term investors attracted by falling values.
- 5.1.10 Those developers with strong balance sheets that are able to put development and acquisition activities on hold are focussing on picking out opportunities that are currently emerging as values plummet. Strategic and so-called 'oven-ready' sites are looking much more appealing and better value in the current market. It is likely that developers will prefer greenfield sites, which by their nature are easier and cheaper to develop.
- 5.1.11 For the development of **planning strategy**, policy makers will need to be even clearer on expectations, viability and funding availability.

## 5.2 The regional housing market

- 5.2.1 UK house prices are experiencing a marked downturn, with prices recording an annual fall of 15.9% to December 2008, the average national house price currently at £153,048 (Nationwide). The rate of slowdown equates to -2.5% a month and is expected to continue throughout 2009. In terms of annual price falls there are significant regional disparities with the slowdown between Q3 2007 to Q3 2008 reaching -3.8% in the North West, -4.8% in

Yorkshire and Humber and -4.6% in the North East. This compares to the South West -5.0% and London -6.7% as the worst affected regions. In some micro markets there have been real price falls in recent months, with the pattern of falling prices and localised price falls characterising the market over the next few months. The downturn in current pricing is reflected in a significant slowdown in transaction activity.

5.2.2 Despite the recent downturn all regions have experienced considerable house price growth over the five years since Q3 2003. The North West overall prices recorded a 45.6% increase between Q3 2003 to Q3 2008. This level of growth is broadly in line with that experienced across the Yorkshire and Humber at 43.8% and the North East 43.0%, all starting from a relatively lower base over the same period. This level of growth is greater than that recorded across all English regions, followed by Greater London at 41.2%. The price growth experienced in the North West is presented alongside that recorded in other regions in Figure 22 below.

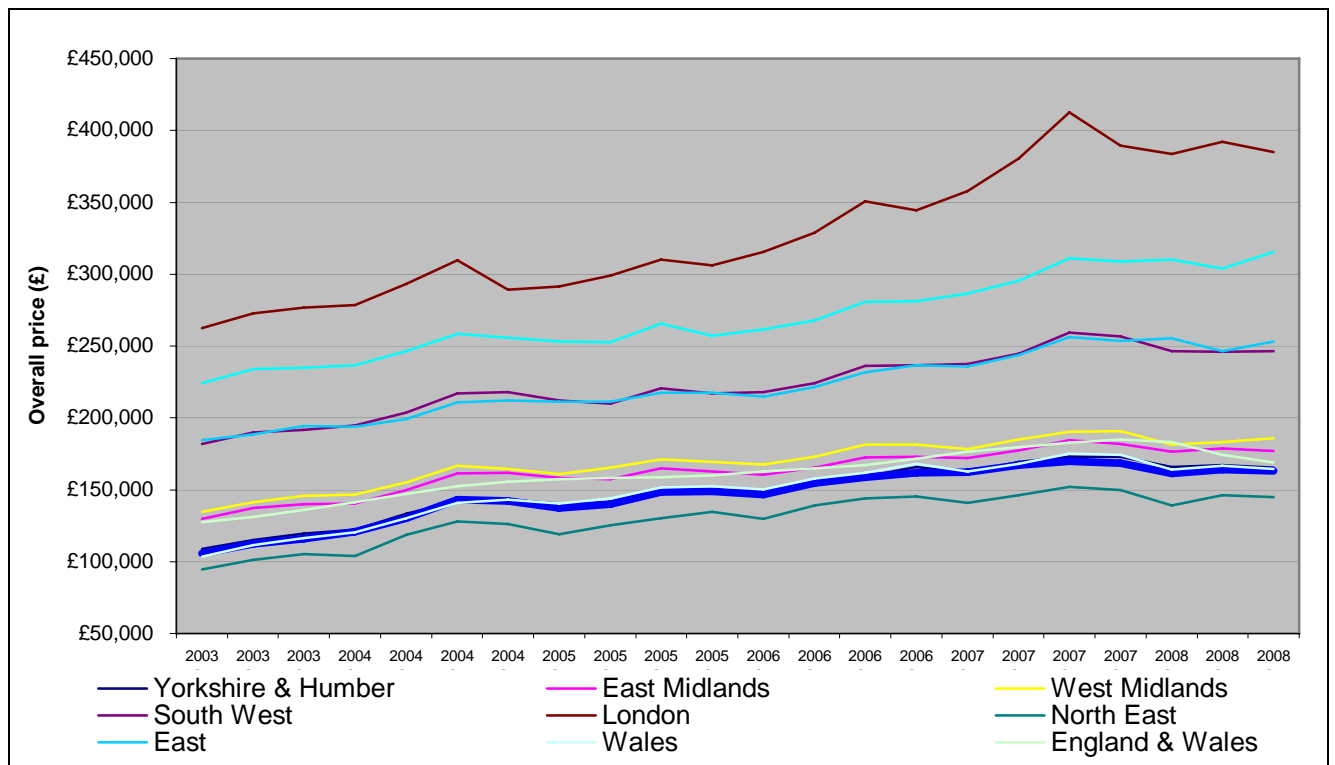


Figure 22: National and regional price growth Q2 2003 - Q3 2008

Source: Land Registry

5.2.3 The mean overall price in the North West (Nationwide House Price Index, Quarter 3 2008), of £144,513 was just £8,571 less than that for England and Wales (£153,048, Nationwide HPI, Quarter 3 2008).

### 5.3 Chorley housing market

- 5.3.1 In terms of price growth since Q3 2003 to Q3 2008 Chorley Borough has under-performed compared to the regional house price trend recording 29.6% and 45.6% respectively, the region starting from a comparatively lower base. Figure 23 presents the change in house prices at the local authority and regional level over the five years to Q3 2008.
- 5.3.2 Year on year overall mean prices have decreased by 5.3% within Chorley compared to a 3.8% fall across the North West between Q3 2007 to Q3 2008; the average overall property price was £169,279 compared to £164,513 across the region. Quarterly price trends are slightly more severe reflecting the wider slowdown experienced across the UK, the district recording -13.9% price fall and the region -0.3% between Q2 2008 and Q3 2008.

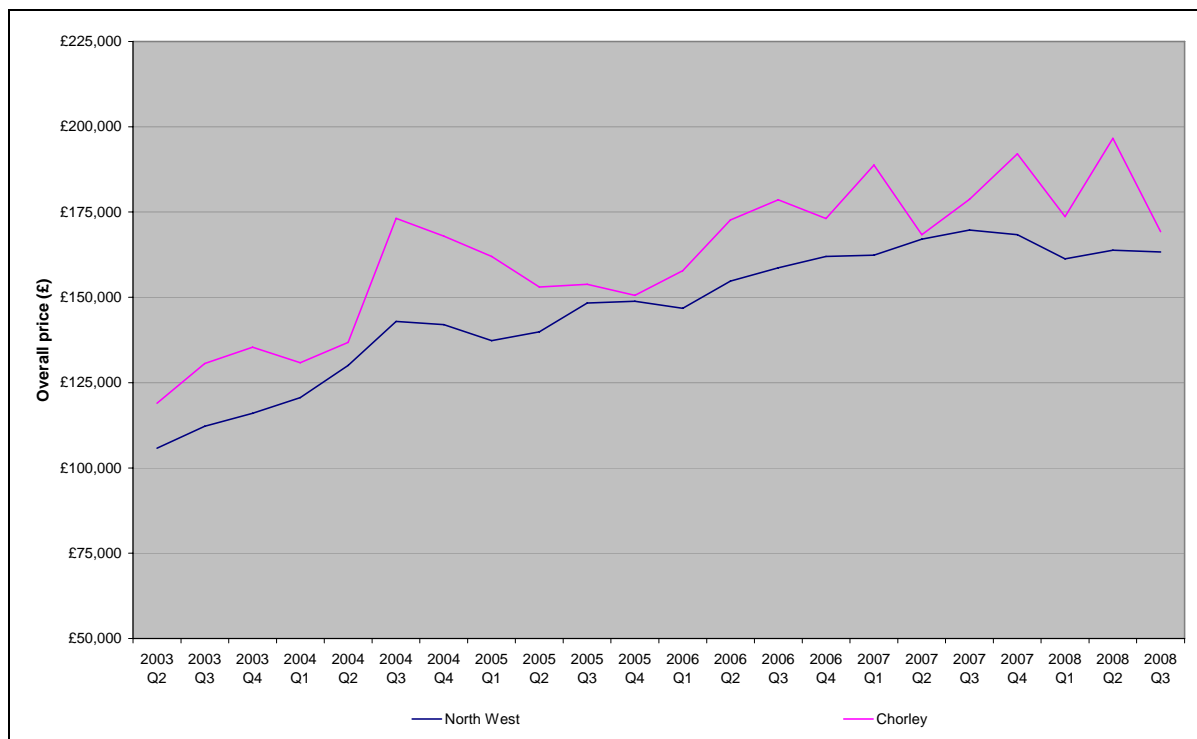


Figure 23: House price trends Chorley and North West 2003-08

Source: Land Registry

- 5.3.3 According to Land Registry “price paid” data, terraced properties have experienced the most significant price increase during the last five year period recording 118.1% price growth up to the Autumn peak market in Q3 2007. Between Q3 2007 to Q3 2008 the subdued national market has been reflected in the terraced property market within Chorley recording a -3.5% price decrease. This level of growth to the peak market of Q3 2007 was greater than for overall average property growth at 78.5%, the overall market has recorded a -11.9% price fall between the 2007 peak and Q3 2008.

5.3.4 Semi-detached properties recorded 66.4% price inflation over the five-year period to Q3 2007, tempered by -24.4% reduction to Q3 2008. This exceptional level of growth was a result of the relatively lower base from which prices commenced, whilst the reductions since then have been steeper than the national downturn rate.

Table 34: House price trends by type within Chorley local authority

Year	Detached		Semi-detached		Terraced		Flat/apartments		Overall	
	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales
2002	£151,007	670	£83,187	656	£60,595	805	£102,807	19	£97,514	2,150
2003	£173,877	744	£101,672	706	£79,800	802	£88,340	54	£123,441	2,306
2004	£221,929	577	£126,918	610	£99,165	722	£101,491	106	£152,135	2,015
2005	£234,193	349	£141,836	437	£111,856	547	£122,890	47	£154,406	1,380
2006	£249,513	520	£152,084	649	£115,983	781	£111,333	36	£171,504	1,986
2007	£256,390	459	£161,313	643	£130,013	677	£100,487	68	£181,020	1,847
2008*	£277,075	193	£150,930	253	£130,719	280	£118,325	18	£169,279	744

Source: Land Registry price paid data, Q3 2008

5.3.5 As with diminishing sales volumes across the UK market (-58.4%), annualised overall transaction rates within the borough for 2008 (to Quarter 3) are -47.3% down on the same period in 2007.

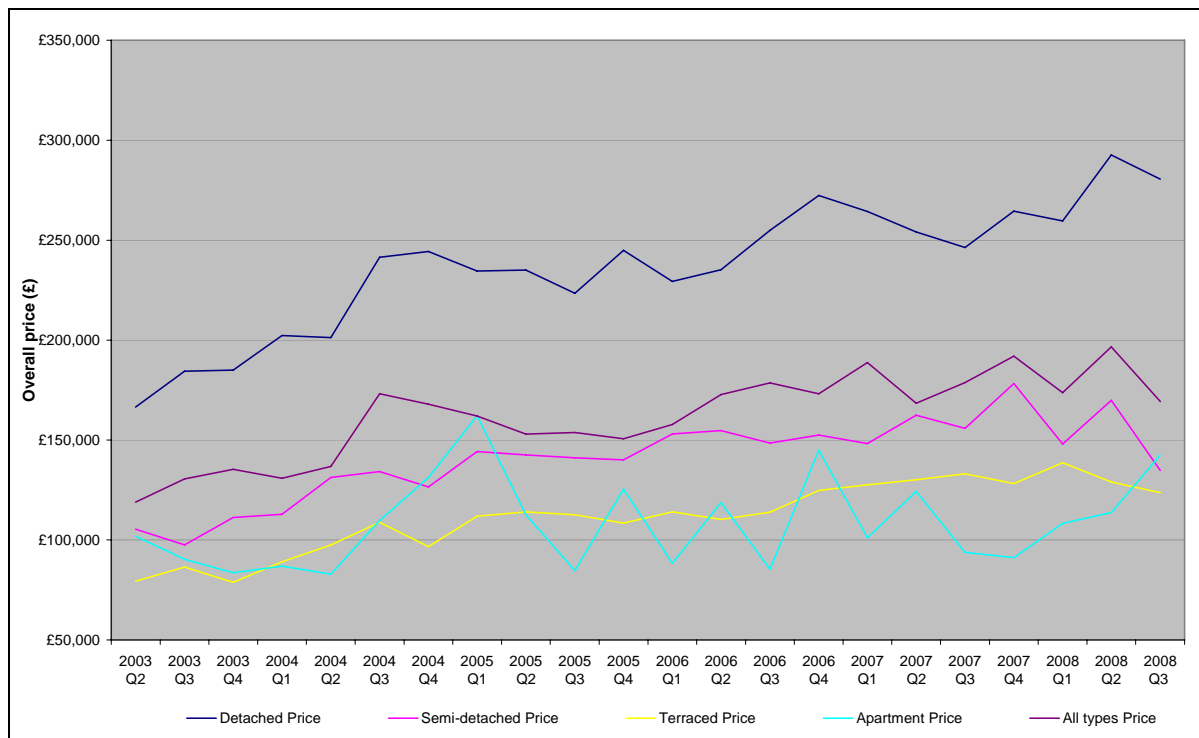


Figure 24: House price trends by type within Chorley Borough 2003-08

Source: Land Registry



## 5.4 Preston housing market

5.4.1 In terms of price growth since Q3 2003 to Q3 2008 Preston has under performed compared to the regional five-year house price trend recording 43.2% and 45.6% respectively. Figure 25 presents the change in house prices at the local authority and regional level over the five years since Q3 2003 to Q3 2008.

5.4.2 Year on year overall mean prices have decreased by -7.9% within Preston compared to -3.8% across the North West between Q3 2007 to Q3 2008; the average overall property price was £153,795 compared to £164,513 across the region.

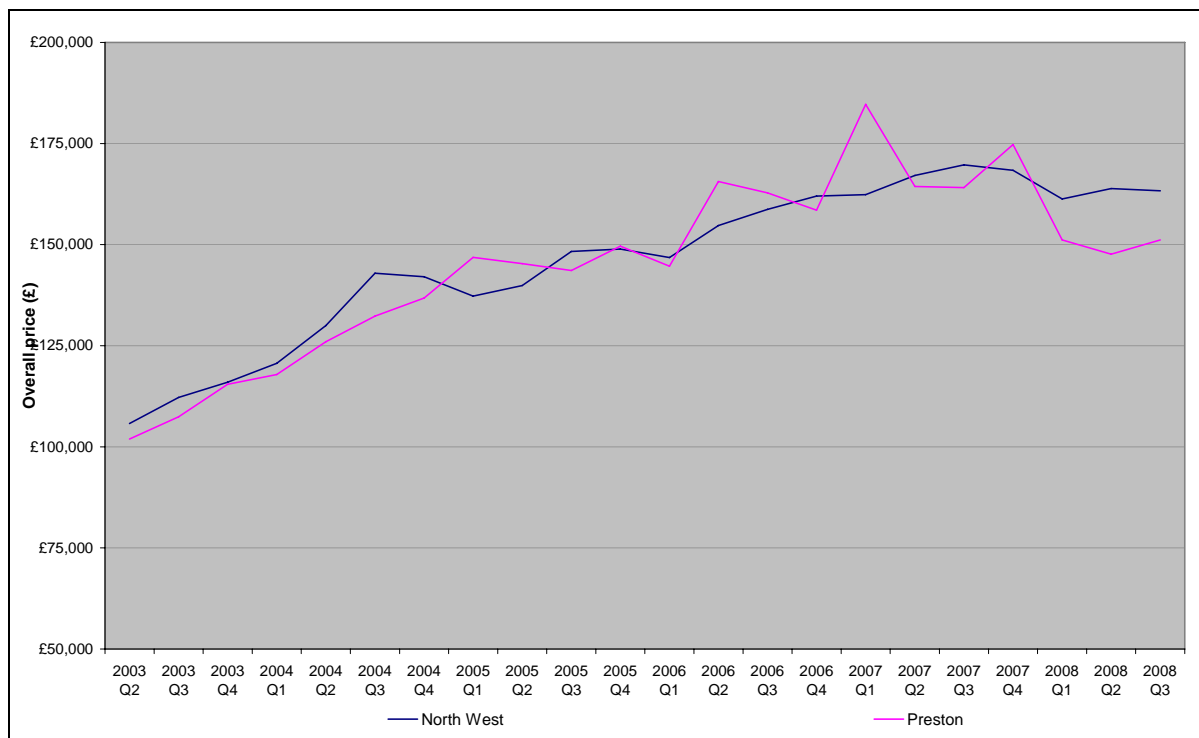


Figure 25: House price trends Preston and North West 2003-08

Source: Land Registry

5.4.3 According to Land Registry “price paid” data, terraced and apartments properties have experienced the most significant price increase during the last five year period recording 80.8% and 92.3% price growth respectively up to the peak market in Q3 2007. This level of growth to the peak market of Q3 2007 was greater than for overall average property growth at 52.8%. This exceptional level of growth for the three property types results from the relatively lower base from which prices commenced.

5.4.4 Between Q3 2007 to Q3 2008 the subdued national market has been reflected in the Preston market recording an overall -7.9% price decrease. Following the downturn both terraced and apartment properties recorded a -10.4% and -6.4% price deflation over the year to Q3 2008.

Table 35: House price trends by type within Preston

Year	Detached		Semi-detached		Terraced		Flat/apartments		Overall	
	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales
2002	£150,633	421	£81,912	761	£55,543	1,341	£45,418	190	£80,375	2,713
2003	£205,332	456	£105,984	913	£70,025	1,415	£56,953	231	£105,195	3,015
2004	£223,422	392	£126,548	784	£90,072	1,282	£81,383	263	£128,480	2,721
2005	£249,227	277	£142,675	622	£104,171	936	£108,380	421	£146,162	2,256
2006	£266,448	417	£158,646	901	£118,308	1,284	£104,300	305	£158,541	2,907
2007	£298,476	406	£167,524	853	£125,629	1,271	£103,759	394	£170,828	2,924
2008*	£301,414	109	£160,174	315	£117,684	546	£97,853	116	£153,795	1,086

Source: Land Registry price paid data, 2008\* (to Quarter 3)

5.4.5 As a reflection of the trend for diminishing sales volumes across the UK market, overall transaction rates within Preston for 2008 stand at -62.9% down on the figure a year ago in 2007. However this figure only accounts for the first three quarters of 2008, based on annualised figures the forecast transaction activity for 2008 on current trends would be -50.5% down year on year.

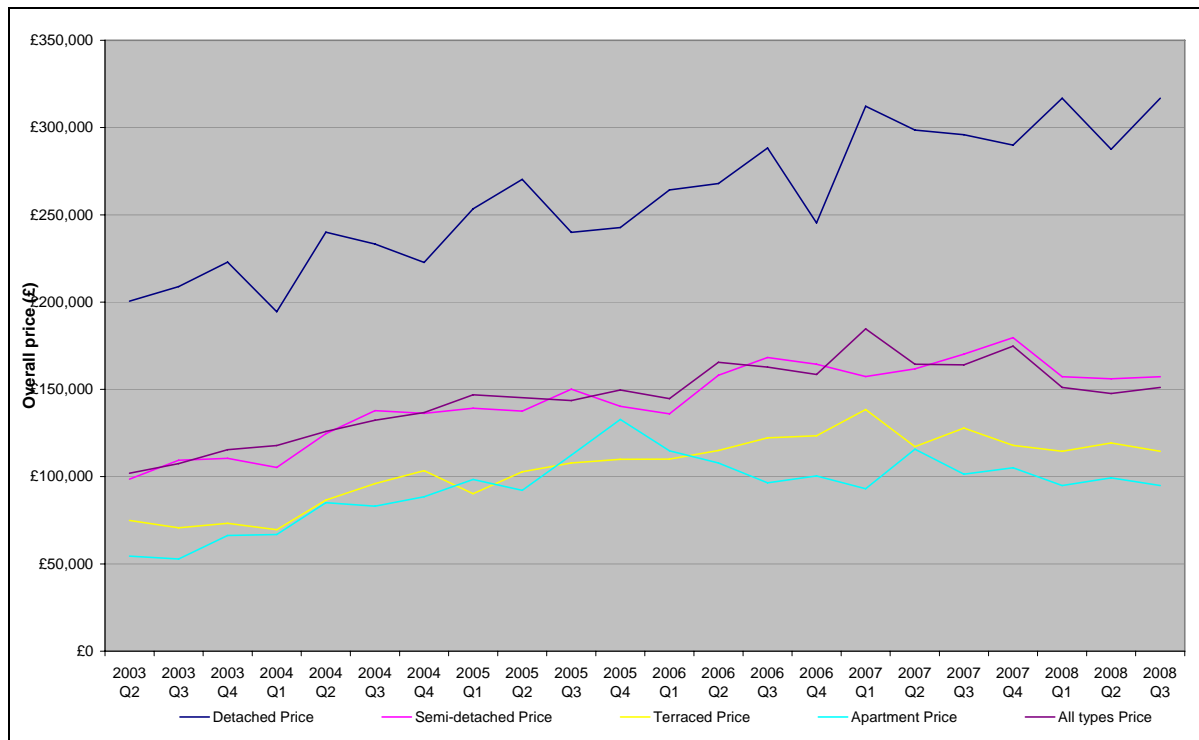


Figure 26: House price trends by type within Preston 2003-08

Source: Land Registry

5.4.6 The stronger performance of the semi-detached and terraced property market in terms of transaction rates, is indicative of both the restricted housing offer and affordability constraints within the local market. Transaction rates across Preston were underpinned by

the comparatively affordable terraced and semi-detached properties, indicative of the constraints in the wider market.

5.4.7 We believe that new housing provision will need to be more socially inclusive by catering for a range of households and supplying an expanded variety of residential units than currently exists. We also believe that the current and future demand for housing will be largely driven by sub-regional housing requirements as shown by the projected migration patterns discussed in sub-Section 3.3 above.

## 5.5 South Ribble housing market

5.5.1 In terms of price growth since Q3 2003 to Q3 2008 South Ribble has under performed compared to the Region: the five-year house price trend has been 25.5% and 45.6% growth respectively. Figure 27 presents the change in house prices at the Borough and regional 2003-08.

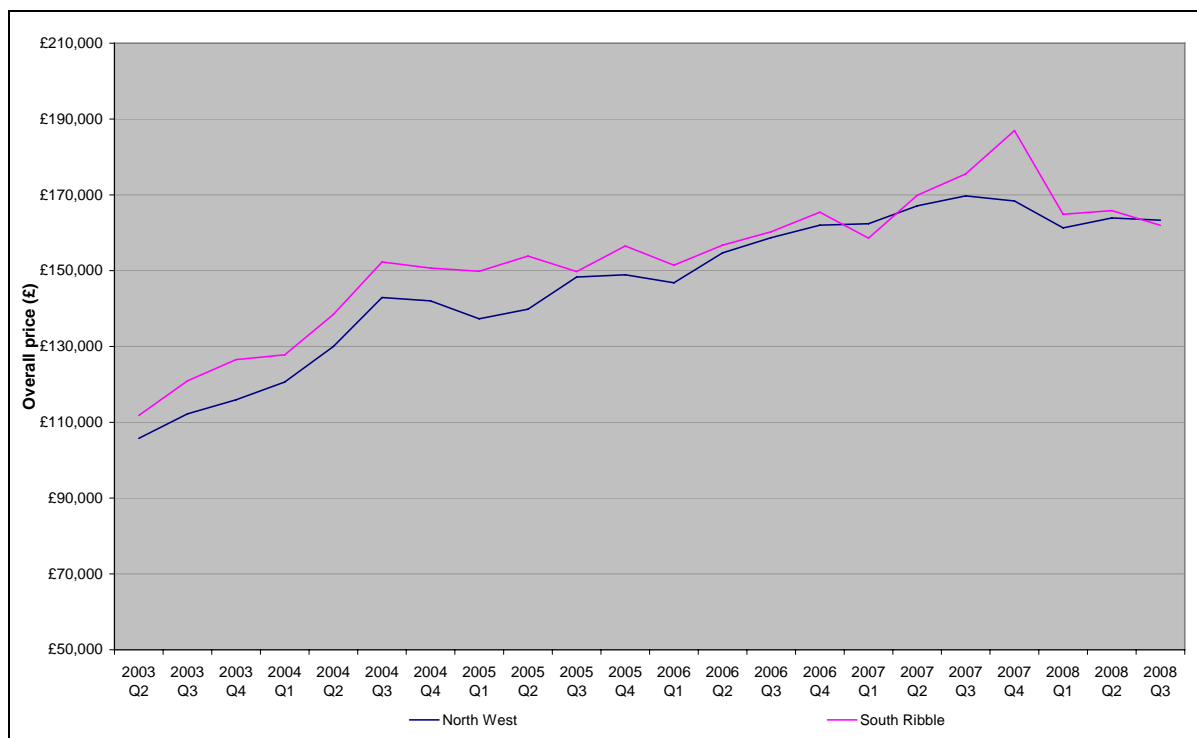


Figure 27: House price trends South Ribble and North West 2003-08

Source: Land Registry

5.5.2 Year on year overall mean prices have decreased by -13.5% within South Ribble compared to -3.8% across the North West between Q3 2007 to Q3 2008; the average overall property price of £161,983 was just below that for the North West region (£164,513), above Preston, but below the current average overall for Chorley. Quarterly price trends are slightly more

subdued reflecting the wider slowdown experienced across the UK, the local authority recording a -8.5% price fall and the region of -0.3% between Q2 2008 and Q3 2008.

5.5.3 According to Land Registry “price paid” data, terraced and semi-detached properties have experienced the most significant price increase during the last five year period recording 72.6% and 47.3% price growth respectively up to the Autumn peak market in Q3 2007. This level of growth to the peak market of Q3 2007 was greater than for overall average property growth at 45.1%. Between Q3 2007 to Q3 2008 the subdued national market has been reflected in the South Ribble market recording an overall -13.5% price decrease.

5.5.4 This exceptional level of growth over the five year period resulting from the relatively lower base from which prices commenced. Each property type has recorded price falls in excess of -9.0% apart from apartment properties at -2.4% fall over 2008.

**Table 36: House price trends by type within South Ribble**

Year	Detached		Semi-detached		Terraced		Flat/apartments		Overall	
	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales	Av Price £	Sales
2002	£150,677	529	£78,158	858	£64,021	521	£53,332	30	£94,695	1,938
2003	£175,401	609	£101,734	953	£76,637	609	£89,607	87	£117,533	2,258
2004	£204,890	498	£131,077	808	£105,081	471	£100,920	104	£142,592	1,881
2005	£228,062	352	£140,736	691	£114,802	472	£107,239	138	£152,832	1,653
2006	£238,886	537	£147,047	1,086	£127,664	667	£120,417	239	£159,555	2,529
2007	£255,168	582	£153,497	998	£126,572	590	£112,712	187	£173,191	2,357
2008*	£259,187	174	£149,460	388	£123,165	304	£107,197	81	£161,983	947

Source: Land Registry price paid data, 2008\* (to Quarter 3)

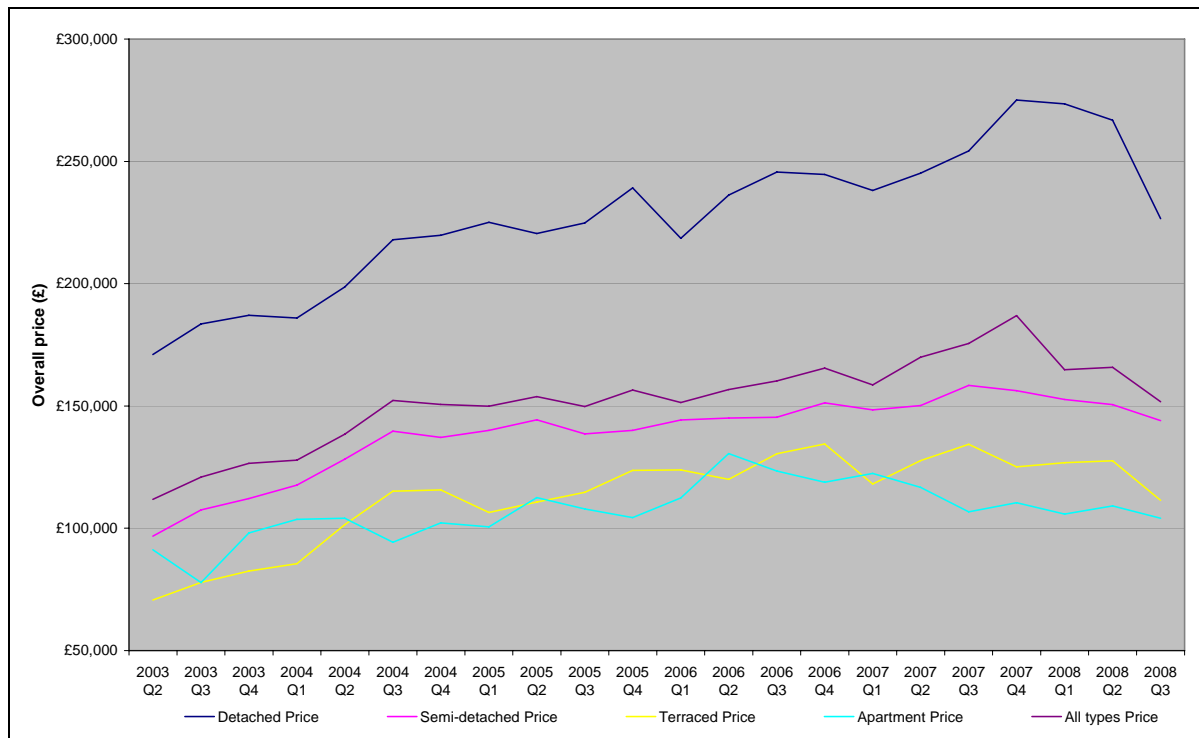


Figure 28: House price trends by type within South Ribble 2003-08

Source: Land Registry

5.5.5 As a reflection of the trend for diminishing sales volumes across the UK market, overall transaction rates within the Borough for 2008 (to Quarter 3) stand at -59.9% down on the figure a year ago in 2007. However this figure only accounts for the first three quarters of 2008, based on annualised figures the forecast transaction activity for 2008 on current trends would be -46.5% down year on year.

## 5.6 Sales activity

### North West

5.6.1 Table 37 - Table 40 illustrate the price ranges properties have sold for across the region and three districts of Central Lancashire during 2007 and 2008. Analysing transaction activity by price band, there has been a noticeable plateau in the price range of transactions within the region where the market share of each price band has remained relatively static or recorded a marginal downward shift to the lower price bands. In terms of regional transaction activity the most notable downward shift was recorded within the transaction profile for flats whereby the greatest market share during 2008 is recorded within the £50,000-£100,000 price band, at 29.4% of total sales.

5.6.2 This price range records the greatest market share of terraced housing transaction activity during 2008 at 46.9% of total transactions for this property type. However the most

significant trend during 2008 across the North West was the drop in transaction activity during the second half of 2008 compared to 2007, highlighting the restricted access to mortgage finance, detached (56.7% of 2007 level annualised for 2008), semi-detached (55.6% of 2007 level), terraced (57.1% of 2007 level) and flat properties (63.9% of 2007 level).

- 5.6.3 It should be noted that the data in the table is based on all property transactions and does not distinguish between new build and re-sale properties. It may be the case that new build properties command a premium and are therefore represented in the higher price bands.

**Table 37: Buying activity by price band new build and re-sales in North West**

	2007				2008*			
	Detached	Semi	Terrace	Flats	Detached	Semi	Terrace	Flats
Under 50K	0.3%	0.7%	4.0%	2.0%	0.2%	0.8%	3.5%	2.3%
50-100K	1.1%	10.4%	45.5%	23.3%	1.5%	13.0%	46.9%	29.4%
100-120K	1.1%	12.2%	18.0%	18.4%	1.4%	13.9%	17.9%	17.6%
120-150K	4.8%	29.3%	17.1%	26.5%	6.0%	28.1%	16.2%	24.9%
150-200K	21.8%	29.8%	10.0%	18.5%	21.9%	27.0%	9.7%	16.1%
200-300K	39.8%	13.8%	4.3%	8.7%	37.5%	13.3%	4.5%	7.7%
300K+	31.0%	3.7%	1.2%	2.6%	31.5%	4.0%	1.3%	2.0%
<b>Total number</b>	<b>21,173</b>	<b>45,107</b>	<b>55,877</b>	<b>17,902</b>	<b>9,000</b>	<b>18,823</b>	<b>23,924</b>	<b>8,576</b>

Source: Land Registry price paid data, \*2008 (to Quarter 3)

### Chorley

- 5.6.4 During 2008 (to Quarter 3) a total 796 transactions were recorded within Chorley representing 26.6% of activity throughout the three districts of Central Lancashire. In line with the national and regional profile the proportional market share within each price band has remained relatively static for detached and semi-detached properties within Chorley, whilst terraced and flatted properties recorded a slight upward shift in buying activity (although these figures are based upon a smaller number of transactions). The most notable upward shift in price bands are recorded for flatted properties with the largest proportional increase within the £150,000-£200,000 price category.
- 5.6.5 The most significant trend during 2008 within Chorley is the drop in transaction activity during the first three quarters of 2008 compared to 2007, detached (58.8% of 2007 level annualised for 2008), semi-detached (51.5% of 2007 level), terraced (56.6% of 2007 level) and flat properties (43.4% of 2007 level).

Table 38: Buying activity by price band new build and re-sales in Chorley

	2007				2008*			
	Detached	Semi	Terrace	Flats	Detached	Semi	Terrace	Flats
Under 50K	0.0%	0.0%	1.3%	5.1%	0.0%	0.0%	1.0%	9.4%
50-100K	1.3%	7.0%	36.0%	42.4%	1.4%	7.5%	33.4%	25.0%
100-120K	0.2%	11.0%	25.6%	28.3%	1.4%	16.2%	24.9%	21.9%
120-150K	4.8%	36.4%	20.7%	17.2%	5.2%	32.0%	18.1%	15.6%
150-200K	23.7%	34.7%	12.0%	4.0%	21.0%	31.6%	14.7%	21.9%
200-300K	48.5%	9.5%	3.3%	2.0%	48.6%	10.3%	7.2%	3.1%
300K+	21.4%	1.4%	1.0%	1.0%	22.4%	2.4%	0.7%	3.1%
<b>Total number</b>	<b>476</b>	<b>654</b>	<b>691</b>	<b>99</b>	<b>210</b>	<b>253</b>	<b>293</b>	<b>32</b>

Source: Land Registry price paid data, \*2008 (to Quarter 3)

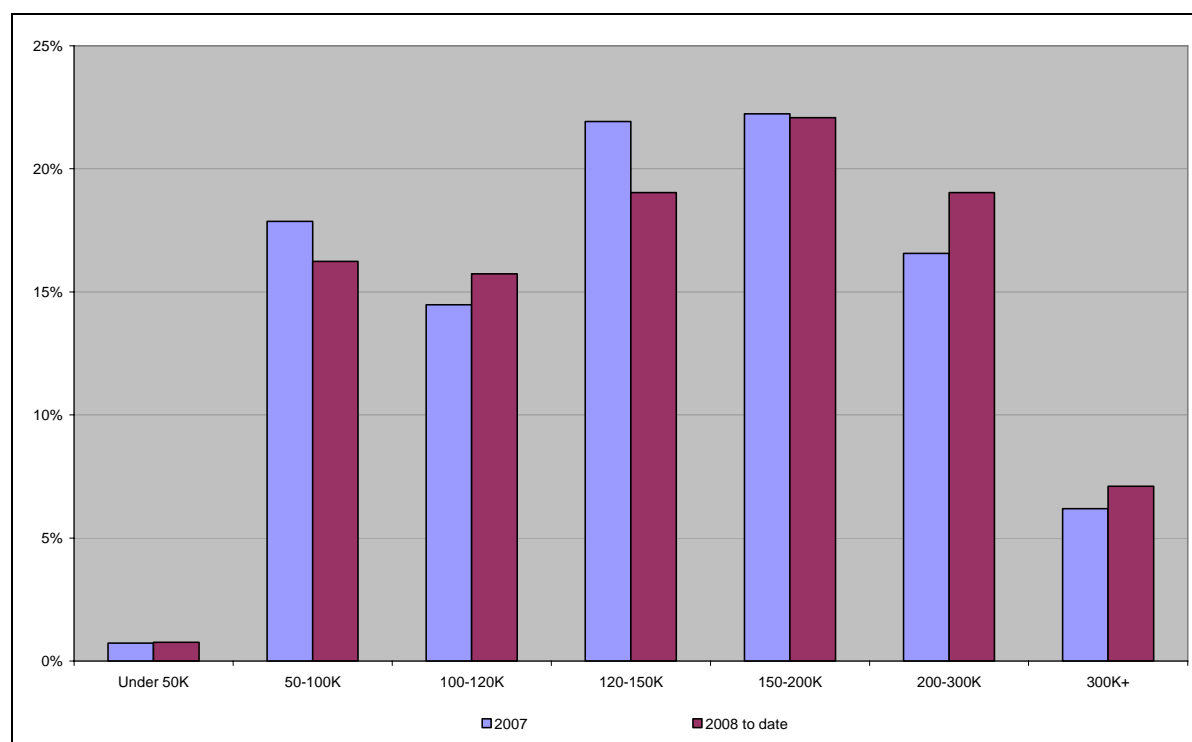


Figure 29: Transactions by sale price, Chorley 2007 /2008

Source: Land Registry

### Preston

5.6.6 During 2008 (to Quarter 3) a total 1,173 transactions were recorded within Preston representing 39.6% of activity throughout the three districts of Central Lancashire and the highest level of household churn. The data for Preston shows a discernable downturn in the market share of transaction activity during 2008 across each property type. The most notable downward shift to price bands sub-£120,000 are recorded for flatted and terraced properties indicating the level of price sensitivity in the local market. These properties traditionally represent the smaller, most accessible and affordable to first time buyers,

therefore will be impacted to a disproportionate extent by any contraction of mortgage finance.

5.6.7 As reflected across the region the most significant trend during 2008 within Preston is the drop in transaction activity during the first three quarters of 2008 compared to last year, detached (42.3% of 2007 level annualised for 2008), semi-detached (52.2% of 2007 level), terraced (57.6% of 2007 level) and flat properties (46.2% of 2007 level).

**Table 39: Buying activity by price band new build and re-sales in Preston**

	2007				2008*			
	Detached	Semi	Terrace	Flats	Detached	Semi	Terrace	Flats
Under 50K	0.5%	0.9%	2.3%	6.3%	0.0%	0.9%	1.6%	10.4%
50-100K	0.2%	8.9%	43.3%	37.5%	1.5%	10.6%	48.9%	41.7%
100-120K	0.2%	9.0%	25.4%	14.4%	0.0%	12.4%	20.9%	17.4%
120-150K	5.4%	26.2%	17.9%	30.5%	5.2%	28.6%	18.9%	25.7%
150-200K	20.8%	36.3%	7.5%	9.4%	19.4%	32.7%	6.5%	3.5%
200-300K	40.4%	15.6%	3.0%	1.7%	44.8%	13.6%	2.9%	0.7%
300K+	32.4%	3.1%	0.6%	0.2%	29.1%	1.2%	0.4%	0.7%
<b>Total number</b>	<b>423</b>	<b>866</b>	<b>1,286</b>	<b>416</b>	<b>134</b>	<b>339</b>	<b>556</b>	<b>144</b>

Source: Land Registry price paid data, \*2008 (to Quarter 3)



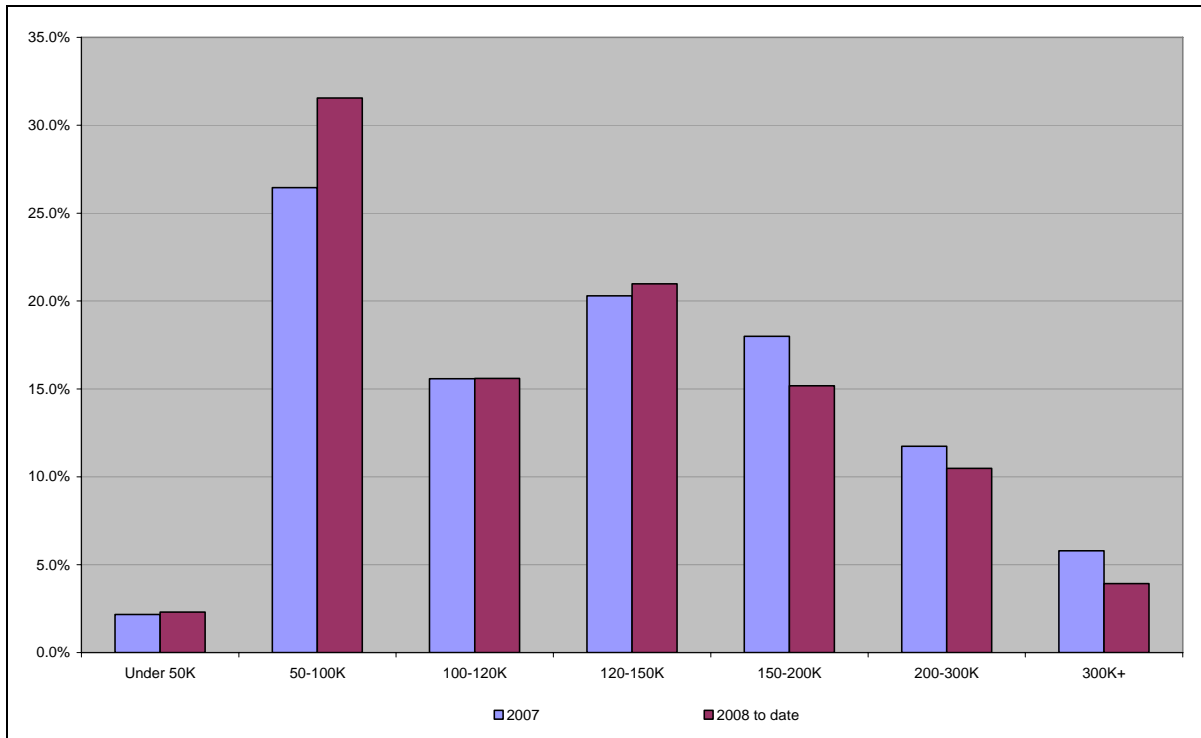


Figure 30: Transactions by price, Preston 2007 /2008

Source: Land Registry

### South Ribble

5.6.8 During 2008 (to Quarter 3) a total 1,003 transactions were recorded within South Ribble representing 33.8% of activity throughout the three districts of Central Lancashire. South Ribble has recorded an upward shift in terms of price band transaction activity for detached properties. However a discernable downturn in the market share of transaction activity across semi-detached, terraced and flatted properties was recorded during 2008.

5.6.9 Some desirable micro-markets remain relatively resilient in the face of the current downturn. Notwithstanding a lag in recorded property transactions, areas of South Ribble, particularly the detached property market appear to defy the current downturn. However in line with the wider market a decrease in transaction activity is expected by the end of 2008 compared to 2007. On the basis of annualised current sales rates, activity will be down for detached (43.6% of 2007 level annualised for 2008), semi-detached (52.2% of 2007 level), terraced (69.7% of 2007 level) and flat properties (69.3% of 2007 level).

Table 40: Buying activity by price band new build and re-sales in South Ribble

	2007				2008*			
	Detached	Semi	Terrace	Flats	Detached	Semi	Terrace	Flats
Under 50K	0.2%	0.2%	0.5%	2.0%	0.0%	0.8%	1.9%	1.9%
50-100K	0.5%	4.7%	21.0%	27.2%	0.5%	7.4%	24.5%	45.7%
100-120K	0.7%	11.6%	38.8%	38.6%	1.0%	10.5%	24.5%	18.1%
120-150K	3.1%	38.8%	25.6%	25.7%	5.2%	41.2%	31.8%	31.4%
150-200K	25.6%	35.9%	11.5%	5.4%	23.8%	33.2%	14.6%	2.9%
200-300K	48.1%	7.7%	2.2%	0.5%	45.6%	5.9%	2.5%	0.0%
300K+	21.9%	1.0%	0.5%	0.5%	23.8%	1.0%	0.0%	0.0%
<b>Total number</b>	<b>590</b>	<b>999</b>	<b>601</b>	<b>202</b>	<b>193</b>	<b>391</b>	<b>314</b>	<b>105</b>

Source: Land Registry price paid data, \*2008 (to Quarter 3)

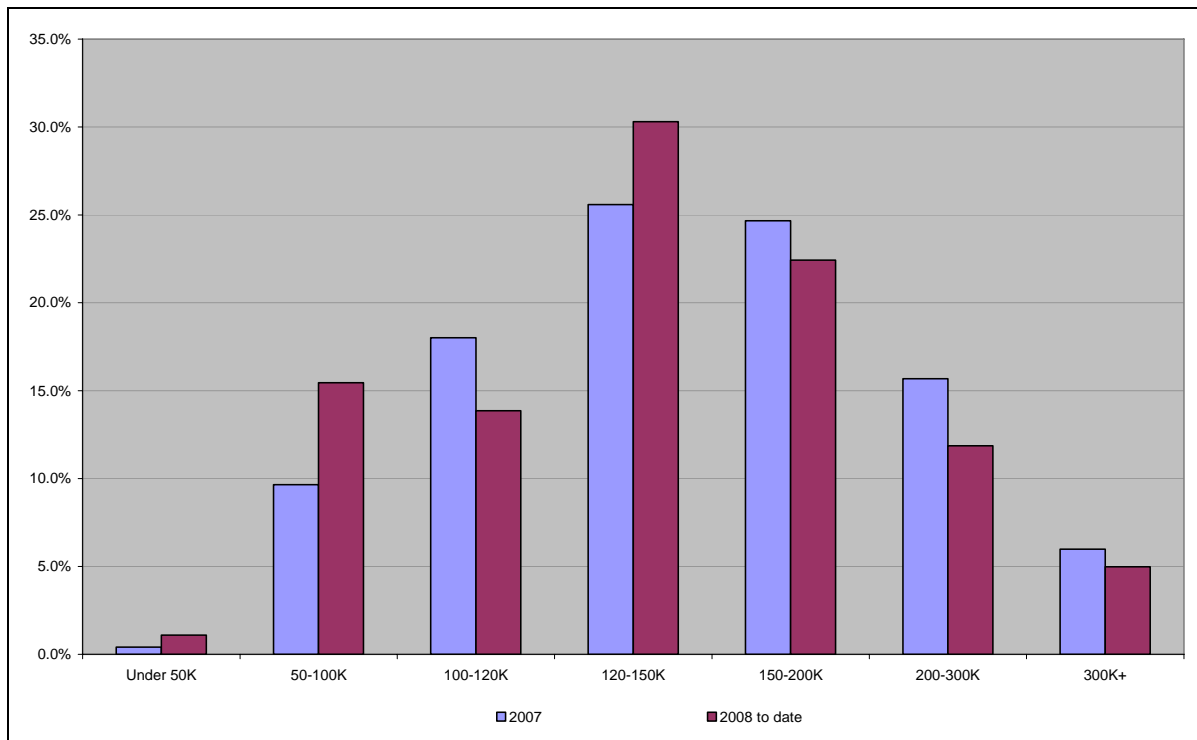


Figure 31: Transactions by price, South Ribble 2007/2008

Source: Land Registry

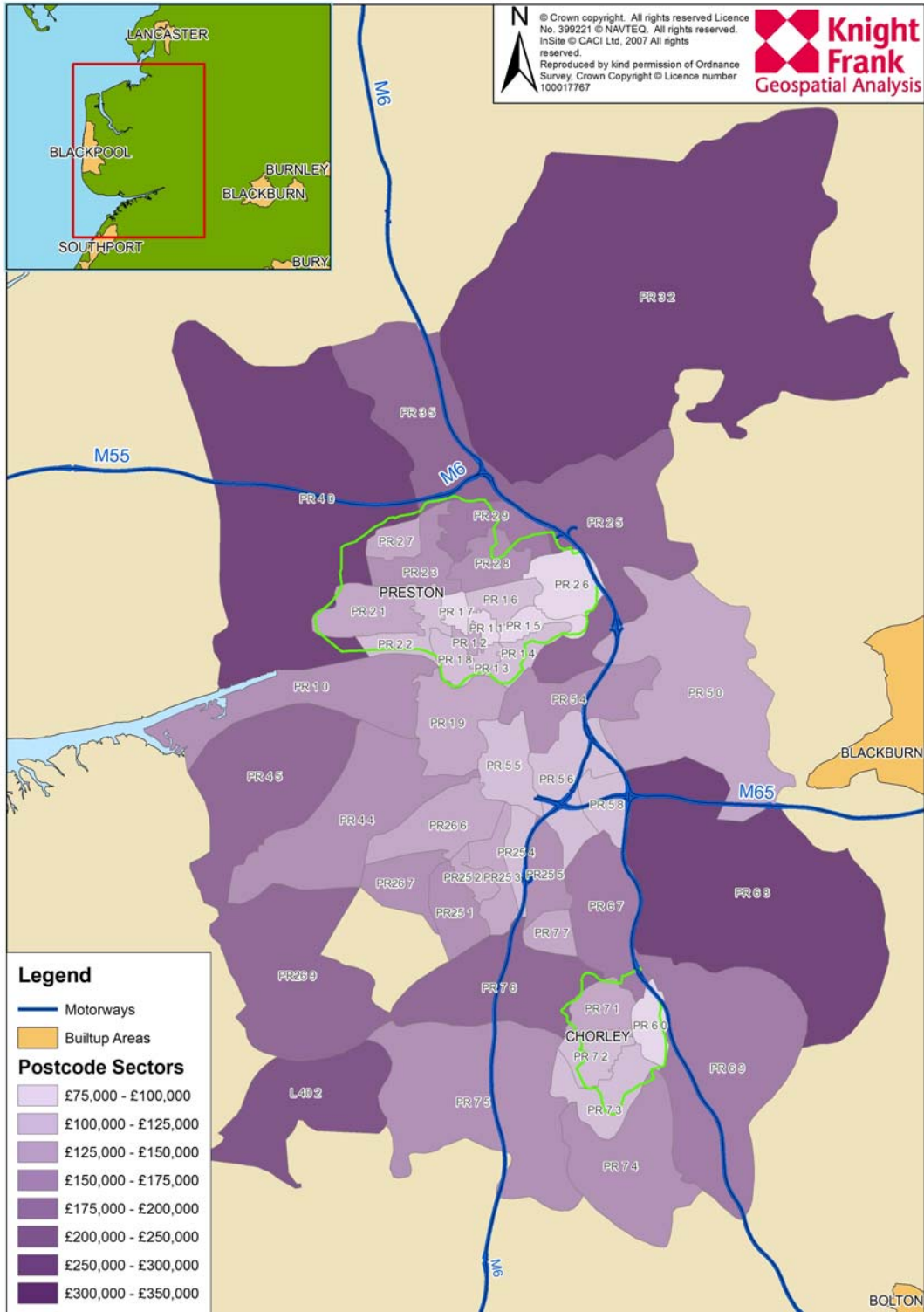


Figure 32: Average overall price by postcode sector across Central Lancashire Q1-Q3 2008

Source: Land Registry

## 5.7 The cost of owner occupation

5.7.1 Reflecting the national trend, prices across Central Lancashire have outstripped wage inflation causing affordability pressures. The result is an affordability gap that is

increasingly affecting a growing number of households. As highlighted in the RSS affordability constraints are felt most acutely in rural districts; lower levels of new build and less opportunities to rent privately compound the problem for local residents. Owner occupation remains the aspiration for the majority of newly forming households. Those able to move will locate to areas where they are able to purchase more for their money and find better value as evidenced in the trend for increased in-migration of households to Central Lancashire in recent years. Migration into Central Lancashire is and will be in the future a significant driver of demand as indicated in Section 3.3 above.

5.7.2 To examine the issue of house price affordability within Central Lancashire, we have explored the ease with which an average household can access the local property market and compared this to neighbouring local authority areas and England & Wales as a whole. Household income can be estimated from the Annual Survey of Hours and Earnings data by utilising a methodology established by the Joseph Rowntree Foundation (JRF) in a study analysing affordability constraints. The methodology assumes that a gross household income can be calculated by applying the coefficient 1.26 to that for a full time earner (Wilcox, 2005).<sup>11</sup> Table 41 presents the income distribution for households in Central Lancashire and neighbouring locations.

**Table 41: Central Lancashire average gross annual earnings (£) single full time earner**

	Lower quartile earnings	Upper quartile earnings	Median earnings	Equivalent household income (JRF coefficient 1.26)
Chorley	17,864	x	23,525	29,642
Preston	16,258	29,946	22,332	28,138
South Ribble	18,227	35,379	26,007	32,769
Blackburn with Darwen	14,776	23,966	21,115	26,605
Fylde	20,072	38,801	28,821	36,314
Ribble Valley	18,279	x	25,520	32,155
West Lancashire	x	x	24,438	30,792
Wyre	15,053	32,585	22,908	28,864
Bolton	15,986	31,607	22,617	28,497
Wigan	16,890	31,947	22,909	28,865
North West	17,121	33,333	23,853	30,055
England & Wales	17,938	35,889	25,363	31,957

Source: ONS ASHE November 2008

\* x - These figures are suppressed as statistically unreliable

<sup>11</sup> Wilcox S 'Affordability and the intermediate housing market. Local measures for all local authority areas in Great Britain'. York. Joseph Rowntree Foundation, 2005.

- 5.7.3 Average gross annual pay for full time employees in Chorley is £23,525 per annum, slightly below the regional average of £23,853, and the national average £25,363. In terms of full time earnings just under 60% of the resident population earn less than the national average. Average gross annual pay for full time employees in Preston is £22,332 per annum, just over 60% of the resident population earn less than the national average. Average gross annual pay for full time employees in South Ribble is £26,007, recording the highest level of average annual pay within Central Lancashire.
- 5.7.4 Table 42 provides an analysis of the cost of an average dwelling in Central Lancashire and neighbouring housing markets.

Table 42: Cost of housing in Central Lancashire<sup>12</sup>

LA	Mean property price	Annual full time income <sup>13</sup>	Ratio of income to price	10 % deposit	Mortgage required	Annual mortgage repayments	Cost of mortgage as % of earnings
Chorley	£169,279	£29,642	5.7	£16,928	£152,351	£11,839	39.9%
Preston	£153,795	£28,138	5.5	£15,380	£138,415	£10,756	38.2%
South Ribble	£161,983	£32,769	4.9	£16,198	£145,785	£11,328	34.6%
Blackburn w Darwen	£115,569	£26,605	4.3	£11,557	£104,012	£8,082	30.4%
Fylde	£192,748	£36,315	5.3	£19,275	£173,473	£13,480	37.1%
Ribble Valley	£274,391	£32,155	8.5	£27,439	£246,952	£19,190	59.7%
West Lancashire	£189,321	£30,792	6.1	£18,932	£170,389	£13,240	43.0%
Wyre	£199,127	£28,864	6.9	£19,913	£179,214	£13,926	48.2%
Bolton	£112,511	£28,497	3.9	£11,251	£101,260	£7,868	32.4%
Wigan	£113,110	£28,865	3.9	£11,311	£101,799	£7,910	32.4%
North West	£126,771	£30,055	5.6	£16,803	£151,229	£11,751	32.4%
England & Wales	£168,814	£31,957	5.3	£16,881	£151,933	£11,806	36.9%

Source: ONS ASHE 2008, Land Registry, Knight Frank Residential Research

- 5.7.5 Based on the JRF coefficient above, the median gross household income in Chorley is estimated to be £29,642 with an affordability ratio, based on the overall mean property price of £169,279 at 5.7. At this level we estimate, based on a mortgage rate of 5.98% (Council of Mortgage Lenders, October 2008), that this would result in an annual mortgage repayment of £11,839 or 39.9% of the median gross annual income.
- 5.7.6 The median gross household income in Preston is calculated to be £28,138 with an affordability ratio, based on the overall mean property price of £153,795 at 5.5. At this level we estimate, based on a mortgage rate of 5.98%, that this would result in an annual mortgage repayment of £10,756 or 38.2% of the median gross annual income.

<sup>12</sup> Borrowing rate 5.98%; Deposit 10%; Mortgage length 25 years

- 5.7.7 The median gross household income in South Ribble is estimated to be £32,769 with an affordability ratio, based on the overall mean property price of £161,983 of 4.9. At this level we estimate, based on a mortgage rate of 5.98%, that this would result in an annual mortgage repayment of £11,328 or 34.6% of the median gross annual income.
- 5.7.8 The analysis above does not take into account the effect of equity available to households and does not take into account that some households benefit from a joint income, existing savings, equity release from the sale of their property when moving, equity gifts from relatives or other windfalls which may be of significance in the higher price brackets. Affordability will be enhanced for households with a joint income, the extension of mortgage lengths, larger deposit provision and the willingness of providers to increase income multiple lending and applicants to take on more debt, a situation increasingly constrained in the current economic climate.
- 5.7.9 In terms of household income required to secure a mortgage based on current average prices and payments as a proportion of income, terraced and flatted properties represent the most affordable options for potential purchasers in Chorley, Preston and South Ribble (see Table 43).

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<sup>13</sup> Note: the median income is used

Table 43: Central Lancashire affordability by property type<sup>14</sup>

	Detached (£)	Semi-detached (£)	Terraced (£)	Flats (£)
<b>Chorley</b>				
Mean price	£277,075	£150,930	£130,719	£118,325
Deposit	£27,708	£15,093	£13,072	£11,833
Required mortgage	£249,367	£135,837	£117,647	£106,492
Average household income	£29,642	£29,642	£29,642	£29,642
Annual mortgage repayment incl. interest	£19,378	£10,556	£9,142	£8,275
Income required to secure mortgage	£57,064	£31,084	£26,922	£24,369
Mortgage repayment as % of income	65.4%	35.6%	30.8%	27.9%
<b>Preston</b>				
Mean price	£301,414	£160,174	£117,684	£97,853
Deposit	£30,141	£16,017	£11,768	£9,785
Required mortgage	£271,273	£144,157	£105,916	£88,068
Average household income	£28,138	£28,138	£28,138	£28,138
Annual mortgage repayment incl. interest	£21,080	£11,202	£8,230	£6,844
Income required to secure mortgage	£62,077	£32,988	£24,237	£20,153
Mortgage repayment as % of income	74.9%	39.8%	29.3%	24.3%
<b>South Ribble</b>				
Mean price	£259,187	£149,460	£123,165	£107,197
Deposit	£25,919	£14,946	£12,317	£10,720
Required mortgage	£233,268	£134,514	£110,848	£96,477
Average household income	£32,769	£32,769	£32,769	£32,769
Annual mortgage repayment incl. interest	£18,213	£10,503	£8,665	£7,533
Income required to secure mortgage	£53,380	£30,782	£25,366	£22,077
Mortgage repayment as % of income	55.6%	32.1%	26.4%	23.0%

Source: Knight Frank Residential Research, Land Registry

5.7.10 The analysis above accords with the Housing Registers (April 2008) in each district, which identifies pent-up demand for smaller (one and two bedroom) dwellings:

- (i) In Chorley there were 1,370 applicants of whom 826 applicants (60.3%) wanted one bedroom properties and 343 applicants (25%) wanted two bedroom properties
- (ii) In Preston there were 5,652 applicants of whom 4,426 applicants (78.3%) were for one-bedroom dwellings and 892 applicants (15.8%) for two bedroom properties
- (iii) In South Ribble there were 1,645 applicants of whom 902 applicants (54.8%) were for one bedroom dwellings and 539 applicants (32.8%) wanted two bedroom properties.

<sup>14</sup> Borrowing rate 5.98%; Deposit 10%; Mortgage length 25 years; lending rate of 30% gross income used for annual income required

## 5.8 New build market activity

5.8.1 Household formation in England & Wales is projected to be at least 223,000 per year up until 2026; net house building for 2007 was 170,000 units, with a sharp fall in new house building during the first half of 2008 to 66,220 new homes. Further decreases below 25,000 per quarter are currently forecast in light of the recent financial climate. The Government stated in the Housing Green Paper their objective to increase new housing supply to 240,000 units per annum in order to deliver two million homes by 2016 and three million new homes by 2020.

### Chorley

5.8.2 This section examines new build properties sold during 2008 and enables comparison between both the market for re-sale properties and new build properties currently being marketed.

5.8.3 The average new build detached property within Chorley sold for £270,000 (based on one sale within Q1 - Q3 2008), semi-detached property for £146,158, terraced properties sold for £145,985 and flats averaging £121,827. This represents a new build premium on terraced and flatted property compared to average re-sales in excess of £12,318 and in excess of £10,409 respectively.

5.8.4 In terms of new build sales Chorley has been a relatively slow market with only 23 sales recorded in 2008 to Quarter 3. The largest number of transactions during 2008 was recorded within postcode sectors PR6 9 and PR7 2 at 6 units each.



Table 44: New build sales 2008 (to Quarter 3) in Chorley - mean prices

Postcode sector	Detached		Semi-detached		Terraced		Flat/apartment	Overall
L 40 2	n/a		n/a		n/a		n/a	
L 40 3	n/a		n/a		n/a		n/a	
PR 5 8	n/a		n/a		n/a		n/a	
PR 6 0	n/a		n/a		n/a		n/a	
PR 6 6	n/a		n/a		n/a		n/a	
PR 6 7	n/a		n/a		£219,500	1	n/a	1
PR 6 8	n/a		n/a		n/a		n/a	
PR 6 9	£270,000	1	£214,258	3	£223,708	3	n/a	7
PR 7 1	n/a		n/a		n/a		n/a	
PR 7 2	n/a		£117,595	4	£137,262	3	£106,711	7
PR 7 3	n/a		n/a		£208,495	2	£152,061	2
PR 7 4	n/a		n/a		£106,312	4	n/a	4
PR 7 5	n/a		£135,183		£55,200	1	n/a	1
PR 7 6	n/a		n/a		n/a		n/a	
PR25 5	n/a		n/a		n/a		n/a	
PR26 8	n/a		n/a		n/a		n/a	
PR26 9	n/a		n/a		£155,000	1	n/a	1

Source: [Net house price](#), Land Registry price paid data

## Preston

5.8.5 The average new build detached property within Preston sold for £324,240, new build semi-detached property for £150,500, terraced properties sold for £149,767 and flats averaging £133,991. New build property achieves a substantial premium over re-sales across the local authority

- On detached property of £23,424,
- On terraced property of £32,819 a
- On flats/apartments of £36,907

5.8.6 In terms of new build sales the largest number of transactions during 2008 have been recorded within the postcode sector PR1 1 at 11 units. The profile of transactions recorded during 2008 within Preston reveals a distinct skew towards the sale of apartments with this type representing 81% of new build sales in 2008.

Table 45: New build sales activity 2008 within Preston - mean prices

Postcode sector	Detached	Semi-detached	Terraced	Flat/apartment	Overall		
PR 0 2	n/a	n/a	n/a	n/a			
PR 1 1	n/a	n/a	n/a	£137,686	11	11	
PR 1 2	n/a	n/a	n/a	£125,260	5	5	
PR 1 3	n/a	n/a	n/a	n/a			
PR 1 4	n/a	n/a	n/a	£111,000	2	2	
PR 1 5	n/a	n/a	n/a	n/a			
PR 1 6	n/a	n/a	n/a	n/a			
PR 1 7	n/a	n/a	n/a	n/a			
PR 1 8	n/a	n/a	n/a	£110,625	7	7	
PR 2 0	n/a	n/a	n/a	n/a			
PR 2 1	n/a	n/a	n/a	£162,500	1	1	
PR 2 2	n/a	n/a	£150,000	1	n/a	1	
PR 2 3	n/a	n/a	n/a	n/a			
PR 2 5	n/a	n/a	n/a	n/a			
PR 2 6	n/a	n/a	n/a	n/a			
PR 2 7	n/a	£139,000	1	£146,033	4	n/a	5
PR 2 8	n/a	n/a	n/a	n/a			
PR 2 9	n/a	n/a	n/a	n/a			
PR 3 2	n/a	n/a	n/a	n/a			
PR 3 5	n/a	n/a	n/a	n/a			
PR 4 0	n/a	n/a	n/a	n/a			
PR11 1	n/a	n/a	n/a	n/a			

Source: [Net house price](#), Land Registry price paid data

### South Ribble

- 5.8.7 The average new build detached property within South Ribble sold for £255,316, new build semi-detached property for £170,501, terraced properties sold for £143,468 and flats averaging £116,676. New build premium on semi-detached property compared to average re-sales of £18,996, terraced property new build premium of £16,264 and new build flat premium of £9,099 based on latest sales figures for the local authority.
- 5.8.8 In terms of new build sales the largest number of transactions during 2008 have been recorded within the postcode sector PR7 7 at 59 units. This is the location of Buckshaw Village, which is the site of the former Royal Ordnance factory and is a major development site in the North West. The site sits within both Chorley and South Ribble.

Table 46: New build sales activity 2008 within South Ribble - mean prices

Postcode sector	Detached		Semi-detached		Terraced		Flat/apartment		Overall
PR 1 0	n/a		n/a		n/a		£109,000	1	1
PR 1 9	£248,192	2	n/a		n/a		£124,950	2	4
PR 4 4	£110,000	1	n/a		n/a		n/a		1
PR 4 5	n/a		n/a		n/a		n/a		
PR 5 0	n/a		n/a		n/a		n/a		
PR 5 4	£320,250	4	£181,000	3	£184,500	2	n/a		9
PR 5 5	£229,995	1	£182,995	1	n/a		n/a		2
PR 5 6	n/a		n/a		£133,653	10	n/a		10
PR 7 7	£269,187	5	£165,053	7	£140,593	9	£116,629	38	59
PR25 1	n/a		n/a		n/a		n/a		
PR25 2	n/a		n/a		n/a		n/a		
PR25 3	£226,329	10	n/a		£154,124	5	£116,518	19	34
PR25 4	n/a		n/a		£194,995	1	n/a		1
PR25 9	n/a		n/a		n/a		n/a		
PR26 6	n/a		n/a		n/a		n/a		
PR26 7	£226,932	4	£174,745	1	£136,645	4	n/a		9

Source: [Net house price](#), Land Registry price paid data

## 5.9 The rental market

5.9.1 The private rented sector has grown significantly in the UK within recent years to represent 11% of total housing stock, equating to 2.33 million dwellings. The sector plays a crucial role in meeting the acute demand for accommodation within the intermediate housing market; the intermediate market predominantly comprising those households unable to access homeownership and ineligible for social rented housing. This group is diverse, including a predominantly young and mobile workforce, the sector having grown in conjunction with the growth of the higher education sector, and providing access to accommodation for the substantial number of economic migrants. Affordability constraints have limited potential first time buyer access to the open market and therefore bolstered rental demand and investor interest particularly in the large regional cities.

5.9.2 Furthermore the growth of the buy-to-let sector and investor-fuelled development of apartment units since the late nineties has increased the availability of modern private rental units concentrated within the urban centres of the UK. As a result of these factors the private rented sector in the form of recently built apartments has emerged principally within the city centres, providing a relatively accessible and flexible housing choice for a predominantly mobile service sector workforce. It is for this reason that this form of accommodation is inextricably linked to the relative economic success of an area, providing

a decent housing option to attract and retain economically active individuals and households within an area; this is particularly important in terms of graduate retention.

- 5.9.3 Strong growth in the higher education sector underpins demand within the private rental sector. In the period between 2004/05 to 2008/09 the total number of students attending University of Central Lancashire (UCLAN) increased by 65% from 19,366 to 32,000 respectively. This figure is anticipated to increase to 50,000 students by 2010 (Preston City Vision). According to the latest UCLAN Destination of Leavers Survey in 2007 a substantial 32% of graduates were retained in full-time employment within Central Lancashire, which is a significant retention level although more could be achieved.
- 5.9.4 As the affordability gap between house prices and income continues, exacerbated by the historic undersupply of affordable units, the private rented sector offers an intermediate step towards home ownership. Figures from the Council of Mortgage Lenders indicate that the aspiration for home ownership in the under 25 age group has fallen from 79% in 1983 to 43% in 2005. A significant factor that has fuelled the growth of the private rented sector is affordability. Currently given relatively acute affordability pressures the private rental sector is performing a holding role for households until home ownership becomes a realistic proposition as incomes increase with age.
- 5.9.5 Our analysis of properties available to rent within the private rented sector indicates that monthly rents within Chorley approximate £275-£400 per month for a one bedroom apartment, £425-£495 per month for a two bedroom flat / terraced property, £500-£600 for a three bedroom semi-detached, rising to between £625-£695 for a new build semi-detached and between £750-£1,300 for four - five bedroom detached property.
- 5.9.6 As the principal urban and employment centre within Central Lancashire, Preston comprises the largest proportion of available property to rent. Minimum rentals start at £295 per month for a one bed house and £350 -£550 per month for a one bedroom new build apartment, rentals between £400-700 for a two bedroom property and £450-£800 three bedroom property with new build three bedroom apartments starting at £600 per month, four bedroom townhouses from £700-1,400 per month.
- 5.9.7 Rentals in South Ribble commence at £450-£500 per month for a one bedroom flat, £500-£595 for a two bedroom property, £595-£700 for a three bedroom property and between £700-£850 for a four bedroom property.

Table 47: Cost of private renting in Central Lancashire 2008

Minimum income required for rent to be affordable (based on 25% of gross income)

Property size (No. of bedrooms)	Price range	Monthly	Weekly
Chorley one bed	£275-£400	£1,100	£253
Chorley two bed	£425-£495	£1,700	£392
Chorley three bed	£500-£650	£2,000	£462
Chorley four bed	£750-£900	£3,000	£692
Preston one bed	£295-£550	£1,180	£272
Preston two bed	£400-£700	£1,600	£369
Preston three bed	£450-£800	£1,800	£415
Preston four bed	£700-£1,000	£2,800	£646
South Ribble one bed	£450-£500	£1,800	£415
South Ribble two bed	£500-£595	£2,000	£462
South Ribble three bed	£595-£700	£2,380	£549
South Ribble four bed	£700-£850	£2,800	£646

Source: Rightmove

## 5.10 Adjacent housing markets

- 5.10.1 Part of the commissioning of this study was to consider other local housing market areas in more detail. Within this section we explore trends in current and future residential supply in the principal neighbouring local authority districts in terms of quantum and type.
- 5.10.2 Our objective, linked with the supply and market sections for Central Lancashire, is to understand the patterns of new housing coming to the market, set against the market willingness to absorb this stock. Only by providing an evidence-base for the scale and type of development can assessments be made on the degree to which phasing, retention and attraction of sub-regional residents to Central Lancashire will underpin the market.

### West Lancashire

- 5.10.3 West Lancashire records considerable resident exchange with both Chorley and South Ribble, being a net exporter to the neighbouring authorities. The local authority records 115,965 persons as resident and 51,000 jobs within the Liverpool City Regional marketplace (ONS, NOMIS, 2008). Despite fluctuations in the sector over the last three decades, West Lancashire comprises a higher than national average workforce within the manufacturing sector at 17.4% and 14.8% respectively. Wholesale and trades, health and social work represent the main employment sectors within the local authority.

- 5.10.4 West Lancashire records a higher employment rate at 82.5%, than the regional average at 76.7% (NOMIS 2008). The District's workforce has relatively higher full-time earnings than the regional average at £467.40 and £451.30 respectively.
- 5.10.5 Average property prices in West Lancashire have doubled since 2001, at £188,202 (Q1-Q3 2008) now higher than across Lancashire and North West, with lower priced markets within Skelmersdale and higher priced successful markets in Aughton and Parbold.

**Table 48: West Lancashire property sales 2003-08**

	Detached		Semi-detached		Terraced		Apartment		All types	
	Price	Sales	Price	Sales	Price	Sales	Price	Sales	Price	Sales
2003	£209,818	714	£121,010	783	£87,466	521	£80,439	76	£151,436	2,094
2004	£246,191	620	£148,315	690	£106,812	496	£106,682	77	£178,543	1,883
2005	£254,143	378	£152,395	537	£115,753	400	£104,425	73	£185,496	1,388
2006	£287,492	435	£165,273	737	£123,741	511	£118,709	103	£201,110	1,786
2007	£339,493	462	£186,846	743	£137,295	467	£114,585	95	£230,202	1,767
2008*	£276,386	157	£162,482	266	£110,101	162	£122,162	28	£188,202	613

Source: Land Registry, \*2008 (to Quarter 3)

- 5.10.6 Affordability remains an issue across the District, the latest Housing Needs Study 2005 illustrating 55% of resident households cannot afford private rent and 65% of concealed households cannot afford home ownership.

#### [West Lancashire housing supply](#)

- 5.10.7 The District has exceeded the Joint Lancashire Structure Plan housing targets since 2001. As a result, a more restrictive Local Plan Policy DE1 was introduced that limited housing development to prevent an oversupply in accordance with the development moratorium across the majority of local authorities in the North West.
- 5.10.8 In September 2008, the RSS was adopted outlining an increased delivery target of 5,400 dwellings between 2003-2021, equating to 300 units per annum, moving West Lancashire away from a position of oversupply. This elevated supply compares to the target established in the Adopted Replacement Local Plan of 185 units per annum. In terms of Housing Land Availability the current targets and trajectories are regarded as indicative interim figures until the finalised report is published in summer 2009 in partnership with neighbouring authorities.
- 5.10.9 An indicative five-year housing supply target therefore currently stands at 1,500 units.

**Table 49: Historic residential completions**

	2001 / 02	2002 / 03	2003 / 04	2004 / 05	2005 / 06	2006 / 07	2007 / 08
<b>Net dwellings</b>	351	513	416	417	202	344	81
<b>RSS target</b>	-	-	300	300	300	300	300
<b>Local Plan target</b>	305	305	305	305	305	185	185

*Source: West Lancashire Annual Monitoring Report 2008*

5.10.10 In the five-year period 2003-2008, under the RSS targets, residential completions have totalled 1,460 units compared to the 1,500 target rate. Reflecting wider issues in the housing market the number of completions fell to 81 units during 2007/08. It is expected that this shortfall will increase during the current year as a mere 97 units are forecast to be completed by April 2009.

[West Lancashire Five Year Supply 2009-2014](#)

5.10.11 The results of the West Lancashire SHLAA will provide detailed information as to longer term housing supply, however as at March 2008 there was capacity for 2,571 dwellings based on sites allocated in the development plan and with planning permission. The largest of which being the Skelmersdale Town Centre redevelopment and expected to deliver a net total of 950 units, 275 units during 2009-2014.

5.10.12 The second largest, being the Whalleys site is allocated in the Development Plan and earmarked to deliver 350 units, at a rate of 50 units per annum.

5.10.13 The remaining large sites outlined for development include St Joseph's College, College Road (297 units); Ormskirk Hospital (120 units); Ainscough Mill, Mill Lane (115 units); Former Grammar School, Mill Street (107 units); Redcliffe Convent, Moss Lane (95 units); Mart Lane, Burscough (82 units); Tanhouse Road, Skelmersdale (63 units); and the redevelopment of former council offices and Atkinson and Kirkby site, Ormskirk (120 units).

5.10.14 In terms of affordable housing delivery West Lancashire has set a target rate 30% of development in Ormskirk/Aughton and Burscough on sites exceeding 10 dwellings are to be low cost subsidised or RSL housing.

5.10.15 During 2007/08, a total 11 affordable dwellings were completed representing 13% of total supply, although no further affordable housing was granted permission. The Housing needs Survey in 2005 outlined the need to provide a total 290 affordable units per year to meet demand, though current provision is far lower.

## Bolton

- 5.10.16 Bolton represents the principal neighbouring authority for resident exchange with Chorley. The local authority records 262,300 persons as resident and with over 110,000 jobs comprises approximately 9% of the jobs in the Greater Manchester area (Bolton Council, Planning research). Despite fluctuations in the sector over the last three decades, Bolton still comprises a higher than national average workforce within the manufacturing sector. Increases have been recorded within the public sector, construction and financial services. According to latest demographic projections, there is an anticipated 20% increase in household numbers between 2004-2029, the largest increase being within the single occupancy households.
- 5.10.17 Bolton has a higher employment rate at 77.8%, than the regional average at 76.7% (NOMIS 2008). However the authority's workforce records relatively less full time earnings than the regional average at £414.40 and £451.30 respectively.
- 5.10.18 Average property prices in Bolton have doubled since 2002, at £138,784 (Q1-Q3 2008), with terraced properties having increased by 145% over the same period.

**Table 50: Bolton property sales 2003-08**

	Detached		Semi-detached		Terraced		Apartment		All types	
	Price	Sales	Price	Sales	Price	Sales	Price	Sales	Price	Sales
2003	£176,196	741	£89,644	1,676	£57,594	3,059	£74,187	228	£82,975	5,704
2004	£211,471	747	£110,843	1,536	£73,420	2,458	£92,466	184	£106,139	4,925
2005	£228,954	530	£127,200	989	£89,606	1,869	£109,972	173	£120,269	3,561
2006	£228,435	616	£137,986	1,333	£97,304	2,167	£106,996	196	£127,869	4,312
2007	£257,071	679	£144,304	1,565	£106,215	2,455	£119,667	345	£137,250	5,044
2008*	£287,803	247	£143,026	612	£108,986	1,036	£125,849	231	£138,784	2,126

Source: Land Registry, \*2008 (to Quarter 3)

## Bolton housing supply

- 5.10.19 The Unitary Development Plan established housing targets of an annual requirement of 470 dwellings per year.
- 5.10.20 In September 2008, the RSS was adopted outlining an increased delivery target of 10,400 dwellings between 2003-2021, equating to 578 units per annum. This elevated supply goes some way towards the aspirations of the New Growth Point allocation of the Associated Greater Manchester authorities, comprising Manchester, Salford, Trafford and Bolton, the allocation representing a 20% target delivery increase. The Growth Point aspirations include the development of an exemplar environmentally sustainable village in the centre



of Bolton, serving to complement and underpin the changing role of the cultural, residential and employment offer within the town.

5.10.21 An indicative five-year housing supply target therefore currently stands at 2,890 units.

**Table 51: Historic residential completions**

	2003 / 04	2004 / 05	2005 / 06	2006 / 07	2007 / 08
<b>Net dwellings</b>	388	426	761	927	1,174
<b>RSS target</b>	450	450	450	450	578
<b>Core Strategy requirement</b>	-	-	650	694	694

*Source: Bolton Annual Monitoring Report 2008*

5.10.22 In the five-year period 2003 - 2008, under the RSS targets, residential completions have totalled 3,676 units exceeding the 2,890 target rate and 3,470 council aspiration rate.

#### [Bolton Five Year Supply 2009-2014](#)

5.10.23 According to the latest Annual Monitoring Report there is an identified five-year housing land supply for the period 2009-2014 for 2,847 dwellings, set against the residual requirement of 2,282 dwellings. This figure is based on existing allocations and those sites with outstanding planning permission. The largest sites are land at Lostock Lane, Lostock for 301 units and Holden Mill, Blackburn Road for 298 units.

5.10.24 The remaining large sites outlined for development include Bolton Sports Village (194 units), Land at Watersmeeting Road / Eagley Brook (178 units) and Land off Jethro Street (112 units) (Bolton Annual Monitoring Report 2007/08). It is anticipated that, in light of current market conditions, dwelling supply will be less than previous years until a forecast recovery in 2011/12.

5.10.25 During 2007/08, a total 180 affordable dwellings were completed representing 15% of total supply, this represents a substantial increase in terms of delivery compared to the previous year, whereby a total 39 units were delivered.

#### [Wigan](#)

5.10.26 Wigan records considerable resident exchange with both Chorley and South Ribble, being a net exporter to the neighbouring authorities. The local authority records 305,495 persons as resident and 133,000 jobs (ONS, NOMIS, 2008). Wigan comprises a higher than national average workforce within the manufacturing sector, distribution, health and social work represent the main employment sectors within the local authority.

5.10.27 Wigan records employment rate at 73.1%, in line with the regional average. The authority's workforce records relatively lower full time earnings than the regional average at £441.0 and £451.3 respectively.

5.10.28 Average property prices in Wigan have more than doubled since 2001, at £129,296 (Q1-Q3 2008) though still an affordable destination compared to neighbouring locations such as Bolton.

**Table 52: Wigan property sales 2003-08**

	Detached		Semi-detached		Terraced		Apartment		All types	
	Price	Sales	Price	Sales	Price	Sales	Price	Sales	Price	Sales
2003	£144,286	1,169	£82,052	2,384	£56,867	2,583	£55,838	124	£81,910	6,260
2004	£174,060	1,068	£100,438	2,179	£75,628	2,477	£89,058	157	£101,985	5,881
2005	£191,792	626	£114,401	1,520	£86,000	1,896	£118,380	135	£112,005	4,177
2006	£204,096	1,026	£123,196	1,938	£95,871	2,382	£109,698	365	£125,420	5,711
2007	£214,607	998	£129,876	2,198	£104,740	2,676	£116,997	604	£131,086	6,476
2008*	£208,148	415	£125,791	1,022	£105,861	1,147	£109,258	196	£129,296	2,780

Source: Land Registry, \*2008 (to Quarter 3)

#### Wigan housing supply

5.10.29 Since 2001 the Local Plan has established housing targets, outlining the need for 7,140 units between 2001-2016. In September 2008, the RSS was adopted outlining an increased delivery target of 17,600 dwellings between 2003-2021, equating to 978 units per annum. This elevated supply moves the local authority from a position of oversupply to the required delivery of in excess of 1,000 units per annum until 2021.

5.10.30 An indicative five year housing supply target therefore currently stands at 4,890 units.

**Table 53: Historic residential completions**

	2002 / 03	2003 / 04	2004 / 05	2005 / 06	2006 / 07	2007 / 08
<b>Net dwellings</b>	690	772	628	932	1,105	1,641
<b>RSS target</b>		978	978	978	978	978
<b>Local Plan target</b>	510	510	510	510	510	510

Source: Wigan Annual Monitoring Report 2008

5.10.31 In the five year period 2003-2008, under the RSS targets, residential completions have totalled 5,078 units compared to the 4,890 target rate. The number of completions are anticipated to fall to 825 units during 2008 / 09, although this may be ambitious given the current economic climate.

## [Wigan Five Year Supply 2009-2014](#)

- 5.10.32 The results of the SHLAA will provide detailed information as to longer term housing supply, however as at March 2008 there was capacity for 2,198 dwellings based on sites allocated in the development plan and with planning permission. The largest of which being the site of the former Astley Works with a total provisional capacity of 156 units.
- 5.10.33 The remaining large sites outlined for development include Leigh Sports Village (145 units) and the site of Bisham Hall Works (111 units). During 2007 / 08, a total 14 affordable dwellings were completed.

## [Fylde](#)

- 5.10.34 Fylde records considerable resident exchange with both Preston and South Ribble, being a net recipient of population from the neighbouring authorities. The local authority records 75,700 persons as resident and 47,000 jobs (ONS, NOMIS, 2008). Fylde comprises a much higher than national average workforce within the manufacturing sector, comprising over a third of the resident workforce, health and education represent the main employment sectors within the local authority.
- 5.10.35 Fylde records employment rate at 84.7%, higher than the regional and national average. The authority's workforce records much higher full time earnings than the regional average at £559.3 and £451.3 respectively (ONS, NOMIS, 2008).
- 5.10.36 Average property prices in Fylde have increased by 73% since 2002, at £192,748 (Q1-Q3 2008), with semi-detached properties recording the greatest increase at 98%.

**Table 54: Fylde property sales 2003-08**

	Detached		Semi-detached		Terraced		Apartment		All types	
	Price	Sales	Price	Sales	Price	Sales	Price	Sales	Price	Sales
2003	£211,719	416	£129,361	704	£100,850	385	£104,723	460	£134,843	1,965
2004	£267,093	417	£157,929	513	£132,496	384	£128,423	384	£166,813	1,698
2005	£274,453	222	£167,145	376	£142,850	280	£157,888	245	£179,937	1,123
2006	£294,734	410	£186,273	611	£155,776	335	£151,099	389	£193,764	1,745
2007	£298,263	388	£195,508	597	£157,253	389	£154,572	382	£201,834	1,756
2008*	£319,922	119	£200,598	239	£155,532	152	£150,360	191	£192,748	701

Source: Land Registry, \*2008 (to Quarter 3)

## [Fylde housing supply](#)

- 5.10.37 Since 2001 the Joint Lancashire Structure Plan has established housing targets, outlining the need for 2,325 units between 2001-2016, equating to 155 units per annum. In September 2008, the RSS was adopted outlining an increased delivery target of 5,500

dwellings between 2003-2021, equating to 306 units per annum. The local authority records a significant number of outstanding planning permissions and therefore instigated an exceptional housing release policy on granted planning permissions, however the RSS elevated target moves the local authority from a position of oversupply.

5.10.38 An indicative five year housing supply target therefore currently stands at 1,530 units.

**Table 55: Historic residential completions**

	2002 / 03	2003 / 04	2004 / 05	2005 / 06	2006 / 07	2007 / 08
<b>Net dwellings</b>	345	142	285	130	168	394
<b>RSS target</b>		306	306	306	306	306
<b>Local Plan target</b>	155	155	155	155	155	155

*Source: Fylde Annual Monitoring Report 2008*

5.10.39 In the five year period 2003-2008, under the RSS targets, residential completions have totalled 1,119 units compared to the 1,530 target rate.

#### [Fylde Five Year Supply 2009-2014](#)

5.10.40 The results of the SHLAA will provide detailed information as to longer term housing supply. According to the National Land Use Database the authority has capacity for delivery of 310 dwellings on previously developed land.

5.10.41 During 2007 / 08, a total 75 affordable dwellings were completed, this is significantly below the recommended required target of 568 additional dwellings according to that latest Housing Needs Assessment (Fordhams update 2007) and the Structure Plan target of 155 per annum.

#### [Blackburn with Darwen](#)

5.10.42 Blackburn with Darwen records resident exchange with all three Central Lancashire districts, being a net recipient of population from Preston, though a net exporter of residents to both South Ribble and Chorley. The local authority records 141,200 persons as resident and 74,000 jobs (ONS, NOMIS, 2008). Blackburn with Darwen comprises a higher than national average workforce within the public administration sector, representing over a third of the resident workforce, manufacturing, health and social work represent the main employment sectors within the local authority.

5.10.43 Blackburn with Darwen records employment rate at 67.7%, below the regional average. The authority's workforce records lower full time earnings than the regional average at £415.2 and £451.3 respectively.

5.10.44 Average property prices in Blackburn with Darwen have more than doubled since 2001, at £113,857 (Q1-Q3 2008) remaining the most affordable destination compared to neighbouring locations.

**Table 56: Blackburn with Darwen property sales 2003-08**

	Detached		Semi-detached		Terraced		Apartment		All types	
	Price	Sales	Price	Sales	Price	Sales	Price	Sales	Price	Sales
2003	£160,739	489	£74,302	746	£48,052	2,113	£71,355	25	£65,580	3,373
2004	£183,058	447	£100,948	662	£62,844	1,871	£76,250	46	£89,401	3,026
2005	£230,623	258	£116,077	587	£77,628	1,600	£ 96,013	75	£105,111	2,520
2006	£237,915	336	£132,491	774	£88,563	1,958	£ 91,059	55	£112,149	3,123
2007	£255,229	309	£140,562	598	£99,702	1,872	£112,464	70	£123,044	2,849
2008*	£216,546	120	£135,589	262	£97,901	747	£122,638	36	£113,857	1,165

Source: Land Registry, \*2008 (to Quarter 3)

#### [Blackburn with Darwen housing supply](#)

5.10.45 Since 2001 the Local Plan has established housing targets, outlining the need for 3,730 units between 2001-2016, equating to 249 units per annum. In September 2008, the RSS was adopted outlining an increased delivery target of 8,800 dwellings between 2003-2021, equating to 489 units per annum. An indicative five year housing supply target therefore currently stands at 2,445 units. The Interim Policy Statement on Housing and Core Strategy Preferred Options outline the Council's approach to phased delivery of housing over the RSS period, as follows, 2009-14: 415 dwellings per year, 2014-19: 490 dwellings per year, 2019-24: 565 dwellings per year.

**Table 57: Historic residential completions**

	2003 / 04	2004 / 05	2005 / 06	2006 / 07	2007 / 08
<b>Net dwellings</b>	474	448	191	273	358
<b>RSS target</b>	489	489	489	489	489
<b>Local Plan target</b>	249	249	249	249	249

Source: Wigan Annual Monitoring Report 2008

5.10.46 In the five year period 2003-2008, under the RSS targets, residential completions have totalled 1,744 units compared to the 2,445 target rate, identifying an undersupply compared to RSS targets.

#### [Blackburn with Darwen Five Year Supply 2009-2014](#)

5.10.47 The results of the SHLAA were completed in October 2008 and identified an under provision of completions compared to RSS targets, an existing shortfall of 1,465 is earmarked to be met in addition to annual requirements over the phased 15 year period. As at March 2008 there was capacity for 2,504 dwellings based on sites allocated in the development plan

and with planning permission. The largest of which being the site of the former Blackburn Royal Infirmary with a total provisional capacity of 253 units.

5.10.48 The remaining large sites outlined for development include Rockliffe Works (183 units), Two Gates, Anyon Street (181 units), Belgrave Mill on Bolton Road (122 units), Land off Laburnum Road / Clarendon Road (118 units), Haslingden Road (113 units), Former MD Foods site (112 units) and Queens Park Hospital (101 units). During 2007/08, a total 188 affordable dwellings were completed.

## Wyre

5.10.49 Wyre has a total resident population of 110,900. Of the 62,700 people of working age, 78.0% are economically active (ONS, NOMIS, 2009). Wyre has 32.0% of its working population in Public administration, education and health (compared to 28.2% in the North West and 26.9% in Great Britain) and 29.4% in Distribution, hotels and restaurants (cf 23.7% in the North West and 23.3% in Great Britain).

5.10.50 The Borough's workforce has relatively low full-time earnings: £422.60 per week compared to the Region (£451.30) and Great Britain (£479.30).

5.10.51 In terms of in and out migration, the most significant relationship is with Blackpool, which accounts for 33.2% of in-migrants and 31.5% of out-migrants. Migration flows exist (albeit to a much lesser extent) with Fylde, Lancaster, Preston, South Ribble, Rochdale and Manchester.

5.10.52 Average property prices in Wyre climbed steeply between 2003 and 2007 (60.2%), but dropped back in 2008 by 11.0%.

**Table 58: Wyre property sales 2003-08**

	Detached		Semi-detached		Terraced		Apartment		All types	
	Price	Sales	Price	Sales	Price	Sales	Price	Sales	Price	Sales
2003	£196,217	N/A	£108,291	N/A	£89,216	N/A	£84,733	N/A	£122,003	N/A
2004	£243,595	N/A	£134,438	N/A	£110,757	N/A	£105,191	N/A	£151,461	N/A
2005	£266,442	N/A	£147,047	N/A	£121,145	N/A	£115,058	N/A	£165,666	N/A
2006	£290,694	N/A	£160,431	N/A	£132,172	N/A	£125,531	N/A	£180,746	N/A
2007	£314,366	N/A	£173,496	N/A	£142,934	N/A	£135,753	N/A	£195,464	N/A
2008	£279,647	307	£154,334	547	£127,148	299	£120,760	147	£173,878	1300

Source: Land Registry 2008

[Wyre housing supply](#)

- 5.10.53 Policy L4 of the Adopted RSS requires 3,700 dwellings to be built in Wyre Borough between 2003-2021, at an annual rate of 205/206 dwellings per year between 2003 and 2021. This is in contrast to the 3,000 dwellings that were to be built in line with the Joint Lancashire Structure Plan (JLSP).
- 5.10.54 As at the end of March 2008 the residual requirement was projected to be met, and there was a small projected surplus housing provision.

Table 59: Housing land calculation (Wyre 2008)		
	Component	No of dwellings
A	Housing Requirement	3,700
B	Completions within plan period up to 31st March 2007	1,481
C	Residual requirement (A-B)	2,219
D	Current Land Supply	1,029
E	Proposed Land Supply within Fleetwood Thornton AAP <sup>15</sup>	1,300
F	Other deliverable sites identified in SHLAA	6
G	Total Supply (D+E+F)	2,337
H	Overall residual requirement to be considered in Site Allocations Policies DPD (C-G)	-116

Source: Wyre Borough Council AMR 207-08

- 5.10.55 The total net additional dwellings built in Wyre Borough in the 5 years between 1<sup>st</sup> April 2002 and 31<sup>st</sup> March 2007 was 1,549. In the year 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008, a total of 317 net additional dwellings were built.
- 5.10.56 Since 2002, this represents an annual average of 311 dwellings. If this rate continued unchecked, an additional 4,043 dwellings will have been built by the end of the Adopted RSS plan period in 2021.
- 5.10.57 In view of the current slow down in the economy, the trajectory shows that there is a margin of flexibility in Wyre in view of over-development in the past. The Council will be concerned regarding meeting the RSS requirement if the current downturn in the economy were to last more than two years.
- 5.10.58 Policy H14 (HOUS12) has stated objectives of providing sufficient affordable housing within Wyre Borough in order to meet its needs, and also to meet the wider objectives of creating

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<sup>15</sup> This includes Fleetwood Dock, Former Power Station, Fleetwood Dock Mixed use site and land to the west of the former power station

sustainable communities. The Interim Housing Policy specifies a provision of 40 per cent affordable housing on developments of 15 dwellings or more.

5.10.59 The target for Wyre Borough in 2007/08 was an additional 38 affordable dwellings; the actual number of affordable dwellings built was 49.

#### Wyre Five-Year Supply 2009-2014

5.10.60 Wyre Council has recently completed an update on housing land availability and has published the position in the Housing Land Monitoring Report 2008.<sup>16</sup>

5.10.61 The housing land supply figures are set out in Table 60. There are two calculations presented that show the Council's position in relation to the level of housing provision required by both the JLSP and the draft RSS. In both cases there is at least a five-year supply of readily available land. Also, 78% of all housing sites with current planning permission are provided on previously developed land.

Table 60: Wyre Housing Land Availability (31/03/08)		
	JLSP 2001-2016	RSS 2003-2021
Requirement	3000	3700
Dwellings completed from start of plan period to 31/03/08	2348	1481
Residual requirement	652	2219
Dwellings under construction	340	340
Total dwellings with planning permission	1105	1105
5% slippage on total dwellings with planning permission	-55	-55
Total commitments	1050	1050
Shortfall over remaining plan period	Surplus of 398	1169
Thus, supply secured to:	End of plan period	Approx 30/09/13

Source: Wyre BC Housing Land Monitoring Report 2008

#### Ribble Valley

5.10.62 Ribble Valley has a total resident population of 58,300. Of the 34,800 people of working age, 84.7 are economically active (ONS, NOMIS, 2009); this is significantly above the North West (76.8%) and Great Britain (78.8) rates. Ribble Valley has 27.1% of its working population in Manufacturing (compared to 12.4% in the North West and 10.6% in Great Britain) and 26.2% in Distribution, hotels and restaurants (cf 23.7% in the North West and 23.3% in Great Britain).



5.10.63 The Borough's workforce has relatively high full-time earnings: £473.40 per week compared to the Region (£451.30) and Great Britain (£479.30).

5.10.64 In terms of in and out migration, the most significant relationships are with Blackburn-with-Darwen, Hyndburn and Preston, which together account for 39.0% of in-migrants and 32.1% of out-migrants. Migration flows (to a much lesser extent) exist with Burnley, Pendle, South Ribble, Chorley and Wyre.

5.10.65 Average property prices in Ribble Valley climbed by almost £100,000 between 2003 and 2007; from £165,318 to £264,860. 2008 saw prices fall overall by almost £30,000 to £235,610. House prices in Ribble Valley are significantly higher than elsewhere in Lancashire.

**Table 61: Ribble Valley property sales 2003-08**

	Detached		Semi-detached		Terraced		Apartment		All types	
	Price	Sales	Price	Sales	Price	Sales	Price	Sales	Price	Sales
2003	£262,331	N/A	£144,415	N/A	£108,082	N/A	£109,214	N/A	£165,318	N/A
2004	£325,672	N/A	£179,285	N/A	£134,178	N/A	£135,583	N/A	£205,235	N/A
2005	£356,217	N/A	£196,100	N/A	£146,762	N/A	£148,299	N/A	£224,483	N/A
2006	£388,641	N/A	£213,949	N/A	£160,122	N/A	£161,798	N/A	£244,916	N/A
2007	£420,289	N/A	£231,372	N/A	£173,159	N/A	£174,974	N/A	£264,860	N/A
2008	£373,872	195	£205,818	157	£154,035	232	£155,649	42	£235,610	626

Source: Land Registry 2008

[Ribble Valley housing supply](#)<sup>17</sup>

5.10.66 The Joint Lancashire Structure Plan sets out that 155 dwellings per annum were required between 2001 and 2005, falling to 80 dwellings per annum between 2006 and 2016. This gives a total provision of 1,575 dwellings over the 15-year plan period.

5.10.67 In terms of housing trajectory:

- There have been 798 net additional dwellings over the previous 5-year period
- There have been 59 net additional dwellings for the current year
- There is a projected 368 net additional dwellings required up to the end of the relevant development plan document period
- The annual net additional dwelling requirement is 80 per annum to 2016

<sup>16</sup> Housing Land Monitoring Report, 31/03/08, Wyre Borough Council

<sup>17</sup> Ribble Valley Annual Monitoring Report 2008 1<sup>st</sup> April 2007 – 31<sup>st</sup> March 2008

- An annual average number of 46 net additional dwellings are needed to meet overall housing requirements, having regard to previous year's performance

5.10.68 Early in the Plan's implementation there were almost twice as many dwellings completed per year as the requirement. Consequently, a housing restraint policy for open market housing was brought into effect in 2002 to help balance the situation and the adjusted annual completion target was set at 47 dwellings per year. Within the most recent monitoring period, completion rates fell below the Structure Plan requirement and as a result, the housing restraint policy was removed on 1<sup>st</sup> September 2008 at which point RSS figures were adopted. This sets the annual housing figure at 161 per year.

5.10.69 Over the most recent monitoring period 40 affordable dwellings were completed; a significant improvement since the previous monitoring period where there were just 12 affordable dwellings completed. The Council's Strategic Housing Market Assessment has highlighted the significant requirement for affordable housing. Of the 40 completed affordable units over the monitoring period, 25 of these were social rented properties.

5.10.70 Following the completion of the SHMA, Members of Planning and Development Committee agreed that, as of 1<sup>st</sup> September 2008, 51% of any residential housing sites of over 15 dwellings should be for affordable housing.

#### [Ribble Valley Five-Year Supply 2009-2014](#)

5.10.71 Ribble Valley's position on housing land availability is published in the Council's Strategic Housing Land Availability Report.<sup>18</sup> Of the 308 sites to be considered for assessment in the SHLAA, 175 sites met the SHLAA methodology criteria.

5.10.72 The SHLAA identified 138ha of land in the 5-year supply, which equates to 5,441 dwellings. The majority of the land is located within the key service centres of Clitheroe, Longridge and Whalley and would provide for 70% of the identified 5-year supply. The remaining 30% of the 5-year supply is composed of development within the villages.

5.10.73 The SHLAA also indicates that there is the potential for 1,010 dwellings (equating to 27.7ha of land) that could be developed within years 6-10 and 3,603 dwellings (equating to 100ha of land) that could be developed within years 11-15.

5.10.74 The SHLAA therefore shows that, based on the Regional Spatial Strategy annual housing figure (of 161 dwellings per annum), there is approximately 62 years supply of residential

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<sup>18</sup> Strategic Housing Land Availability Report (Draft for Consultation), Ribble Valley Borough Council, April 2009

land available in the borough that is deliverable and developable over the 15-year period. 54% of this is deliverable and is therefore included within the 5-year land supply.

- 5.10.75 Consequently there is no need to identify broad locations for future housing growth or windfall sites for this SHLAA.
- 5.10.76 Consultation on the SHLAA closed on 5<sup>th</sup> June 2009 and the final adopted version of the SHLAA will be available in the summer of 2009. It is anticipated that the first update of the SHLAA will be published in December 2009.

## 5.11 Summary

- 5.11.1 The Central Lancashire districts have not been immune to the continuing downturn in the UK housing market in terms of price and transaction volume falls. Average overall property prices to Q3 2008 have fallen by -11.9% in Chorley, -7.9% in Preston and -13.5% in South Ribble. Transaction volumes most clearly highlight the severity of the downturn, annualised sales rates for 2008 within Chorley at 54.7% compared to 2007, Preston at 52.2% and South Ribble at 55.8%.
- 5.11.2 Notwithstanding the recent downturn and reduction in the UK base rate, affordability remains an issue across the market, in light of house price inflation far exceeding wage inflation over the last decade and the restrictions on mortgage credit availability to all but those households with substantial existing equity.
- 5.11.3 The affordability analysis reveals that the ability of concealed households within Central Lancashire to access open market housing is limited. In 2008, median household income in Chorley was £29,642 and the house price to income ratio was 5.7, in Preston the house price to income ratio was 5.5 and in South Ribble it was 4.9 due to relatively higher median incomes in the District.
- 5.11.4 As the current market and affordability constraints illustrate, the policy approach to the market must aim to marry the product offered with the ability of the local population to access through a number of pathways of choice. These can include intermediate tenures such as shared equity and a flexible approach to promoting a regulated private sector through development of the build-to-let market, particularly in central employment centres such as Preston, in order to offer an accessible and flexible housing offer to underpin aspirations for economic growth.
- 5.11.5 The pathways of choice are not only restricted for concealed households and potential first time buyers. The previous Housing Market Assessment (2004) found that the main reason for

households failing to move, despite a requirement to do so was the inability to afford a suitable new home in light of continued house price growth in relation to wage inflation.

5.11.6 The supply of good quality affordable housing needs to be addressed, an issue becoming increasingly important given the growth of households classified as ethnic minority households and economic migrants. The demand for additional affordable housing units could be met in the form of:

- shared equity through low cost home ownership schemes;
- Private rented build-to-let products;
- larger homes suitable for large households;
- smaller homes for small childless newly forming households;
- homes to meet the needs of low income young families and households with a need for adapted housing.

5.11.7 These additional homes might be provided through both the rehabilitation of suitable properties and the construction of new properties as outlined within the Core Strategy for Central Lancashire.

# 6 SUB-MARKETS IN CENTRAL LANCASHIRE

## SECTION OVERVIEW

In this Chapter of the report we present a view of the housing sub-markets in Central Lancashire as identified through the analysis of house prices, travel to work, migration patterns and affordability. The chapter draws upon both secondary data and the survey findings. Further data tables containing sub-market data are provided in the Appendices.

### 6.1 The operation of sub-markets

- 6.1.1 Housing markets have unique qualities concerning the relative inelasticity of demand and supply and the effect on price. The supply of housing and the supply of land is particularly constrained at the current time. The current downturn in financial markets and the consequent restriction on credit availability, has negatively impacted on the house building markets, creating a time lag whereby supply is latent with respect to demand. Similarly during normal periods, demand-side inefficiencies exist because housing is also a high value commodity and when transacted by individuals, payment can take place over a long period.
- 6.1.2 The decision to purchase housing represents the largest investment made by households, the enactment of a move having huge impacts upon the circumstances and living arrangements of a household, and it is this characteristic which differentiates housing markets from many others. Integral to the movement of households is the consideration of spatial locations. Housing markets can be conceptualised at a series of spatial locations, from national, regional and down to neighbourhood locations. In practice the vast majority of household moves within the UK are enacted within a relatively small radius: the latest Survey of English Housing shows that approximately 70% of household moves are undertaken within a 20 mile radius (SEH, 2006). Most households seek to move within the same area because they want to live in a more suitable, or desirable property or location, without completely changing the other elements within their lives such as employment, social networks and proximity to certain services.
- 6.1.3 Consistent with the Core Strategy we have identified the Central Lancashire area as representing an inclusive housing market, 70% of household moves originating and residing

within the boundary.<sup>19</sup> The operation of that area as a housing market can be thought of in different ways.

- (i) It can be conceptualised in terms of a household's housing search, representing the area within which a household will look to find a suitable property.
- (ii) It can be defined as household moves, where searches are realised within the market as a sale and move.

6.1.4 It is evident that searches will vary in accordance to the housing on offer to them. The degree to which socio-economic circumstances of households is seen to alter the spatial extent of housing markets will vary depending on the spatial scale of analysis. At the neighbourhood level, socio-economic differences do have an effect. Poorer neighbourhoods consisting of households with lower purchasing capacities have fewer options to move to areas that may be more desirable.

6.1.5 The Central Lancashire housing market comprises numerous markets below this sub-regional level, the three respective districts as discussed above and markets operating at the sub-district and neighbourhood level. Examples include the emergence within the last five years of new markets such as city living within central Preston, successful suburban markets in North Preston such as Ashton-on-Ribble, Ingol and Fulwood and higher value markets within Chorley and South Ribble. Furthermore travel to work and migration data, provided by Communities and Local Government, illustrates greater levels of integration with the wider marketplace such as West Lancashire and Fylde, with housing and labour markets closely aligned. Sub-regionally the market structure in Central Lancashire is polycentric. Notwithstanding the Preston city apartment market, common market characteristics between the urban centres are such that house prices are arranged concentrically with the lower value property in the inner core and higher prices in the outlying suburban and rural locations. This is presented in Figure 32 above.

6.1.6 The Interim Housing Needs Study (Nevin Leather, 2008) identifies several sub-district housing areas throughout Central Lancashire namely;

- **Preston;** Broughton, Preston Centre, Preston Inner area, Preston eastern suburbs, Preston outer suburbs, Woodplumpton, Barton, Lea, Goosnargh, Whittingham, Haighton, Grimsargh
- **South Ribble;** Leyland, Lostock/ Penwortham, Bamber Bridge, Ribble East, Middleforth, Ribble West

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<sup>19</sup> 2001 Census migration statistics and Identifying Submarkets at the Sub-Regional Level in England, Communities and Local Government, May 2007

- **Chorley;** Lostock/ Eccleston, Chisnall/ Coppull, Euxton/ Astley, Clayton, Brindle/ Hoghton, Wheelton/ Withnell, Adlington/ Rivington, Chorley.

6.1.7 The analysis in the next section tests the geography of sub-district markets using containment analysis and analysis of stock and price geographies.

## 6.2 Self containment of housing markets

6.2.1 Properties are fixed in a given location and it is within this spatial context that housing systems operate. The locational aspect of a property, such as proximity to the workplace, schools, services and quality of a neighbourhood determine the level of demand for a given property. The local housing area serves as a functional area of search for a household's purposes and can be defined as an area households choose to move within without having to change employment. Residential choice shapes access to labour markets as highlighted in the Core Strategy for Central Lancashire, and labour market income primarily influences residential choice and availability.

6.2.2 Given the detailed data sources available at sub-district level, it would be erroneous to define a housing system as a local authority boundary; households rarely consider such boundaries when searching for a property, whether in the private or social housing sector.

6.2.3 Notwithstanding the identification of sub-district housing areas outlined in the Nevin Leather report, further analysis of ONS containment data reveals that these areas represent housing needs analysis at a settlement level, rather than operational housing market areas. In the absence of pre-defined housing market areas for Central Lancashire and given the flow of household moves across local authority and ward boundaries, we have utilised 2008 migration data to define housing market areas. The purpose of using this data is to identify areas comprising household moves with that maximise containment.

6.2.4 Our methodology for doing this is 'stepwise' and undertaken in the following way:

- (i) Market mapping using price, stock, tenure and socio-economic geographies
- (ii) Using ward level migration data, test pre-defined market boundaries
- (iii) Iteration and testing
- (iv) Containment analysis of sub-district markets

## Preston

- 6.2.5 At the local authority level Preston has a calculable origin based self-containment of 65.8%<sup>20</sup>(65.8% of those moving from within Preston moved to a location also within Preston as defined by the local authority boundary) and as such represents a relatively contained market.
- 6.2.6 Using price, stock, tenure and socio-economic areas it is possible to identify like-for-like areas within Preston that when grouped as contiguous areas may adhere to housing market area criteria. The objective of this is to identify the maximum number of separable areas which are thought to best represent the housing market geography. The next stage is to test these areas using migration flows data to measure containment.
- 6.2.7 The local authority of Preston can be split into three broad sub-markets using administrative ward geography as the building blocks:
- **Preston North** - Ashton, Cadley, College, Garrison, Greyfriars, Ingol, Larches, Lea, and Sharoe Green;
  - **Preston South** - Brookfield, Deepdale, Fishwick, Moor Park, Ribbleton, Riversway, St George`s, St Matthew`s, Town Centre, Tulketh and University;
  - **Preston Rural** - Preston Rural East and Preston Rural North

**Table 62: Migration flows between housing market area**

Origin	Destination			
	Preston South	Preston North	Preston Rural	Total
<b>Preston South</b>	5152	938	54	<b>6144</b>
<b>Preston North</b>	1114	1880	131	<b>3125</b>
<b>Preston Rural</b>	66	184	152	<b>402</b>
<b>Total</b>	<b>6332</b>	<b>3002</b>	<b>337</b>	<b>9671</b>
<b>Preston South</b>	53.3%	9.7%	0.6%	<b>63.5%</b>
<b>Preston North</b>	11.5%	19.4%	1.4%	<b>32.3%</b>
<b>Preston Rural</b>	0.7%	1.9%	1.6%	<b>4.2%</b>
<b>Total</b>	<b>65.5%</b>	<b>31.0%</b>	<b>3.5%</b>	<b>100.0%</b>

Source: 2001 Census Origin and Destination Statistics (people)

- 6.2.8 Table 62 above presents the intra migration flows within Preston. 53.3% of the moving population moved within the Preston South market area whilst 19.4% moved within Preston North. The migration flows presented in the table show that in terms of intra sub-market

<sup>20</sup>2001 Census Origin and Destination Statistics



moves that the flow from Preston North to Preston South is relatively significant at 11.5% of the total moving population within Preston.

6.2.9 In terms of the inter-relationship between wards in Preston South and Preston North it is clear that most interaction across the ward geography occurs to the west of the inner urban area. The rural north and east of the district represents approximately 8% of the total population but just 4.2% of the moving population within the district and as such is relatively separated as a market area. The relationship between the rural markets and Preston North, the more affluent of the inner Preston areas is however stronger than that of Preston South.

6.2.10 Table 63 presents the origin and destination based self-containment within each of the Preston sub-markets. Preston South is the most contained market whilst Preston North with a stronger relationship to the rural markets to the north and east is less contained. The Rural North market is least contained with strong population exchange with areas outside of the Preston district.

**Table 63: Origin and Destination based self-containment**

<b>Sub-market</b>	<b>Origin</b>	<b>Destination</b>
Preston South	49.8%	46.1%
Preston North	36.2%	36.7%
Preston Rural	20.7%	19.5%
<b>Preston district</b>	<b>65.8%</b>	<b>68.9%</b>

Source: 2001 Census UV52 Migration (households)

### South Ribble

6.2.11 South Ribble is located between Preston to the north and Chorley to the south and as such the district is defined both as hinterland to the City of Preston and also nearer to north Chorley. At the local authority level South Ribble has a calculable origin based self-containment of 62.0% (62.0% of those moving from within South Ribble moved to a location also within South Ribble as defined by the local authority boundary) and as such represents a relatively contained market, albeit less so than Preston and also Chorley.

6.2.12 Using price, stock, tenure and socio-economic areas it is possible to identify four like-for-like areas within South Ribble that when grouped as contiguous areas may adhere to housing market area criteria. In the case of South Ribble the two main settlements of Bamber Bridge and Leyland comprise the initial basis for outlining discrete areas.

6.2.13 The objective of this is to identify the maximum number of separable areas that are thought to best represent housing market criteria. The next stage is to test these areas using migration flows data to measure containment.

6.2.14 The local authority of South Ribble can be split into four broad sub-markets using administrative ward geography as the building blocks:

- **Bamber Bridge** - Bamber Bridge East, Bamber Bridge North, Bamber Bridge West, Lostock Hall, Tardy Gate, Walton-le-Dale;
- **Leyland** - Farington East, Farington West, Earnshaw Bridge, Golden Hill, Leyland Central, Leyland St. Ambrose, Leyland St. Mary`s, Lowerhouse, Moss Side, Seven Stars;
- **Rural west** - Broad Oak, Charnock, Howick and Priory, Kingsfold, Little Hoole and Much Hoole, Longton and Hutton West, Middleforth, New Longton and Hutton East, Whitefield;
- **Rural east** - Coupe Green and Gregson Lane, Samlesbury and Walton.

**Table 64: Migration flows between housing market area**

Origin	Destination				Total
	Bamber Bridge	Leyland	Rural West	Rural East	
Bamber Bridge	778	149	108	80	<b>1115</b>
Leyland	203	1494	129	27	<b>1853</b>
Rural West	189	210	1263	18	<b>1680</b>
Rural East	50	27	12	76	<b>165</b>
<b>Total</b>	<b>1,220</b>	<b>1,880</b>	<b>1,512</b>	<b>201</b>	<b>4813</b>

Bamber Bridge	16.2%	3.1%	2.2%	1.7%	<b>23.2%</b>
Leyland	4.2%	31.0%	2.7%	0.6%	<b>38.5%</b>
Rural West	3.9%	4.4%	26.2%	0.4%	<b>34.9%</b>
Rural East	1.0%	0.6%	0.2%	1.6%	<b>3.4%</b>
<b>Total</b>	<b>25.3%</b>	<b>39.1%</b>	<b>31.4%</b>	<b>4.2%</b>	<b>100.0%</b>

Source: 2001 Census Origin and Destination Statistics (people)

6.2.15 Table 64 above presents the intra migration flows within South Ribble. 31.0% of the moving population moved within the Leyland market area whilst 26.2% moved within the Rural West market area which includes Longton, Penwortham and Hutton. The migration flows presented in the table show that in terms of intra sub-market moves that the flows between the main settlements of Leyland and Bamber Bridge is the most significant.

6.2.16 The Rural East market is the most difficult to define in terms of migration. Approximately 30% of the population moving from this area move to Bamber Bridge. Whilst this represents just 1.0% of the total moving population within South Ribble it indicates that the Rural East

market represents an area with strong connections to other markets. This is reflected in the relatively low self containment figure outlined below.

- 6.2.17 Table 65 presents the origin and destination based self-containment within each of the South Ribble sub-markets. The market centred around Leyland is the most contained market whilst the Rural West market encapsulating the relatively contained settlements of Penwortham, Longton and Hutton is also comparable in terms of containment. Bamber Bridge is also relatively contained albeit with a stronger relationship to Preston and also to the rural markets to the east. The Rural East market is the least contained with strong population exchange with areas outside of the district.

**Table 65: Origin and Destination based self-containment**

<b>Sub-market</b>	<b>Origin</b>	<b>Destination</b>
Bamber Bridge	37.8%	38.0%
Leyland	48.9%	45.3%
Rural West	46.4%	44.5%
Rural East	14.1%	17.2%
<b>South Ribble</b>	<b>62.0%</b>	<b>56.7%</b>

Source: 2001 Census UV52 Migration (households)

### Chorley

- 6.2.18 Chorley is located to the south of Central Lancashire and as such the district is defined both as hinterland to the City of Preston and also joining that of north Manchester. At the local authority level Chorley has a calculable origin based self-containment of 63.7% (63.7% of those moving from within Chorley moved to a location also within Chorley as defined by the local authority boundary) and as such represents a relatively contained market, albeit less so than Preston.
- 6.2.19 Using price, stock, tenure and socio-economic areas it is possible to identify three like-for-like areas within Chorley that when grouped as contiguous areas may adhere to housing market area criteria. Chorley as the main settlement lies at the centre of the district and adjacent to the M61. If Chorley is combined with the smaller settlements of Clayton le Woods and Euxton it becomes a contiguous central urban corridor within the district. The other two definable areas are formed by the eastern and western rural hinterlands containing a series of smaller villages and hamlets.
- 6.2.20 The objective of this separation is to identify the maximum number of separable areas which are thought to best represent housing market geography. The next stage is to test these areas using migration flows data to measure containment.

6.2.21 The local authority of Chorley can be split into three broad sub-markets using administrative ward geography as the building blocks:

- **Chorley Central** - Astley and Buckshaw, Chorley East, Chorley North East, Chorley North West, Chorley South East, Chorley South West, Clayton-le-Woods and Whittle-le-Woods, Clayton-le-Woods North, Clayton-le-Woods West and Cuerden, Coppull, Euxton North, Euxton South;
- **Chorley East** - Adlington and Anderton, Brindle and Hoghton, Heath Charnock and Rivington, Pennine, Wheelton and Withnell;
- **Chorley West** - Eccleston and Mawdesley, Chisnall, Lostock.

**Table 66: Migration flows between housing market area**

Origin	Destination			
	Chorley Central	Chorley East	Chorley West	Total
Chorley Central	3,663	291	193	<b>4,147</b>
Chorley East	292	505	24	<b>821</b>
Chorley West	169	27	334	<b>530</b>
<b>Total</b>	<b>4,124</b>	<b>823</b>	<b>551</b>	<b>5,498</b>

Chorley corridor	66.6%	5.3%	3.5%	<b>75.4%</b>
Chorley East	5.3%	9.2%	0.4%	<b>14.9%</b>
Chorley West	3.1%	0.5%	6.1%	<b>9.6%</b>
<b>Total</b>	<b>75.0%</b>	<b>15.0%</b>	<b>10.0%</b>	<b>100.0%</b>

Source: 2001 Census Origin and Destination Statistics (people)

6.2.22 Table 66 above presents the intra migration flows within Chorley. 66.6% of the moving population moved within the Chorley Corridor market area whilst 9.2% moved within the Chorley East market area, which includes Hoghton, Wheelton and Rivington. The migration flows presented in the table show that in terms of intra sub-market moves that the flows between Chorley and the more rural hinterland is significant whilst movement from East to West is not.

6.2.23 Table 67 presents the origin and destination based self-containment within each of the Chorley sub-markets. The market centred around Chorley is the most contained market whilst Chorley East and Chorley West market are significantly less contained.

**Table 67: Origin and destination based self-containment**

Sub-market	Origin	Destination
Chorley Central	56.2%	52.3%
Chorley East	38.3%	33.6%
Chorley West	25.3%	22.2%
<b>Chorley</b>	<b>63.7%</b>	<b>58.7%</b>

Source: 2001 Census UV52 Migration (households)

## Central Lancashire

- 6.2.24 In the sections above we examine the housing market geography identified through dividing each of the districts. The housing market geography can also be thought about in terms of Central Lancashire, with Preston as the central focus. Examination of Travel-to-Work Area geography provided by ONS confirms that there is some relevance in referring to this as a base for market mapping.
- 6.2.25 Using the 2003 administrative ward geography we have split the Central Lancashire (Chorley, Preston and South Ribble) sub-region into an urban and rural market geography based on price, stock, tenure and socio-economic information. This geography assumes a concentric pattern surrounding the City of Preston.
- 6.2.26 Containment test results indicate that the urban market (comprising the City of Preston and settlements of Leyland, Bamber Bridge and Chorley) has a containment score of 71.8%, a higher level than the district geography and the overall Central Lancashire sub-region (the urban and rural areas combined) at 64.2%.
- 6.2.27 The rural market has a lower containment level of 38.0%. This is expected given that these areas have greater interaction with adjacent external markets.

## **6.3 Preston city living market**

- 6.3.1 The recent city living phenomenon reflects the urban renaissance in urban centres across the UK, representing the greatest cultural shift particularly during the last decade. The increasing share of population growth within the 56 biggest urban areas in England since 1981, attests to the success of the recovery of urban centres. These areas accounted for just 7% of national growth between 1981 and 1991, rising to 36% between 1991 and 1997 and 42% between 1997 and 2003 (Urwin, 2005).
- 6.3.2 City centre living is the product of inter-related demographic, economic, social and cultural factors. Set against a background of economic growth during the last decade, city centre living has become particularly aspirational. Correspondingly, the UK demographic profile has shifted and nationally household growth has outpaced population growth. Between 1961 and 2004 the number of families rose by 2.6 million, yet the number of households increased by 7.8 million (ONS, 2005). The number of single person households is set to increase by 190,000 households per year, to 24 million by 2021 (CLG), resulting in declining average household size from 2.37 persons per household nationally to 2.16 by 2026.

- 6.3.3 City living is well established in the principal centres of the UK, notably London, Manchester, Birmingham and Edinburgh as respective regional centres continue to take the greatest proportion of inter-regional migrants. Preston as the main urban and employment centre of the Central Lancashire City Region has witnessed growth within the central urban housing market. The new wave of city residents reflects a particularly narrow section of society, being predominantly younger, affluent with higher than average levels of disposable income and well educated.
- 6.3.4 Living in the centre of cities and towns is an attractive lifestyle choice for young people. Repackaged urban centres provide an arena for what cultural commentators have labelled an 'extended adolescence', which includes closer proximity to work and leisure facilitating a 'work hard and play hard' attitude (Chatterton et al, 2003)<sup>21</sup>. Indeed, the vision that regenerated city centres would comprise long term owner occupiers, in sustainable communities has only been realised in well established centres with dedicated urbanites such as London, York, Edinburgh, Bristol and Bath. In most emerging city centre markets urban living has developed a distinctive model, dominated by young people, in no small part due to the growth of the higher education sector (Nathan and Urwin, 2005). This is particularly important in terms of the Central Lancashire housing market with annual production of in excess of 2,000 first degree graduates from University of Central Lancashire and the associated demand pull factor for 'buy-to let' properties from parent investors.
- 6.3.5 City centre living being a product of a particular lifestyle stage is reflected in the high degree of turnover experienced within these populations. Studies have shown that in any given year 30% of the population move in, or out of city centres, young residents establishing no ties to the area with up to 71% of households planning to move out within the next two years (Unsworth, 2007). What is it that attracts households to live in cities? Recent survey evidence (Unsworth, 2007) suggests that convenience and buzz are the main attractions for most city centre residents. Evidence from Leeds based residents' shows that 37% of residents moved to the city centre for lifestyle reasons (17% moved because of nightlife), while 44% moved to be close to work.
- 6.3.6 These issues have significant implications for the sustainability of the city living apartment market in its current form especially in terms of tenure groups and the idea of mixed tenure, mixed income communities promoted by the Joseph Rowntree Foundation and the impact of regeneration on the wider existing community.

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<sup>21</sup> Chatterton P, Byrnes B, Hollands R, Reed C 'Changing Our 'Toon': Youth, Nightlife and Urban Change in Newcastle', Discussion paper, Newcastle: CURDS/Sociology and Social Policy Departments, 2003.

## 6.4 Distribution of households

6.4.1 The size of the sub-areas in terms of households numbers are shown in Table 68 as identified in the household survey.

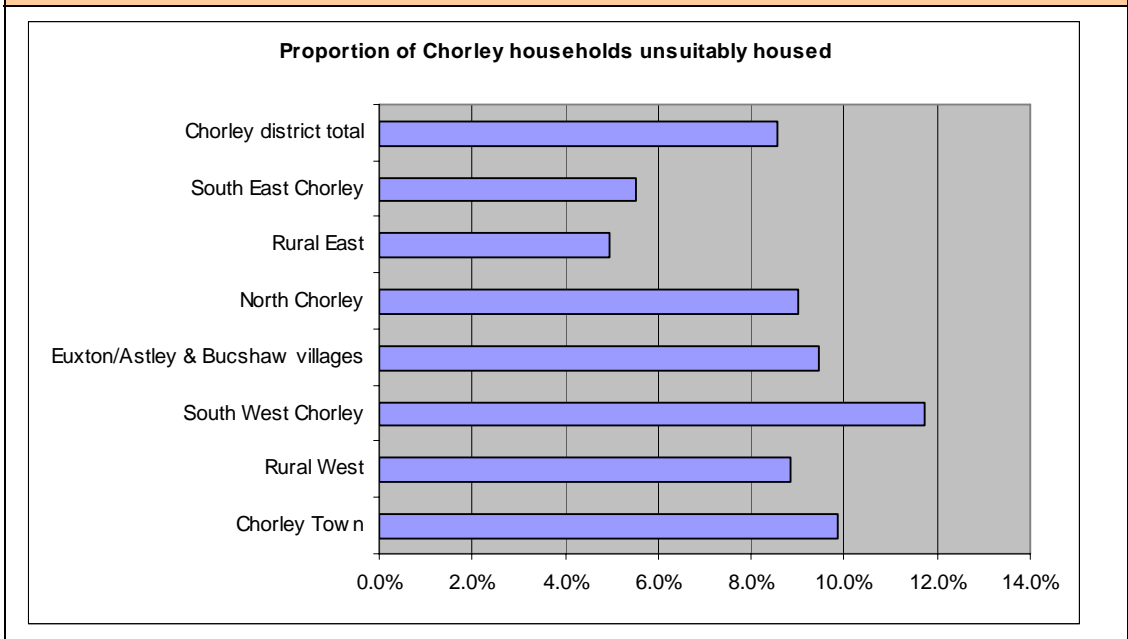
Table 68: Central Lancashire households by sub area		
	%	No.
Chorley Town	19.3	9,090
Lostock/Ecclestone/Mawdesley (Rural West)	13.0	6,123
Chisnall/Coppull (South West Chorley)	12.2	5,746
Euxton/Astley & Buckshaw villages	15.4	7,253
Whittle-le-Woods (North Chorley)	13.5	6,359
Heapey (Rural East)	13.4	6,311
Adlington/Anderton/Heath Charnock/Rivington (South East Chorley)	13.2	6,217
<b>CHORLEY</b>	<b>100.0</b>	<b>47,100</b>
Broadgate/Avenham/Frenchwood	6.4	3,686
Fishwick/St Matthews/Deepdale	11.5	6,624
Riversway/University/St Georges/Moor Park	13.0	7,488
Brookfield/Ribbleton/Garrison/Sharoe Green/College	20.8	11,981
Greyfriars/Cadley/Ingol/Lea/Larches/Tulketh	30.2	17,395
Broughton/Garstang/Grimsargh/Inglewhite/Longridge/Whittingham/Woodplumpton	18.1	10,426
<b>PRESTON</b>	<b>100.0</b>	<b>57,600</b>
Penwortham	22.9	10,716
Leyland	24.3	11,371
Bamber Bridge and Walton le Dale	15.4	7,206
Lostock Hall and Farington	13.5	6,317
Longton, Hutton and Hoole (Western Parishes)	14.5	6,785
Salesbury & Walton, Coupe Green & Gregson Lane (Eastern Parishes)	9.4	4,399
<b>SOUTH RIBBLE</b>	<b>100.0</b>	<b>46,795</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 6.5 Households in unsuitable housing

6.5.1 Unsuitable housing is a key factor in determining housing need (see Section 8.2 below). Figure 33, Figure 34 and Figure 35 show the proportions of households unsuitably housed in each of the sub-areas. In Chorley, South West Chorley and Chorley Town in particular are above the District average.

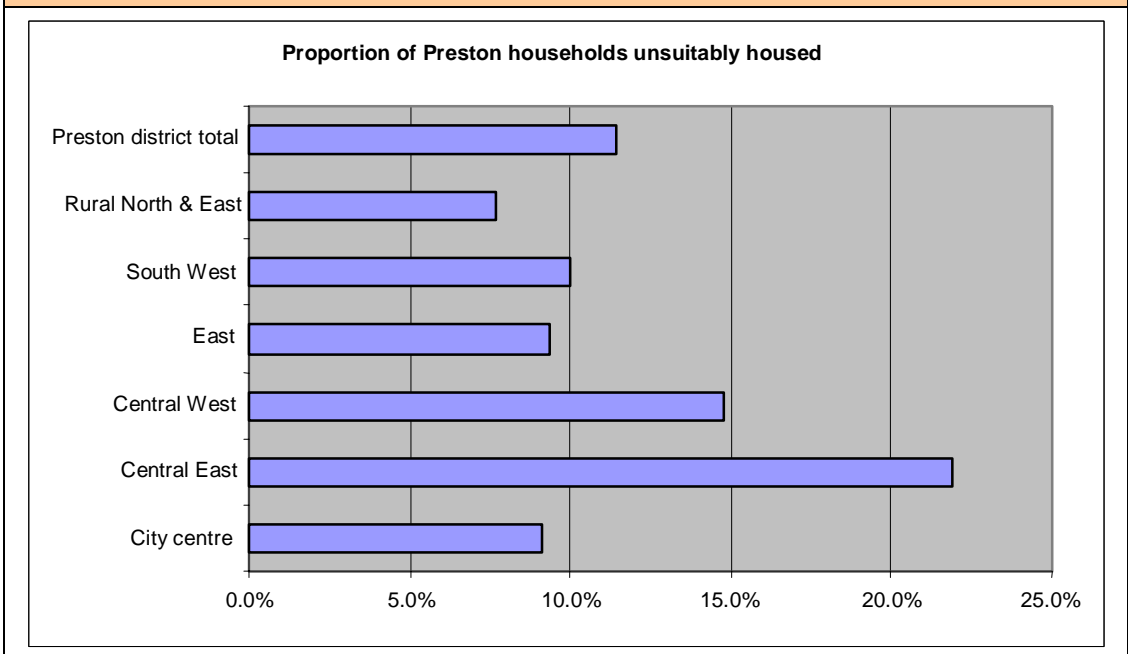
**Figure 33: Proportion of Chorley households unsuitably housed by sub-area**



Source: Chorley, Preston and South Ribble household survey data 2008/2009

6.5.2 In Preston, it is Central East and Central West that record significantly higher rate of households unsuitably housed relative to the District average. These are the highest rates across Central Lancashire.

**Figure 34: Proportion of Preston households unsuitably housed by sub-area**

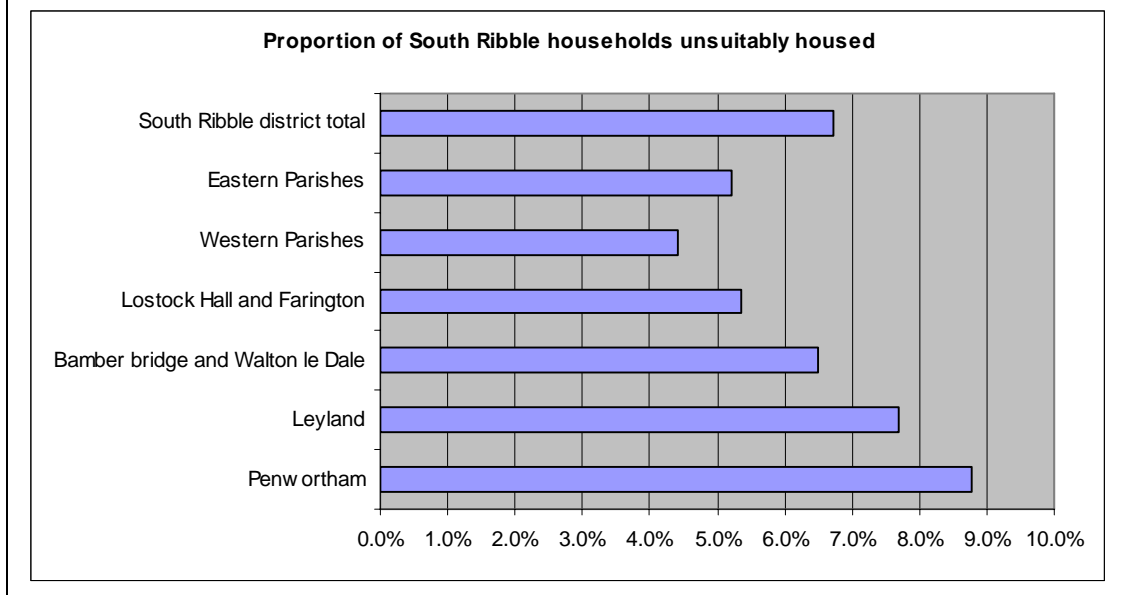


Source: Chorley, Preston and South Ribble household survey data 2008/2009

6.5.3 Leyland and Penwortham are the two sub-areas where proportions of households in unsuitable housing are above the South Ribble average.



Figure 35: Proportion of South Ribble households unsuitably housed by sub-area



Source: Chorley, Preston and South Ribble household survey data 2008/2009

6.5.4 Tables 1, 2 and 3 in Appendix 4 expand upon the reasons respondents gave for identifying their household as being unsuitably housed.

## 6.6 Under/over occupation

6.6.1 By comparing the number of people living in a house with the number of bedrooms available it is possible to establish a crude measure of under or over occupation. A house can be said to be under occupied, if there are two more bedrooms than people living in the house (e.g. one person to three bedrooms) and over occupied if there are two more people than bedrooms available (e.g. three people to one bedroom).

6.6.2 The common pattern in this analysis is usually that urban housing tends to be over-occupied and rural housing tends to be under-occupied. Preston Town Centre and Preston Central East have far and away the highest recorded levels of over-crowding in the survey. Under occupation appears more prevalent in Euxton/Astley & Buckshaw villages, Rural West Chorley, Rural North and East Preston, East Preston and South Ribble's Western Parishes.

Table 69: Over/under occupation by Chorley sub areas		
Chorley sub areas	Under occupation	Over occupation
Chorley Town	15.1%	2.9%
Rural West	23.2%	3.3%
South West Chorley	22.6%	2.8%
Euxton/Astley & Buckshaw villages	25.8%	1.6%
North Chorley	19.1%	4.4%
Rural East	20.7%	2.5%
South East Chorley	19.1%	4.3%
<b>Chorley total</b>	<b>20.5%</b>	<b>3.1%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 70: Over/under occupation by Preston sub areas		
Preston sub areas	Under occupation	Over occupation
City centre	9.6%	13.2%
Central East	9.7%	11.2%
Central West	9.1%	2.7%
East	27.8%	2.3%
South West	24.8%	1.1%
Rural North & East	29.1%	0.9%
<b>Preston total</b>	<b>21.5%</b>	<b>3.4%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 71: Over/under occupation by South Ribble sub areas		
South Ribble sub areas	Under occupation	Over occupation
Penwortham	21.2%	2.4%
Leyland	17.2%	2.9%
Bamber Bridge & Walton le Dale	16.4%	0.6%
Lostock Hall and Farington	22.1%	0.7%
Western Parishes	23.0%	0.0%
Eastern Parishes	18.0%	3.3%
<b>South Ribble total</b>	<b>19.6%</b>	<b>1.7%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 6.7 Existing households in housing need

- 6.7.1 In the survey of residents, those households that were unsuitably housed and either intended to move within their district of residence or wanted to move but were unable, are

designated as being existing households in housing need. Although further analysis of this tranche of households is undertaken to determine the numbers for the housing needs model (summarised in Table 135 on page 239), these households are shown below broken down by sub-area as an indicator of where the housing need is relatively higher or lower. Central East Preston, Central West Preston and South West Chorley have rates of households in housing need that are significantly higher than the other sub-areas. The lowest rates are in Rural East Chorley and Rural North & East Preston. Overall there is less variation between highs and lows in South Ribble.

<b>Table 72: Existing households in need by Chorley sub areas</b>		
<b>Chorley sub areas</b>	<b>Percent</b>	<b>Number</b>
Chorley Town	5.8%	531
Rural West	4.9%	301
South West Chorley	8.2%	473
Euxton/Astley & Buckshaw villages	4.2%	301
North Chorley	5.3%	339
Rural East	1.8%	116
South East Chorley	3.6%	224
<b>Chorley total</b>	<b>4.8%</b>	<b>2283</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

<b>Table 73: Existing households in need by Preston sub areas</b>		
<b>Preston sub areas</b>	<b>Percent</b>	<b>Number</b>
City centre	4.0%	149
Central East	10.6%	700
Central West	10.7%	800
East	6.3%	758
South West	5.4%	934
Rural North & East	2.8%	296
<b>Preston total</b>	<b>6.3%</b>	<b>3636</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 74: Existing households in need by South Ribble sub areas		
South Ribble sub areas	Percent	Number
Penwortham	5.3%	569
Leyland	3.4%	387
Bamber Bridge & Walton le Dale	3.4%	246
Lostock Hall and Farington	3.3%	206
Western Parishes	4.2%	287
Eastern Parishes	4.1%	182
<b>South Ribble total</b>	<b>4.0%</b>	<b>1876</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 6.8 Migration patterns

- 6.8.1 Table 75, Table 76 and Table 77 show the migration patterns of movers within the sub-areas of Chorley, Preston and South Ribble.
- 6.8.2 In Chorley, the most self-contained sub-area is Chorley town with 57.8% of moves originating and concluding in the town. Almost three-quarters (73.4%) of recent movers in Chorley town came from within the District. North Chorley is the sub-area that receives the most inward migrants from elsewhere in Central Lancashire (57.8%) and, along with Rural East (16.0%) has the lowest level of self-containment (16.7%).

Table 75: Origin of recent movers to Chorley by sub area								
Previous address of recent movers	Current address of Chorley recent movers (Col %)							
	Chorley Town	Rural West	South West Chorley	Euxton/Astley & Buckshaw villages	North Chorley	Rural East	South East Chorley	District total
Chorley Town	57.8	7.6	8.8	28.1	0.0	0.0	6.8	21.1
Rural West	0.0	44.6	8.8	0.0	0.0	0.0	6.8	8.1
South West Chorley	0.0	0.0	24.2	0.0	0.0	5.3	0.0	4.0
Euxton/Astley & Buckshaw villages	2.4	0.0	4.4	24.4	7.8	5.3	0.0	6.0
North Chorley	4.2	0.0	0.0	4.9	16.7	0.0	6.8	4.6
Rural East	4.8	0.0	7.7	0.0	4.4	16.0	13.6	6.0
South East Chorley	4.2	0.0	4.4	0.0	0.0	0.0	33.9	4.7
<b>Total from within District</b>	<b>73.4</b>	<b>52.2</b>	<b>58.3</b>	<b>57.4</b>	<b>28.9</b>	<b>26.6</b>	<b>67.9</b>	<b>54.5</b>
Preston	2.4	4.3	0.0	0.0	21.1	0.0	0.0	4.1
South Ribble	4.8	8.7	0.0	4.9	36.7	9.3	0.0	9.2
<b>Total elsewhere in Central Lancs</b>	<b>7.2</b>	<b>13.0</b>	<b>0.0</b>	<b>4.9</b>	<b>57.8</b>	<b>9.3</b>	<b>0.0</b>	<b>13.3</b>
East Lancashire	0.0	0.0	0.0	0.0	4.4	10.7	0.0	1.8
Elsewhere in Lancashire	4.8	26.1	12.1	0.0	0.0	10.7	11.9	8.9
Greater Manchester	4.8	0.0	16.5	8.5	8.9	10.7	6.8	7.6
Merseyside	0.0	0.0	0.0	0.0	0.0	5.3	0.0	0.6
Elsewhere in the North West	0.0	0.0	0.0	14.6	0.0	5.3	6.8	3.1
Elsewhere in the UK	7.2	4.3	8.8	9.8	0.0	10.7	6.8	6.7
In Eastern Europe	0.0	0.0	0.0	4.9	0.0	0.0	0.0	0.6
Other	2.4	4.3	4.4	0.0	0.0	10.7	0.0	3.1
<b>Total in migrants</b>	<b>19.2</b>	<b>34.7</b>	<b>41.8</b>	<b>37.8</b>	<b>13.3</b>	<b>64.1</b>	<b>32.3</b>	<b>32.4</b>
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Chorley, Preston and South Ribble household survey data 2008/2009

6.8.3 In Preston, the most self-contained sub-areas are Central East and Rural North & East with 39.4% and 38.7% respectively of moves originating and concluding in the sub-areas. Around three-quarters of recent movers in Preston City Centre (73.6%), Central East (73.8%) and East (78.7%) came from within the District. Central West is the sub-area that receives the most inward migrants from elsewhere in Central Lancashire (only 15.0% though) and South West and Rural North & East receive the highest proportions of in-migrants overall; 37.4% and 34.6% respectively.

Table 76: Origin of recent movers to Preston by sub area							
Previous address of recent movers	Current address of Preston recent movers						
	City Centre	Central East	Central West	East	South West	Rural North & East	District total
City centre	29.8	0.0	13.9	4.0	6.5	4.0	8.6
Central East	20.7	39.4	12.9	15.4	1.8	6.4	12.8
Central West	11.5	5.1	17.9	5.0	5.5	0.0	7.7
East	5.8	29.3	2.5	34.3	9.1	4.0	14.0
South West	0.0	0.0	16.4	15.0	21.1	12.1	13.8
Rural North & East	5.8	0.0	2.5	5.0	11.2	38.7	10.0
<b>Total from within District</b>	<b>73.6</b>	<b>73.8</b>	<b>66.1</b>	<b>78.7</b>	<b>55.2</b>	<b>65.2</b>	<b>66.9</b>
Chorley	0.0	0.0	2.5	0.0	0.0	0.0	0.5
South Ribble	0.0	0.0	12.5	4.0	7.3	0.0	5.4
<b>Total elsewhere in Central Lancs</b>	<b>0.0</b>	<b>0.0</b>	<b>15.0</b>	<b>4.0</b>	<b>7.3</b>	<b>0.0</b>	<b>5.9</b>
East Lancashire	0.0	0.0	2.5	2.5	1.8	4.0	2.0
Elsewhere in Lancashire	0.0	0.0	2.5	5.0	3.6	4.0	3.0
Greater Manchester	0.0	0.0	5.0	2.5	0.0	0.0	1.5
Merseyside	0.0	0.0	0.0	0.0	1.8	0.0	0.5
Elsewhere in the North West	0.0	13.1	0.0	2.5	1.8	0.0	2.3
Elsewhere in the UK	11.5	8.1	5.0	0.0	7.3	14.5	6.7
In Eastern Europe	5.8	0.0	0.0	0.0	0.0	0.0	0.5
Other	9.2	5.1	4.0	5.0	21.1	12.1	10.5
<b>Total in migrants</b>	<b>26.5</b>	<b>26.3</b>	<b>19.0</b>	<b>17.5</b>	<b>37.4</b>	<b>34.6</b>	<b>27.0</b>
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Chorley, Preston and South Ribble household survey data 2008/2009

6.8.4 In South Ribble, the most self-contained sub-area is Leyland with 61.5% of moves originating and concluding in the sub-areas. Almost three-quarters of recent movers in Leyland (73.4%) and Western Parishes (71.3%) came from within the District.

6.8.5 Lostock Hall & Farington (28.8%), Bamber Bridge & Walton le Dale (26.7%) and Eastern parishes (26.9%) are the sub-areas that receive the most inward migrants from elsewhere in Central Lancashire. Lostock Hall & Farington (28.7%) receives the highest proportion of in-migrants overall.

Table 77: Origin of recent movers to South Ribble by sub area							
Previous address of recent movers	Current address of South Ribble recent movers						
	Pen-wortham	Leyland	Bamber Bridge & Walton le Dale	Lostock Hall & Farington	Western parishes	Eastern parishes	District total
Penwortham	35.0	3.5	3.3	5.9	28.7	0.0	14.0
Leyland	6.4	61.5	14.9	10.0	8.2	0.0	22.7
Bamber Bridge & Walton le Dale	2.6	8.4	26.8	12.3	11.5	13.4	11.7
Lostock Hall and Farington	3.8	0.0	11.5	8.2	0.0	0.0	4.3
Western Parishes	2.6	0.0	0.0	5.9	22.9	0.0	4.1
Eastern Parishes	7.9	0.0	0.0	0.0	0.0	26.9	3.2
<b>Total from within District</b>	<b>58.3</b>	<b>73.4</b>	<b>56.5</b>	<b>42.3</b>	<b>71.3</b>	<b>40.3</b>	<b>60.0</b>
Preston	19.5	2.4	16.7	16.5	11.5	26.9	13.6
Chorley	3.8	8.4	10.0	12.3	5.7	0.0	7.5
<b>Total elsewhere in Central Lancs</b>	<b>23.3</b>	<b>10.8</b>	<b>26.7</b>	<b>28.8</b>	<b>17.2</b>	<b>26.9</b>	<b>21.1</b>
East Lancashire	0.0	0.0	3.3	4.1	0.0	0.0	1.3
Elsewhere in Lancashire	5.3	4.9	3.3	8.2	0.0	0.0	4.4
Greater Manchester	5.3	0.0	0.0	4.1	0.0	13.4	2.5
Merseyside	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Elsewhere in the North West	0.0	0.0	0.0	4.1	0.0	0.0	0.6
Elsewhere in the UK	5.3	7.3	6.7	4.1	5.7	19.3	6.6
In Eastern Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	2.6	3.5	3.3	4.1	5.7	0.0	3.4
<b>Total in migrants</b>	<b>18.5</b>	<b>15.7</b>	<b>16.6</b>	<b>28.7</b>	<b>11.4</b>	<b>32.7</b>	<b>18.8</b>
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 6.9 Household income

6.9.1 The following three tables (Table 78, Table 79 and Table 80) set out the distribution of household income by the district sub-areas. Each table at each row shows the proportion of households whose income is in or below that income range (for example in Chorley town 48.9% of households have a gross household income of less than £1,499 per month). The row highlighted in yellow in each table is the income band for that District below which a household is unable to afford an entry-level home for sale (see Chapter 8, *Estimating Housing Need* for a detailed discussion of this concept).

6.9.2 In simple terms, what is apparent is that the highest proportions of households that are unable to enter the housing market at current costs are in Chorley Town, Preston Town Centre, Preston Central East, Leyland, Lostock Hall & Farington and South Ribble's Eastern and Western parishes.

Table 78: Household income by Chorley sub areas (cumulative %)								
Gross monthly household income	Chorley sub areas							
	Chorley Town	Rural West	South West Chorley	Euxton/ Astley & Buckshaw villages	North Chorley	Rural East	South East Chorley	District total
< £749	17.0	12.2	12.6	7.5	13.0	7.4	11.3	11.8
£750 - £999	34.0	20.9	20.3	20.4	23.9	15.5	23.0	23.3
£1,000 - £1,249	43.4	27.0	35.2	29.1	32.1	22.9	29.6	32.0
£1,250 - £1,499	48.9	34.4	47.6	38.2	40.4	34.1	37.5	40.6
£1,500 - £1,749	56.8	39.8	53.7	45.2	46.1	38.6	44.3	46.9
£1,750 - £1,999	64.0	43.1	58.1	54.1	53.2	47.7	52.6	53.9
£2,000 - £2,249	72.2	56.9	64.3	61.8	58.2	50.8	61.5	61.5
£2,250 - £2,499	78.5	61.8	69.6	68.0	64.5	56.1	66.8	67.2
£2,500 - £2,749	82.7	65.9	73.1	70.1	66.6	59.9	71.3	70.7
£2,750 - £2,999	86.9	69.1	75.5	79.7	73.0	64.4	77.4	76.0
£3,000 - £3,499	90.0	74.0	81.7	90.2	79.5	72.0	81.9	82.0
£3,500 - £3,999	92.1	83.7	84.4	92.3	83.8	81.1	86.4	86.7
£4,000 - £4,499	93.7	88.6	90.3	95.8	88.0	89.4	90.9	91.2
£4,500 - £4,999	96.9	91.9	92.1	97.9	90.9	90.9	92.4	93.6
£5,000 - £5,499	97.9	95.9	94.7	97.9	92.3	93.9	94.7	95.5
> £5,500	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Chorley, Preston and South Ribble household survey data 2008/2009



Table 79: Household income by Preston sub areas (cumulative %)							
Gross monthly household income	Preston sub areas						
	City Centre	Central East	Central West	East	South West	Rural North & East	District total
< £749	30.2	31.2	20.0	8.4	15.5	7.8	15.8
£750 - £999	56.6	48.0	42.6	21.5	26.3	14.3	29.4
£1,000 - £1,249	72.9	60.4	53.1	37.2	38.8	19.5	41.2
£1,250 - £1,499	79.3	77.6	61.3	43.5	46.6	28.2	49.9
£1,500 - £ 1,749	86.5	80.5	64.5	51.2	54.8	33.4	56.1
£1,750 - £1,999	88.3	83.6	72.4	56.4	59.2	40.9	61.4
£2,000 - £2,249	90.0	88.4	77.2	64.6	63.5	47.8	67.0
£2,250 - £2,499	92.9	93.2	81.7	68.0	66.0	54.1	70.9
£2,500 - £2,749	92.9	95.2	84.9	70.5	70.3	59.3	74.4
£2,750 - £2,999	94.6	95.2	88.1	74.0	73.8	65.4	77.8
£3,000 - £3,499	100.0	99.0	94.4	82.8	80.3	74.1	84.8
£3,500 - £3,999		100.0	96.0	85.6	86.6	75.8	87.9
£4,000 - £4,499			97.6	88.6	91.0	81.0	91.0
£4,500 - £4,999			98.4	91.5	93.9	86.2	93.6
£5,000 - £5,499			98.4	94.3	95.0	88.5	94.9
> £5,500			100.0	100.0	100.0	100.0	100.0

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 80: Household income by South Ribble sub areas (cumulative %)

Gross monthly household income	South Ribble sub areas						
	Penwortham	Leyland	Bamber Bridge & Walton le Dale	Lostock Hall & Farington	Western parishes	Eastern parishes	District total
< £749	13.2	13.6	10.1	11.7	5.8	18.2	12.1
£750 - £999	22.0	30.3	18.6	25.0	12.7	33.4	23.6
£1,000 - £1,249	32.2	37.3	31.3	38.4	24.4	43.2	34.1
£1,250 - £1,499	41.9	49.0	43.4	44.3	33.5	53.5	44.1
£1,500 - £1,749	49.4	57.1	52.6	56.4	38.4	57.2	51.9
£1,750 - £1,999	54.1	62.0	58.9	60.6	48.3	67.0	58.0
£2,000 - £2,249	61.1	70.8	64.6	72.3	62.2	70.6	66.5
£2,250 - £2,499	66.2	74.9	66.7	74.8	72.1	73.1	71.0
£2,500 - £2,749	69.5	80.0	72.4	79.0	76.2	79.2	75.5
£2,750 - £2,999	73.4	83.7	75.2	81.5	80.3	79.2	78.7
£3,000 - £3,499	79.5	88.8	83.7	85.7	88.5	85.3	85.0
£3,500 - £3,999	87.4	93.0	89.4	88.2	91.0	90.2	89.9
£4,000 - £4,499	93.0	95.8	92.2	90.8	95.1	95.1	93.7
£4,500 - £4,999	95.3	98.1	92.9	91.6	96.7	97.6	95.5
£5,000 - £5,499	97.2	98.6	92.9	94.1	98.4	98.8	96.8
> £5,500	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Chorley, Preston and South Ribble household survey data 2008/2009

# 7 THE FUTURE HOUSING MARKET

## SECTION OVERVIEW

In this section of the report we look at potential changes in the housing market including future households, economic change, future housing supply and changes in the role of housing.

### 7.1 Introduction

7.1.1 In the second half of 2008, the UK housing market showed little sign of an imminent recovery. Mortgage approvals were down, with 71% fewer loans in July 2008 compared to July 2007, whilst sales volumes fell to their lowest level for thirty years. Whilst the climate initially appeared similar to the housing crash in the early 1990s, there were some marked differences:

- Unemployment was relatively low by historic standards
- Inflation was still relatively low, and despite climbing sharply at the end of 2008, looked close to its peak
- Interest rates came down significantly after September 2008, and by March 2009 the Bank of England base rate reached its lowest ever level of 0.5%
- Although properties prices fell, there were relatively few forced sellers, and the main impact was felt in lower transaction volumes

7.1.2 Government action in late 2008 and early 2009 to underpin the banking sector along with the significant interest rate cuts by the Bank of England and measures to exempt properties under £175,000 from stamp duty were designed to encourage buyers to re-enter the market. In addition, the new, shared equity scheme, offering 10,000 first time buyers interest-free loans of up to 30% of purchase price as a deposit on a new-build properties over the next two years, could yet prove valuable for some buyers as well as for house builders.

7.1.3 Gross Domestic Product (GDP) contracted by 1.9% in the first quarter of 2009, compared with a decrease of 1.6 per cent in the fourth quarter of 2008. The HM Treasury Monthly Survey of Independent Forecasts (April 2009) suggested the economy will contract by 3.7% in 2009 followed by modest growth of 0.3% in 2010. The predicted negative growth for 2009 is driving the country into recession, which is already pushing unemployment and repossessions up and will contribute further to falling house prices.

- 7.1.4 Annual inflation, as measured by the Government's target measure of the Consumer Prices Index (CPI) was 2.9 per cent in March 2009, down from 3.2 per cent in February 2009; this is above the European Union rate of 1.7% for February 2009. Encouragingly, for the Bank of England, rising prices have not translated into wage demands; annual average annual earnings growth (including bonuses) rose by 0.1 per cent in the year to February 2009, down from the January rate of 1.7.
- 7.1.5 Consequently, house prices will almost certainly continue to fall during 2009, by as much as 25-30% in total from their peak in Autumn 2007.
- 7.1.6 These recent and continued price falls have not necessarily improved issues of affordability for two reasons. First the growth in house prices over the last ten years has put house purchase so far beyond the reach of many households that even the significant price corrections that are being predicted will not necessarily on their own be sufficient to alleviate the situation. Second, mortgage lenders have become far more selective and risk-averse, demanding higher deposits, offering lower income multiples and withdrawing most of their more immoderate products (such as 125% loans and re-payment periods of over 30 years).

## 7.2 Future household growth

- 7.2.1 Household growth has outpaced population growth over recent decades as the average size of households has declined nationally. Cultural and demographic shifts such as rising divorce levels, increased student numbers and increased life expectancy have all contributed to the rise in the number and proportion of single person households.
- 7.2.2 In 2006, Chorley had 103,775 persons in 43,996 households, an average of 2.36 persons per household, down from 2.39 persons in 2001 (CACI); this is projected to decrease to 2.07 persons per household by 2026.<sup>22</sup> According to CLG forecasts Chorley is expected to experience a 22.7% increase in household numbers to approximately 54,000 households by 2026.
- 7.2.3 In 2006, Preston had 136,122 persons in 57,351 households, an average of 2.37 persons per household, down from 2.40 in 2001 (CACI); this is projected to decrease to 2.09 persons per household by 2026 (CLG). According to CLG forecasts, Preston is expected to experience an 8.1% increase in household numbers to approximately 62,000 households by 2026.

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<sup>22</sup> CLG, Household projections to 2029, 2004 based

- 7.2.4 South Ribble had 108,103 persons in 46,271 households in 2006, an average of 2.34 persons per household, down from 2.42 in 2001 (CACI); this is projected to decrease to 2.12 persons per household by 2026 (CLG). According to CLG forecasts South Ribble is expected to experience a 16.7% increase in household numbers to approximately 54,000 households by 2026.
- 7.2.5 According to CLG forecasts North West is expected to record 2.07 persons per household, just below the national figure of 2.09, by 2026 (CLG).
- 7.2.6 The national trend towards diminishing household size is shown in the projected shift in household composition to 2026 across the three authorities. Between 2006 and 2026 single person households will increase by 53.9% in Chorley, 33.2% in Preston and 42.1% in South Ribble.
- 7.2.7 Whilst married couple households are expected to decrease by 0.1% in Chorley and 2.7% in South Ribble and by 17.3% in Preston over the same period, the proportion of co-habiting couple households will rise by 49.7%, 45.6% and 53.2% respectively. Average household size across each local authority is expected to decrease to approximately 2.1 persons per household by 2026.
- 7.2.8 Coupled with the ageing population, the decreasing household sizes suggest that the requirement for future dwellings will not necessarily be met by one bedroom dwellings since those smaller households in middle age and old age will need a spare bedroom for guests (children or carers) and/or flexible working.
- 7.2.9 However if present national trends continue, in the future household size is likely to fall as single person households and childless couples become more common, therefore household numbers may increase beyond figures currently forecast. In addition these figures do not take into account the level of existing household need and should be regarded as a base case scenario.

Table 81: Household projections in Chorley, Preston, South Ribble and North West

<b>Chorley</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>
Married couple	50.0%	46.8%	44.0%	42.3%	40.7%
Cohabiting couple	9.1%	10.6%	12.0%	11.5%	11.1%
Lone parent	6.8%	6.4%	6.0%	5.8%	5.6%
Other multi-person	4.5%	4.3%	4.0%	5.8%	5.6%
One person	29.5%	31.9%	34.0%	36.5%	37.0%
<b>All persons</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>Preston</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>
Married couple	40.0%	36.8%	33.9%	32.8%	30.6%
Cohabiting couple	9.1%	10.5%	11.9%	11.5%	12.9%
Lone parent	9.1%	8.8%	8.5%	8.2%	8.1%
Other multi-person	7.3%	8.8%	8.5%	8.2%	8.1%
One person	32.7%	35.1%	37.3%	37.7%	40.3%
<b>All persons</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>South Ribble</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>
Married couple	51.1%	47.9%	46.0%	44.2%	42.6%
Cohabiting couple	8.9%	10.4%	10.0%	11.5%	11.1%
Lone parent	6.7%	6.3%	6.0%	5.8%	5.6%
Other multi-person	4.4%	4.2%	6.0%	5.8%	5.6%
One person	28.9%	31.3%	32.0%	34.6%	35.2%
<b>All persons</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<b>North West</b>	<b>2006</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>
Married couple	42.6%	39.4%	36.9%	34.9%	33.2%
Cohabiting couple	9.5%	10.7%	11.4%	11.8%	12.0%
Lone parent	9.0%	9.1%	9.0%	8.8%	8.6%
Other multi-person	6.5%	6.5%	6.5%	6.5%	6.5%
One person	32.5%	34.4%	36.2%	38.0%	39.5%
<b>All persons</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CLG 2004-based household projections

## 7.3 Economic growth

7.3.1 The most significant factor for a robust, competitive economy is the extent to which places have a skilled, creative and entrepreneurial workforce. The modern knowledge economy relies more on people and their skills than any other primary driver of economic growth. Corporations choose to locate in areas comprising knowledge capital and a well-educated workforce. Consequently the competitiveness of place is reliant upon providing the conditions that will attract and retain the most mobile and skilled workforce. Central Lancashire has a specific case for focussing upon place-shaping and building upon its

existing assets, such as comparative affordability and strategic location within the sub-regional area.

- 7.3.2 The North West is a £98 billion economy with 6.8 million people and 230,000 firms (North West Regional Economic Strategy 2006). The North West accounts for 11.4% of the UK population, 11% of the employment and 10% of UK GVA. Approximately 40% of the North West's top 500 companies are based in Greater Manchester, contributing 40% of the North West's GVA at £38.3 billion in 2003 is the UK's largest regional economy (NW RES 2006, ONS). Compared to Lancashire representing £18.1 billion (19.6% market share) of the regional economy.
- 7.3.3 The Manchester city region is the driving force of the North West with an average annual GVA growth rate of 2.5% between 1999 and 2003, outperforming the UK (2.2%) and the North West (1.7%) (Manchester Enterprises, ONS). Manchester, Liverpool and Preston (including South Ribble and Chorley) are identified as the key drivers of city-regional economic growth.
- 7.3.4 The Regional Economic Strategy identifies three drivers to achieving the vision and economic growth within the region, namely to improve productivity and grow the market, based upon encouraging enterprise and retain the high value added jobs (predominantly within manufacturing in Central Lancashire); to grow the size and capability of the workforce, reducing worklessness, developing skills within the workforce and retaining those high calibre employees with graduate level qualifications; and maintaining conditions for sustainable growth, investing in the region's environment, culture and infrastructure.

#### [Creating the conditions for growth - providing a quality residential offer and places](#)

- 7.3.5 The 'Residential offer' is defined as, "a composite of housing factors - including range, quality and value for money - which together inform an individual's or household's local and regional locational choices". 'Quality of place' is defined as, "the sum of those factors - culture, local environment, public realm, housing, community safety, access, health - which together make somewhere - whether a town, city or region - an attractive place to live".<sup>23</sup>

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<sup>23</sup> Llewelyn Davies Yeang, 'Quality of Place: The North's Residential Offer, Phase IIa Report', 2006.

7.3.6 Figure 36 below illustrates the role of residential offer within the context of 'quality of place', highlighting the relationship between 'quality of place' and economic competitiveness.

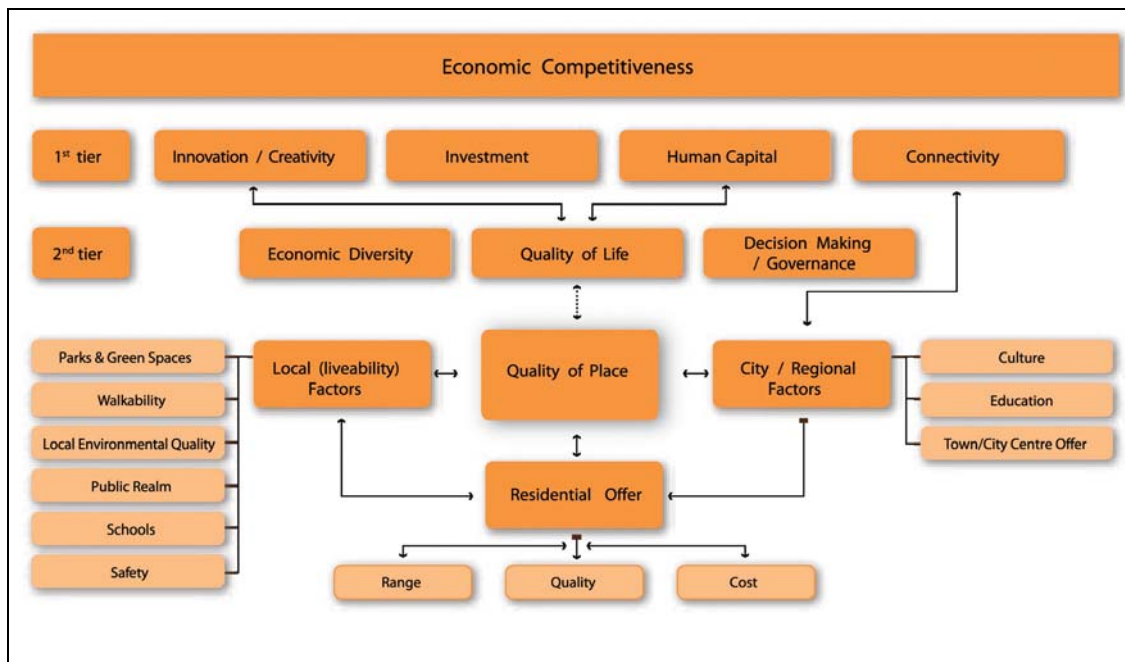


Figure 36: The role of residential offer in place making

Source: Llewelyn Davis Yeang, 2006

7.3.7 The right combination of liveability and attraction building factors listed above, contributing to the creation of 'quality of place', help to entice the right people and businesses to an area, supporting economic development and competitiveness. The potential of certain groups to contribute disproportionately to the long-term competitiveness of cities have helpfully been identified within a suite of studies into the city regions of the Northern Way (Llewelyn Davies Yeang, 2006, 2007). These groups include recent graduates, family builders and knowledge economy workers, those who are most likely to support economic growth, who remain relatively mobile, and whose locational choices are influenced most and for whom 'quality of place' and 'residential offer' are believed to matter most.

7.3.8 The concept of 'quality of place' has been an oft-overlooked issue in the speculative-led development model of UK towns and cities; whilst the 'residential offer' as an integral part of the overall 'quality of place' and a driver in the residential choices made by particular groups, is inextricably linked to the growth of the local economy and sustainable place-shaping.

7.3.9 The perceived 'quality of place' incorporates a number of inextricably linked concepts including local level liveability factors such as environmental quality, access to services



such as schools, healthcare, shops, parks and open spaces, and on a city/regional level incorporates factors such as city centre lifestyle offer, cultural offer and the presence of higher education institutions. The local factors have implications within an area, whereas the city/regional factors are regarded as contributing to locational choices of the more mobile economic workforce.

- 7.3.10 The attraction of a mobile skilled workforce to the Central Lancashire City Region is strategically imperative to support economic growth and realise the ambitions of the Regional Economic Strategy (RES). The aims include an increase of 120,000 persons in the workforce with graduate qualifications and an additional 80,000 persons out of worklessness and into employment from the working age population to fill the gap between national and regional employment levels. As we have illustrated from the migration analysis, net migration to Preston as a principal employment centre from neighbouring areas would appear to be governed *inter alia* by affordability rather than lifestyle choice.
- 7.3.11 The concept of 'residential offer',<sup>24</sup> impacts upon both local and city regional levels, as the absence of, or a limited 'residential offer', will serve to prevent the attraction and retention of key workers and thus reduce the pool of skilled employees. As we have illustrated of the three districts within Central Lancashire, housing tenure within Preston centre is skewed towards the social and private rented sectors, with a preponderance of terraced properties indicative of a restricted 'residential offer' within the city core.
- 7.3.12 The current housing supply is a legacy of an earlier pattern of economic structure and development that does not meet current nor expected future needs and aspirations. Allied to this is the emerging affordability constraints in the areas of choice within the desirable suburbs, both these factors will impact upon the key economic groups and potentially restrict growth due to a lack of range of housing types.

## 7.4 The residential offer by group

- 7.4.1 'Quality of place' and the integral 'residential offer' are contributory factors to the residential locational choices made by the potential workforce.

### Recent graduates

- 7.4.2 Once attracted to a city university it is preferable to retain as many graduates as possible, as this:

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<sup>24</sup> Llewelyn Davies Yeang (2006): 'Quality of Place: The North's Residential Offer. Phase IIa Report'.

- significantly improves the growth prospects for industries dependent on highly skilled workers, and
- these persons will spend their higher earnings in the local economy

7.4.3 As we have illustrated in the demand and affordability analysis above, recent graduates are likely to be in the early stages of their careers and price sensitive, therefore providing an accessible, healthy private rented sector and competitive access to the housing market will facilitate retention. In light of increasing affordability constraints in areas of choice, potential purchasers in the form of recent graduates will defer purchase and rent in the locations of choice until owner occupancy becomes a realistic option.

7.4.4 Given the right employment opportunities and range of residential offer, graduates may wish to remain in areas that they are familiar with during University. The importance of the availability of high-skilled jobs and an improved residential offer within areas of choice will facilitate an improved rate of retention.

7.4.5 Areas of Central Lancashire offer a competitive 'residential offer' in terms of affordability, such as central areas of Chorley, Preston and Leyland but the 'quality of place' may be restricted in terms of declining levels of demand. These issues can be addressed through the development of subsidised housing for key groups such as recent graduates and potential first time buyers. The promotion of intermediate tenures has proven relatively successful in mitigating affordability issues for these groups. The introduction of stamp duty relief for shared equity purchasers below an 80% share along with a general relaxation of stamp duty for market housing will help mitigate growing affordability constraints.

#### Family builders and knowledge economy workers

7.4.6 Once families become established the propensity to move decreases significantly. The family builders group comprises those households that do not yet have vested interests within a given location and whose choices can be influenced. The group, defined by the CLG as under 35 year olds and either have very young children or are childless. Providing starter homes for the family builder group within areas of choice with access to facilities and amenities will further facilitate graduate retention and retain economically independent households in the authority.

7.4.7 The most common housing type for this group is the three bedroom semi-detached within popular suburban areas in close proximity to good schools<sup>25</sup>. The importance of family

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<sup>25</sup> Samuels I. 'What Homebuyers want. Attitudes and decision making among consumers'. London, Commission for Architecture & the Built Environment CABE, 2006.

builders is fundamental to the vision of creating long term sustainable communities in Central Lancashire. The connection in terms of sustainable development and how it relates to the quality of the residential offer translating to economic competitiveness in the authority, is the retention of graduates into long term residents.

7.4.8 As we have illustrated in the assessment of current housing stock, central areas of Preston as the main employment centre in the city region, have a limited offer skewed towards pre-1919 terraced housing representing 33.0% of stock. This suggests that the residential offer may be constrained for the housing choices of those groups we identify as family builders and knowledge economy workers particularly in areas of choice.

7.4.9 As the Preston City Vision outlines the need for an increase of knowledge economy workers will be the principal driver of the economy. This group is not mutually exclusive from family builder groups. One niche market in this group is the highly mobile senior executive market that will increase in line with growth of high-specification manufacturing and knowledge-based sectors. Therefore the provision of larger executive housing in desirable locations will also need to be the focus of an expanded residential offer across Central Lancashire.

## 7.5 Future housing supply

7.5.1 The Regional Strategic Housing Market Assessment designates the Central Lancashire Housing Market Area (HMA) as a strategic housing market and consequently the focus for continued regeneration and inward investment, restructuring the local economy underpinned by the high-tech and knowledge-based sectors.

7.5.2 The Regional Spatial Strategy sets a substantial uplift in target annual completion rates for the Central Lancashire area. Additionally the designated New Growth Point status allocated to Central Lancashire, including Blackpool in July 2008, places greater focus on accelerating housing completion rates above RSS levels up until 2017.

7.5.3 As discussed at sub-section 4.4 above, the Joint Lancashire Structure Plan outlined:

- (i) annual provision for Preston of 480 units between 2001-2006, falling to 180 units annually between 2006-2016
- (ii) annual provision for Chorley of 485 units between 2001-2006, falling to 230 units between 2006-2016
- (iii) annual provision rate for South Ribble of 290 units between 2001-2006, falling to 165 units between 2006-2016.

7.5.4 Following the recent RSS publication, total housing provision rates between 2003-2021 have increased for Preston to 9,120 units, equating to 507 per annum; Chorley and South Ribble 7,500 units, equating to 417 units per annum.

## 7.6 Residential market forecast, performance and affordability

7.6.1 Our forecast (Table 82 below) suggests that the bottom of the market will be reached during late 2009. Prices in the UK peaked in late 2007 and have fallen sharply since. Our forecast suggests that the end of 2008 marked the halfway point of price falls, with around 15.9% of an estimated 30% peak-to-trough decline already factored into pricing.

7.6.2 Some markets are experiencing very difficult conditions and are more pronounced than the national or regional average. The regional new build sector has already recorded substantial price falls with examples of 30%-60% or more in several locations.

**Table 82: House price forecast, annual change**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
North West	-13.2%	-10.1%	1.0%	6.0%	4.1%	2.9%	5.5%	6.7%	6.7%	6.7%
Yorkshire	-13.2%	-10.5%	0.5%	5.2%	3.3%	2.3%	4.9%	5.4%	5.4%	5.4%
North	-10.5%	-5.9%	0.9%	4.9%	3.5%	2.9%	5.6%	5.9%	5.9%	5.9%
UK	-14.0%	-11.0%	1.1%	7.0%	5.1%	3.6%	6.1%	6.2%	6.2%	6.2%

Source: Knight Frank Residential Research

7.6.3 Table 83 provides our price forecast in cumulative terms, the shaded cells point to the period when prices are forecast to return to their 2007 peak, a process which, on average and including the North West, will be complete by 2015.

7.6.4 Our recovery picture is based on the assumption that mortgage providers will adopt a far more conservative lending approach in the future. Furthermore, since the UK does not have an oversupply of housing, further reductions against projected delivery targets will result in ever more apparent shortages over time.

**Table 83: House price forecast, cumulative house price growth**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
North West	-13.2%	-22.0%	-21.2%	-16.5%	-13.2%	-10.7%	-5.7%	0.6%	7.3%	14.5%
Yorkshire	-13.2%	-22.3%	-21.9%	-17.8%	-15.1%	-13.2%	-8.9%	-4.0%	1.1%	6.5%
North	-10.5%	-15.8%	-15.1%	-10.9%	-7.8%	-5.1%	0.1%	6.1%	12.3%	19.0%
UK	-14.0%	-23.3%	-22.5%	-17.2%	13.1%	-10.0%	-4.5%	1.4%	7.6%	14.3%

Source: Knight Frank Residential Research

7.6.5 As Central Lancashire and the constituent districts have tracked the previous North West trends in the past, we would expect these forecasts to hold true at the sub-regional and district level also.

## **7.7 The investment market and the changing role of housing**

7.7.1 Growth in the residential investment sector has driven new build development over the last ten years, with buy-to-let mortgages at their highest recorded level of in excess of 1.1 million outstanding during Q3 2008 (Council Mortgage Lenders). At that time the sector accounted for 9.7% of the total UK mortgage market.

7.7.2 However there is clear evidence that less committed and over-leveraged buy-to-let investors are leaving the market. The buy-to-let mortgage market is being impacted by the wider economic slowdown with the limited availability of credit and fewer products available. A total 186,500 such mortgages taken during Q1-Q3 2008, represents just 71% of the total taken during the same period in 2007.

7.7.3 Given the likely difficulties many investors will have in remortgaging, problems will multiply. Highly leveraged recent investors will be amongst the most affected by the downturn. However those with relatively lower borrowing will be better placed, benefitting from the growth of the rental market in light of widespread affordability constraints to access the open market. Historically gross and net yields slipped back over recent years as capital price growth outpaced rental growth, however we expect yields to improve noticeably through 2009 as capital values fall and rents rise at above inflation levels.

7.7.4 Historically new build developments in city centre markets, especially those made available off plan, have proven very popular with residential investors rather than owner occupiers. As a result of the downturn, the new build sector has been the market most affected, with flats in the regional centres amongst the earliest and most high-profile victims. Prices have now fallen by between 30%-60% in some centres and a large proportion of the growth early investors witnessed has disappeared.

7.7.5 Despite this there exists cash rich opportunistic buyers that will look to capitalise on property, land and developments where values have fallen as low as they are likely to. Investors tend to require smaller, more affordable properties, typically one bedroom units and the cheaper two bedroom units. They usually go for standard, mass market units assuming they offer broad tenant appeal. The best potential for good returns due to cost efficiencies, are thought likely to be available in bulk purchases which can deliver a considerable discount.

7.7.6 The impact of tightened lending criteria will see only the most established investors / institutional investors, with a longer-term view on capital growth, involved in the market. Buy to let restrictions and the absence of 100% mortgages will impact upon the presence of investors in the short term compared to historic levels.

## 7.8 Summary

7.8.1 The most significant factor for a robust, competitive economy is the extent to which places have a skilled, creative and entrepreneurial workforce. Success in these areas is a function of residential offer, quality of place, lifestyle offer and employment opportunity. Consequently the competitiveness of place is reliant upon providing the conditions that will attract and retain the most mobile and skilled workforce. Central Lancashire has a specific case for focussing upon place-shaping and building upon its existing assets, such as comparative affordability and strategic location within the-region.

7.8.2 Opportunities to facilitate an improved residential offer and the contribution it will make to the creation of quality of place must be recognised as fundamental to underpinning the performance of the local economy. The concept of place shaping is not driven exclusively by investment in public realm, it is holistic, incorporating a number of lifestyle aspects including local level liveability factors in addition to destination creation.

7.8.3 Currently the restricted city living market in Preston is impacting negatively upon graduate retention. In addition, providing starter homes for the family builder group within areas of choice with access to facilities and amenities will further facilitate graduate retention and retain economically independent households in the authority.

7.8.4 There are certain common challenges associated with the delivery of sustainable communities in urban settings and rural villages. From a review of current literature, we have identified five key challenges (please note this list is not exhaustive and will vary on a case by case basis):

- Broadening the appeal of inner urban areas and city centres
- Attracting families to these inner urban areas
- Providing the facilities that families want
- Considering all sustainable development principles in new build activity
- Delivering the sustainable development agenda at a competitive / affordable cost
- Sustaining mixed communities in rural settlements

- 7.8.5 The detail within the above section points to a combination of the following in addressing these challenges:
- proximity to local services including shopping, leisure, education and health;
  - good quality housing stock that meets the needs of a broad range of household types;
  - security and proper neighbourhood management arrangements;
  - high quality public space that performs a role and adds value to a sense of place.
- 7.8.6 The current market and economic environment is likely to shift property development into an altogether different context. There is little doubt among commentators that nationally the house building industry is in crisis. Construction levels have now reached the lowest seen since the end of the Second World War, with around 100,000 private units built in 2008. Given the crisis in the industry, it is unlikely that this figure will dramatically increase in 2009.
- 7.8.7 It is thought that this will only exacerbate the gap between growing household numbers and housing supply. The dearth of first-time buyers that has been seen for the past few years is a sign that there is substantial pent-up demand for owner-occupation that should provide a floor for prices. It is likely that investors will also play a significant role in this. Our forecast suggests that the bottom of the market will be reached during late 2009.

# 8 ESTIMATING HOUSING NEED

## 8.1 Introduction

8.1.1 Following the latest CLG guidance<sup>26</sup>, the following chapters (9, 10 and 11) provide a Housing Need Assessment for each of the Central Lancashire districts (Chorley, Preston and South Ribble). A summary table that brings the evidence from each of these chapters together is presented at Chapter 13. (Table 135)

8.1.2 Chapter 8 looks at current housing need and presents evidence for the first three steps of the housing need model. Chapter 9 presents evidence for estimating the level of future housing need and Chapter 10 considers the supply of affordable housing. Chapter 11 summarises the evidence and sets out the policy implications.

8.1.3 Throughout, the text and tables follow the convention of referring to the CLG guidance stepped approach:

- Current housing need - steps 1.1, 1.2, 1.3 and 1.4
- Future housing need - steps 2.1, 2.2, 2.3 and 2.4
- Affordable housing supply - steps 3.1 to 3.8
- Estimate of net annual housing need - step 1.4 minus step 3.5 multiplied by 20% plus step 2.4 minus step 3.8<sup>27</sup>

## 8.2 Critical concepts in determining housing need

### Housing need

8.2.1 Overall, one can talk of the housing requirements of a district and these requirements are made up of both demand and need. Households that can enter the general market without intervention of any sort are defined as demand. This is the same as the economic definition of demand in that demand will become apparent in the general housing market and has a cost relationship with supply. On the other hand, households that are unable to enter the general market without some form of intervention by public service providers are defined as need.

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<sup>26</sup> Ibid

<sup>27</sup> These steps are explained more fully in the subsequent chapters



8.2.2 PPS3 defines housing need as:

*The quantity of housing required for households who are unable to access suitable housing without financial assistance<sup>28</sup>*

8.2.3 Consequently the guidance states that:

*For the purposes of assessment, this means partnerships need to estimate the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.<sup>29</sup>*

8.2.4 From the point of view of social housing providers, need is more significant. From the point of land use planning, both demand and need are relevant.

8.2.5 Need in this case, may also necessitate an understanding of aspirations. Much of recent government policy, not only in housing, seeks to empower citizens by taking into account the needs they identify for themselves, as opposed to those identified by “experts”. It is legitimate that these aspirations inform policy-making and should be taken into account, if possible, when assessing the housing requirements of an area. However, this can only realistically be achieved through the use of primary data collection methods such as bespoke household surveys.

8.2.6 **Outside Consultants** takes a pragmatic approach towards identifying housing need and demand that focuses on transparency and a clear audit trail to provide defensible data. This accords with the latest guidance, which states that:

*No one methodological approach or use of a particular dataset(s) will result in a definitive assessment of housing need and demand. The quality of the data used is the important consideration in determining whether an assessment is robust and credible rather than its nature.<sup>30</sup>*

8.2.7 The Housing Needs Model is a dynamic tool that both measures progress towards achieving policy aims and balancing housing markets and facilitates “what-if” scenarios to measure impacts of market change or market intervention.

8.2.8 The Model calculates the current housing need, future housing need and affordable housing supply as annual flows to arrive at a net figure for the number of additional affordable dwellings required in a District. This model is based upon the latest CLG guidance. Table 84 outlines the key stages in the model.

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<sup>28</sup> *Planning Policy Statement 3 (PPS3): Housing*, Communities and Local Government, November 2006, p27

<sup>29</sup> *Strategic Housing Market Assessments: Practice Guidance*, Communities and Local Government, August 2007, p41

<sup>30</sup> *Strategic Housing Market Assessments: Practice Guidance*, Communities and Local Government, August 2007, p11

**Table 84: Housing needs assessment model**

<p>CURRENT HOUSING NEED (gross backlog) (times a yearly quota)</p> <p><i>Plus</i></p> <p>FUTURE HOUSING NEED (gross annual estimate)</p> <p><i>Minus</i></p> <p>AFFORDABLE HOUSING SUPPLY</p> <p><i>Equals</i></p> <p>ESTIMATE OF NET ANNUAL HOUSING NEED</p>
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8.2.9 Each line in the model is explained in detail with supporting information. Modelling housing needs is as much an art as a science and is very sensitive to the assumptions and interpretations made in the analysis. Our practice is to ensure that these assumptions are transparent in order that they are understood and agreed with the client before being finalised.

8.2.10 Having identified the scale of housing need, we can determine the range of appropriate responses to the need including the breakdown of social housing and intermediate tenures such as shared ownership and shared equity products.

### Unsuitable housing

8.2.11 Those in unsuitable housing are defined in the guidance through a series of criteria, presented in Table 85. Households who are not in housing need but would like affordable housing are excluded from this modelling section of the Housing Market Assessment.

Table 85: Unsuitable housing <sup>31</sup>	
Main category	Sub-divisions
Homeless households or insecure tenure	Homeless households
	Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of housing benefit or in arrears due to expense
Mismatch of housing need and dwellings	Overcrowded according to the bedroom standard
	Too difficult to maintain (e.g. too large) even with equity release
	Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household
	Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps) which cannot be made suitable in-situ
Dwelling amenities and condition	Lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants)
	Subject to major disrepair or unfitness, and household does not have the resources to make fit (e.g. through equity release or grants)
Social needs	Harassment from others living in the vicinity which cannot be resolved except through a move

8.2.12 It is not necessary to use the affordability measures to test whether households can afford their existing accommodation. Only households in arrears or in receipt of housing benefit should be regarded as being in housing need, on the grounds that their accommodation is too expensive. Otherwise, households should be assumed to be managing to afford their current housing.

8.2.13 The size of mortgage required should be compared to the entry-level price of a property of an appropriate size for the household (this is based on the size of the household whereby the bedroom standard can be applied and also the degree to which 'ideal' sized properties are available).

### Affordability

8.2.14 The concept of affordability is critical in the needs assessment process. The degree to which households can afford market housing is based upon the ratio between household incomes and housing costs. The needs assessment uses gross household incomes and entry-level house prices to estimate housing need for affordable housing. This involves assessing whether or not current households who are in unsuitable housing can afford suitable market housing and also applying affordability analysis to newly forming and concealed households

<sup>31</sup> *Strategic Housing Market Assessments: Practice Guidance*, Communities and Local Government, August 2007, p41

to establish numbers of actual and potential households who are likely to be in need of affordable housing.

- 8.2.15 A household is considered unlikely to be able to afford to buy a home that costs more than 3.5 times the gross household income for a single income household or 2.9 times the gross household income for two income household. If possible, any allowance for existing equity that could be used towards the cost of home-ownership should be taken into account.
- 8.2.16 A household is considered able to afford market renting where the rent payable is no more than 25 per cent of their gross household income.<sup>32</sup>
- 8.2.17 A household is taken as being able to afford a shared equity property where the rent and mortgage costs are no more than 25% of gross income.
- 8.2.18 Households who cannot afford any of the above therefore need social rented accommodation.

### Affordable housing

8.2.19 Affordable housing is that housing which is provided to meet the *needs* of the local population. It includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. PPS3 states that affordable housing should:

- (i) Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.*
- (ii) Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision<sup>33</sup>*

8.2.20 PPS3 goes on to define social rented housing as:

*Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements...as agreed with the local authority or with the Housing Corporation as a condition of grant*

8.2.21 And defines intermediate affordable housing as:

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<sup>32</sup> 'Rent payable' is the entire rent due, even if it is partially or entirely met by housing benefit. Other housing-related costs, such as council tax and utility bills should not be included.

*'Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.*

8.2.22 The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.

### 8.3 Entry-level housing

8.3.1 The latest CLG guidance recommends that the lower quartile house price should be taken as a proxy for indicating entry-level property prices. Table 86 shows the lower quartile house price for the first three quarters of 2008 for each of the Central Lancashire districts. One advantage of using this indicator is the ability to apply a consistent measure across all areas and allow meaningful comparison between areas. The entry-level property price is important for determining affordability for an assessment of housing need.

Table 86: Lower quartile house prices 2008			
	Quarter 1	Quarter 2	Quarter 3
Chorley	£105,000	£107,500	£105,000
Preston	£90,000	£92,500	£93,000
South Ribble	£119,950	£120,275	£115,500
Lancashire	£87,500	£95,000	£90,000
North West	£95,000	£98,000	£96,000
England and Wales	£123,500	£124,950	£122,500

Source: CLG Live Table 583 Housing market: lower quartile house prices based on Land Registry data, by district, from 1996 (quarterly)

### 8.4 Income requirements for entry-level housing

8.4.1 The yearly and monthly earnings that would be required for a mortgage on an entry-level property, as priced in Table 86 are shown below in Table 87. Earnings refer to gross income and assume a 90% mortgage of 3.5 times salary for single income households, and 2.9 times salary for two income households, as per the latest CLG guidance.

<sup>33</sup> *Planning Policy Statement 3 (PPS3): Housing*, Communities and Local Government, November 2006, p25

Table 87: Required gross income for entry-level mortgage (£)				
Local Authority	Two income		Single income	
	Annual	PCM	Annual	PCM
Chorley	£32,586.21	£2,715.52	£27,000.00	£2,250.00
Preston	£28,862.07	£2,405.17	£23,914.29	£1,992.86
South Ribble	£35,844.83	£2,987.07	£29,700.00	£2,475.00
Lancashire	£27,931.03	£2,327.59	£23,142.86	£1,928.57
North West	£29,793.10	£2,482.76	£24,685.71	£2,057.14
England and Wales	£38,017.24	£3,168.10	£31,500.00	£2,625.00

Source: Calculated using lower quartile house prices, assuming 10% deposit and multiplier of 2.9/3.5 respectively

## 8.5 The cost of private rented housing

- 8.5.1 Private rents are a function of the price of market housing i.e. landlords charge more when the acquisitive price of a given property is of a greater cost to them, and demand is such that they are able to do so.
- 8.5.2 Table 88 shows the cost of private renting compared to renting from an RSL (Housing Association) in Chorley, Preston and South Ribble based on 2006/07 data.

Table 88: RSL and PRS rents 2006/7						
	Chorley		Preston		South Ribble	
	HA	PRS	HA	PRS	HA	PRS
One bed	£46.01	£84.65	£48.89	£84.05	£59.10	£89.43
Two bed	£55.78	£95.78	£56.73	£96.74	£66.44	£103.95
All properties	£56.05	£90.17	£55.88	£86.92	£67.91	£97.22

Source: Dataspring – gross rent per week 2006/07

## 8.6 Income requirements for private rented housing

- 8.6.1 Based on 2006/07 private rent levels, data from Dataspring indicates that households in Central Lancashire would pay a mean average per calendar month of between £376.65 in Preston and £421.29 in South Ribble. A comparison of monthly costs for a 90% mortgage on an entry-level property (see Table 87) show that private renting is far more affordable than owner occupation.

Table 89: Required gross income for private sector rent (pcm)						
	All properties		1 bed		2 bed	
	Monthly rent	Monthly income required	Monthly rent	Monthly income required	Monthly rent	Monthly income required
Chorley	£390.74	£1,562.95	£366.82	£1,467.27	£415.05	£1,660.19
Preston	£376.65	£1,506.61	£364.22	£1,456.87	£419.21	£1,676.83
South Ribble	£421.29	£1,685.15	£387.53	£1,550.12	£450.45	£1,801.80

Source: Dataspring 06/07

## 8.7 Previous estimates of housing need

8.7.1 Work commissioned by 4NW (formerly the North West Regional Assembly) from Nevin Leather Associates (NLA) in 2008 assessed the need for affordable housing across the North West and its sub-regional housing market areas. The work was to inform the Partial Review of the Regional Spatial Strategy and the review of the Regional Housing Strategy. It was a strategic piece of work and as such the main purpose was to provide a regionally consistent picture of the North West as a whole and a consistent overview of each of the 27 Housing Market Areas within the region.

8.7.2 By its own admission,

*“The scope of the work means that it is not sensitive to all local circumstances and it does not necessarily provide the level of detail needed at a local level to inform local planning and housing policies”<sup>34</sup>*

8.7.3 In particular in relation to affordable housing needs, it states that:

*“...where an authority has completed a recent assessment...in line with current CLG good practice guidance, which provides a robust assessment of affordable housing needs in their area it is appropriate to use those figures. They will be more sensitive to local needs, including the appropriateness of existing accommodation, housing aspirations and preferences.”<sup>35</sup>*

8.7.4 The result of this work was to suggest a net affordable need of 1,165 per annum for Central Lancashire.<sup>36</sup> The study also concluded for Central Lancashire that:

- (i) taking into account the supply of private rented housing and low cost market housing, the percentage target for affordable housing was 10% and the percentage target for market housing was 90%<sup>37</sup>

<sup>34</sup> *Delivery of regional strategic housing market assessments for the North West*, August 2008, NLA et al, 4NW, pp1-2

<sup>35</sup> *op.cit*, p2

<sup>36</sup> *op.cit*, p159

- (ii) 20% of the requirement for affordable housing could be met by intermediate products<sup>38</sup>
  - (iii) of new market housing 12% should be one bed, 37% should be two-bed, 46% should be three-bed and 5% should be four-bed or more<sup>39</sup>
  - (iv) of new affordable housing 23% should be one bed, 38% should be two-bed, 34% should be three-bed and 5% should be four-bed or more<sup>40</sup>
- 8.7.5 Further work was then commissioned in 2008 from NLA by Chorley, Preston and South Ribble Councils to provide an interim assessment of affordable housing requirements based on the same model used for the Region.
- 8.7.6 This concluded that, in total, the annual average net affordable housing need in the Central Lancashire housing market area is 1,562.<sup>41</sup> This broke down to 566 for Chorley, 256 for Preston and 741 for South Ribble. Although Preston had the highest rate of gross affordable need, its larger supply of affordable housing through relets offsets this, resulting in net affordable need of 0.47 per 100 households. Net requirements in Chorley (1.28 per 100) and South Ribble (1.64 per 100) are higher because the supply from relets is smaller. Net needs are highest in the more rural areas of Preston (2.0 per 100 households or more).
- 8.7.7 The study also concluded that:
- (i) the annual net affordable housing requirement is higher than RSS provision for all new housing in Chorley and South Ribble, and represents two thirds of new provision in Preston<sup>42</sup>
  - (ii) 21% of the requirement for affordable housing could be met by intermediate products<sup>43</sup>

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<sup>37</sup> *Delivery of regional strategic housing market assessments for the North West*, August 2008, NLA et al, 4NW, Table 6.8, p180

<sup>38</sup> op. cit, Table 6.4, p163

<sup>39</sup> op. cit p184

<sup>40</sup> ibid

<sup>41</sup> *Interim estimates of affordable housing requirements in Central Lancashire*, October 2008, NLA p10

<sup>42</sup> op. cit, p17

<sup>43</sup> op. cit, Table 3.4, p24



## 9 CURRENT HOUSING NEED

Table 90: Summary of data required for current housing need <sup>44</sup>	
Step	Data items
1.1 Homeless households and those in temporary accommodation	Homeless agencies data, Priority homeless households in temporary accommodation
1.2 Overcrowding and concealed households	Census, Survey of English Housing, Local Housing Registers, Local household surveys
1.3 Other groups	Housing Register, Local Authority and RSL transfer lists, Hostel move-on needs, Local household surveys
1.4 Total current housing need (gross)	1.1 + 1.2 (+ 1.3)

### 9.1 Homeless households and those in temporary accommodation

9.1.1 Data on the number of homeless households and those in priority need from the P1E homelessness returns for the financial year 2007/08 is presented in Table 91, Table 93 and Table 92 below.

9.1.2 There has been a marked fall in recorded households accepted as homeless and in priority need across the whole North West Region from 2004. Homeless acceptances appear to have dropped in each of the Central Lancashire authorities over the last four years, although in Preston the recorded acceptances for 2007/08 show a slight increase.

Table 91: Households accepted as homeless and in priority need				
	2004/05	2005/06	2006/07	2007/08
Chorley	235	190	N/A	173
Preston	355	155	136	144
South Ribble	261	215	151	93

Source: CLG Live Table 627: Local Authorities action under the homelessness provisions of the Housing Acts

9.1.3 The 2007/08 figure for households accepted as homeless and in priority need during the year is used in the housing need model at step 2.3 as a proxy for existing households falling into need and forms part of the annual assessment of future housing need.

9.1.4 The combined Local Authority and RSL lettings to homeless households over the three years 2006 to 2008 are shown below in Table 92.

<sup>44</sup> *Strategic Housing Market Assessments: Practice Guidance*, Communities and Local Government, March 2007, p43

Table 92: Dwellings let to homeless households			
	2005/6	2006/7	2007/08
Chorley	111	82	114
Preston	173	122	91
South Ribble	125	83	92

Source: HSSA 2008 (E6a and E7a combined)

9.1.5 Use of temporary accommodation (Table 93) in the three Central Lancashire authorities has been relatively more stable over the last four years compared with the decline in homeless acceptances shown in Table 91 above.

9.1.6 Step 1.1 of the Housing Needs Model looks at households accepted as homeless and in priority need and in temporary accommodation at 31<sup>st</sup> March, including those households recorded as homeless at home.

Table 93: Homeless households in temporary accommodation (+homeless at home)								
At 31 <sup>st</sup> March	2005		2006		2007		2008	
Chorley	29	(28)	33	(16)	N/A		39	(37)
Preston	73	(18)	84	(44)	74	(25)	76	(22)
South Ribble	51	(173)	47	(64)	49	(27)	31	(16)

Source: CLG Live table 627: Local Authorities action under the homelessness provisions of the Housing Acts

9.1.7 While the Housing Needs Model uses households in temporary accommodation as one of the assessors of need, it does not necessarily provide a true picture of the numbers and the extent of housing need in any one area. Indeed, given the Government's drive to prevent homelessness and to cut the numbers of people in temporary accommodation (now a National Indicator) by homelessness prevention and increased use of the private rented sector the true level of housing need in this respect may be obscured.

## 9.2 Over-crowding, concealed households and other groups

9.2.1 Steps 1.2 and 1.3 of the model are about defining the level of current housing need based on households that are currently unsuitably housed. For the purposes of this assessment the best source of data to reflect local need is the recent household survey data collected in 2008/09 in each of the three Central Lancashire districts. The survey data have been weighted and grossed to give figures that are equivalent to a census (i.e. a 100% survey of all households).

9.2.2 The number of households in each local authority area that defined themselves as unsuitably housed is shown in Table 94 below by the reasons given for unsuitability. Some households gave more than one reason for their current accommodation being unsuitable. On average, households in Chorley gave 1.8 reasons, in Preston 2 reasons and in South Ribble 1.9 reasons for their unsuitable housing. The most common reason given in all three areas is that current accommodation is too small for the household's needs. Chorley and South Ribble also have significant proportions that find their current accommodation too large for their needs. Failure to meet the needs of a person with a disability and the cost of heating were also significant reasons given in all three areas.

Table 94: Households in unsuitable accommodation						
Reasons for unsuitability	Chorley		Preston		South Ribble	
	No. <sup>45</sup>	% <sup>46</sup>	No.	%	No.	%
Tenancy/lease ending within 1 month	71	1.8	55	0.8	0	0.0
Home too small	1725	42.9	2534	38.6	961	30.5
Home too big	1183	29.4	1114	16.9	903	28.6
Rent/mortgage too high	326	8.1	1023	15.6	285	9.0
Home too costly to heat	857	21.3	1848	28.1	991	31.4
Home too costly to repair or maintain	489	12.2	1035	15.8	486	15.4
Needs major repair (roof/windows/heating)	612	15.2	1236	18.8	657	20.8
Lacks self contained bathroom/kitchen/wc	41	1.0	144	2.2	44	1.4
Unsuitable for person with a disability	745	18.5	1656	25.2	632	20.0
Unsuitable for an older person	551	13.7	934	14.2	373	11.8
Racial harassment in local area	41	1.0	111	1.7	0	0.0
Other harassment in local area	275	6.9	734	11.2	152	4.8
Other	306	7.6	399	6.1	373	11.8
<b>Total households in unsuitable housing</b>	<b>4020</b>		<b>6570</b>		<b>3152</b>	

Source: Chorley, Preston and South Ribble household survey data 2008/2009

9.2.3 Not all of these households will be considered as representing a backlog of housing need. A proportion will be able to find in-situ solutions to their housing issues (e.g. home improvements/repairs or extending/adapting the dwelling). If the unsuitably housed household indicated that they neither intended to move within the next two years, nor expressed a desire to move, but an inability to do so, they have been assumed to be able to

<sup>45</sup> Households were able to indicate more than one reason for unsuitability

<sup>46</sup> Percentage calculation is based on the total number of unsuitably housed households and not the total number of reasons given for unsuitability

find an in-situ solution and have been excluded from the backlog of need (see Table 95 below).

Table 95: Unsuitably housed unable to either find in-situ solutions or afford to move						
Calculating total unsuitably housed households in current need	Chorley		Preston		South Ribble	
	No.	%	No.	%	No.	%
Total households in unsuitable housing	4020		6570		3152	
Minus proportion that can find in-situ solution <sup>47</sup>	1618	40.2	2596	39.5	1173	37.2
Minus households would like to move but unable to do so	942	23.4	1670	25.4	754	23.9
Equals	1460	36.3	2304	35.1	1226	38.9
Multiplied by the proportion that cannot afford market housing for sale <sup>48</sup>	1051	71.9	1680	72.9	1120	91.4
Minus households that want to and can afford private rented accommodation <sup>49</sup>	32		118		21	
<b>Total current housing need (step 1.2 and 1.3)</b>	<b>1019</b>		<b>1562</b>		<b>1099</b>	

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 9.2.4 A significant number of households that are unsuitably housed would like to move but are unable for various reasons including cost, to do so. These households could arguably be included in the estimate of housing need, but have not been included in the model at this stage.
- 9.2.5 Households that are unsuitably housed and indicate that they will move, but intend to leave the district are also excluded from the estimate of current housing need.
- 9.2.6 Having excluded, households that do not intend to move, households that want to move, but are unable to do so and households that do intend to move, but expect to leave the local authority district, the remaining households can be said to reflect a backlog of current housing need. However, it is also likely that a proportion of these households living in

<sup>47</sup> It is assumed that if the unsuitably housed household neither intends to move nor indicates a desire to move but is being prevented from doing so, then they are able to find an in-situ solution to their housing unsuitability

<sup>48</sup> Calculation is based on whether the household is single income or dual income and has an estimated gross household income below the threshold required for a 90% mortgage on the district lower quartile house price as discussed above in paragraph 8.4

<sup>49</sup> Affordability of private rent is not applied to all households because only a small proportion of unsuitably housed households expressed an interest in private renting and, according to the 2001 Census, the supply of private renting is limited in Central Lancashire. Evidence presented at paragraph 4.2.3 for South Ribble and Preston suggests that the private rented sector has grown substantially since 2001, but comparable data is not available for Chorley. Consequently, the affordability threshold for private rent levels has been applied to the 2001 Census proportion of private renters in each district, 4.1% in Chorley, 7.8% in Preston and 3.2% in South Ribble.

unsuitable accommodation will be able to move to more appropriate accommodation through their own resources. Therefore an assumption has been made that households with incomes above the affordability threshold should be discounted from the estimate of households in current need.

9.2.7 The household survey data allows an assessment to be made of the proportion of households in need that have gross household incomes below the level required to secure a 90% mortgage on an entry level property (see Table 87 above). Of those that cannot afford the entry level market housing for sale an estimate has been made of the number that would be able to afford private rented accommodation and these households have also been excluded from the backlog need figure. The estimate of the number of households that can afford private rented accommodation is based on an assumption of a limited level of supply (set at the proportions indicated in the 2001 Census) and assuming the required household income levels as described above in Table 89.

9.2.8 The affordability calculation does assume that households would be able to find a 10% deposit. Survey evidence shows that amongst those households defined as being in housing need i.e. unsuitably housed and unable to find an in-situ solution, a high proportion do not have sufficient savings to provide a meaningful deposit. Amongst those that are in owner occupation, the proportion that can raise a deposit from equity in their current home is higher, but as Table 96 shows just over a quarter of Preston households would have less than £10,000 in equity to put towards a new home.

Table 96: Potential for finding 10% deposit			
	Chorley	Preston	South Ribble
10% deposit required	£10,500	£9,300	£11,550
< £10,000 in savings	77.7%	86.2%	69.1%
< £10,000 in equity	14.3%	25.7%	17.6%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

### 9.3 Total current housing need (gross per year)

9.3.1 Table 97 shows the estimated level of current housing need, based on the number of households in temporary accommodation at 31<sup>st</sup> March 2008 (in Table 93), and the number of households in unsuitable housing unable to afford to move to more suitable accommodation (Step 1.2 and step 1.3 in Table 95).

9.3.2 The estimated level of current housing need as a proportion of the total households in each district is 2.3% in Chorley, 2.9% in Preston and 2.4% in South Ribble.

<b>Table 97: Current Housing Need</b>			
	<b>Chorley</b>	<b>Preston</b>	<b>South Ribble</b>
Step 1.1	76	98	47
Step 1.2	<b>1019</b>	<b>1562</b>	<b>1099</b>
Step 1.3			
<b>Step 1.4</b>	<b>1094</b>	<b>1660</b>	<b>1146</b>
Proportion of total households	2.3%	2.9%	2.4%

Source: CLG live table 627 (step 1.1), Respective Housing Need Assessments 2008/09 household survey (step 1.2 and 1.3)

- 9.3.3 There are alternative methods for estimating the level of current need based on secondary data as suggested in recent guidance and detailed in Table 90 above, either through a combination of Census and local housing statistics or through the housing register. Neither of these approaches is felt to be more reliable than the recent household survey data.

# 10 FUTURE HOUSING NEED

Table 98: Summary of data required for future housing need <sup>50</sup>	
Step	Data items
2.1 New household formation (gross per year)	Census, SHE, local household surveys
2.2 Proportion of new households unable to buy or rent in the market	Entry level rents/property prices, SEH, Mortgage lenders, LA/RSL databases
2.3 Existing households falling into need	Housing register, LA/RSL data, tenants surveys, homelessness data
2.4 Total newly arising housing need (gross per year)	$(2.1 \times 2.2) + 2.3$

## 10.1 New household formation

- 10.1.1 As with the assessment of current housing need, there are different methods for estimating the annual rate of newly arising need. The preferred method in this assessment is to rely on each authority's respective 2008/09 Housing Need Assessment household survey data.
- 10.1.2 Alternative methods rely on secondary data using either household projections or looking at recent acceptances on to the housing register.

## 10.2 Survey evidence on potential new forming households

- 10.2.1 The household survey data indicates that 7.1% of Chorley households contain at least one member who intends to leave the household within the next two years in order to establish a new household of their own. In Preston the proportion of potential new households is lower at 5.6% and in South Ribble is 6.2%.
- 10.2.2 Of these potential new forming households a proportion indicated that they would like to leave the area and so these are excluded from the estimate of future housing need. In Table 99 below, the two year figure is then divided by two in order to produce an annual estimate that can be used in the housing need model.

<sup>50</sup> *Strategic Housing Market Assessments: Practice Guidance*, Communities and Local Government, March 2007, p45

Table 99: Estimated gross annual new households			
	Chorley	Preston	South Ribble
All new forming households moving within 2 years	3366	3226	2883
% new households that intend to stay in the district	73.4%	81.0%	75.0%
Equals	2471	2612	2161
Divide by 2 for an annual estimate	1235	1306	1081
<b>Estimated gross annual new households (step 2.1)</b>	<b>1235</b>	<b>1306</b>	<b>1081</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 10.2.3 It is worth pointing out that in addition to the potential new forming households planning to move in the next two years a significant proportion of existing households indicated that they contained members who would like to move out but are unable to so for a variety of reasons including cost. These have not been included in the estimate of future housing need. 9% of Chorley households were in this position as were 8.1% of households in Preston and South Ribble.

### 10.3 Newly forming households unable to buy or rent in the market

- 10.3.1 An estimate must be made of the proportion of new forming households that will not be able to afford to buy market housing or to afford market rent. This is based on the assumptions of housing costs described above in Chapter 8, *Estimating Housing Need*. Private renting is clearly a more affordable housing option than owner occupation, but the level of supply is quite limited and it would be misleading to build the housing need model on the assumption that private renting could be an option open to all potential new forming households. Instead the affordability of private renting has been assessed against 15% of new forming households<sup>51</sup>. According to the 2001 Census, 4.1% of Chorley households, 7.8% of Preston households and just 3.2% of South Ribble households were living in private rented accommodation.

<sup>51</sup> The assumption of 15% is based on the mean average of potential new forming households across the three Central Lancashire districts, that indicated they would expect to move into private rented accommodation



Table 100: Estimated new households unable to afford market housing (step 2.2)			
	Chorley	Preston	South Ribble
Required monthly income for housing for sale	£2,250	£1,993	£2,475
Proportion of new households with income below threshold	88.7%	71.5%	78.4%
Required monthly income for market rent	£1,563	£1,507	£1,685
Proportion of new households with income below threshold	59.8%	56.9%	49.9%
Estimated new households that want and can afford private rented accommodation	75	84	81
<b>New households unable to afford market housing</b>	<b>1020</b>	<b>850</b>	<b>767</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 10.3.2 The affordability calculation does assume that households would be able to find a 10% deposit. Survey evidence shows that amongst potential new households a high proportion do not have sufficient savings to provide a meaningful deposit. Table 101 shows about three quarters of Central Lancashire's potential new households would have less than £10,000 to put down as a deposit towards a new home.

Table 101: Potential for finding 10% deposit			
	Chorley	Preston	South Ribble
10% deposit required	£10,500	£9,300	£11,550
< £10,000 in available for a deposit	75.1%	81.9%	70.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 10.4 Existing households falling into need

- 10.4.1 Step 2.3 of the housing need model estimates the number of existing households falling into need annually. Existing households falling into need is taken from district information collated in the P1E homelessness returns related to the numbers of households accepted as unintentionally homeless and in priority need during the year, shown in Table 91 above. Taking the most recent data available (2007/08) the figures for Central Lancashire show, 173 acceptances for Chorley, 144 acceptances for Preston and 93 acceptances for South Ribble.
- 10.4.2 These figures are not necessarily representative of the numbers overall who access homelessness services in the three districts as it only refers to those accepted as statutory homeless under the legislation and not the numbers who are given housing options advice, rent and bonds, or who are housed directly from the waiting lists etc.

## 10.5 Total newly arising housing need

10.5.1 Taking steps 2.1 to 2.3 an estimate of newly arising need is shown in Table 102. The number of new households falling into need as a proportion of total households is 2.5% in Chorley, 1.7% in Preston and 1.8% in South Ribble. The potential formation of new households is proportionally higher in Chorley than in Preston and South Ribble due to the higher indication of new household formation evident in the household survey data coupled with the higher proportion of potential new households that would not be able to afford to access market housing.

Table 102: Future Housing Need			
	Chorley	Preston	South Ribble
Step 2.1 - new household formation	1235	1306	1081
Step 2.2 - % unable to buy in the market	88.7%	71.5%	78.4%
Potential private renters who can afford rent	75	84	81
Step 2.3 - existing households falling into need	173	144	93
<b>Step 2.4 - total newly arising need</b>	<b>1194</b>	<b>993</b>	<b>859</b>
% of total households	2.5%	1.7%	1.8%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

# 11 AFFORDABLE HOUSING SUPPLY

Table 103: Summary of data required for affordable housing supply <sup>52</sup>	
Step	Data items
3.1 Affordable dwellings occupied by households in need	Housing Register, Local Authority and RSL transfer lists, Over-crowding data, local household survey data
3.2 Surplus stock	Local Authority and RSL records
3.3 Committed supply of new affordable housing	Development programmes of affordable housing providers (RSLs, developers, LAs), Regeneration\ Pathfinder Schemes, including conversions and intermediate housing products
3.4 Units to be taken out of management	Demolition and conversions programmes of LAs, RSLs, Regeneration\Pathfinder Schemes
3.5 Total affordable housing stock available	3.1 + 3.2 + 3.3 - 3.4
3.6 Annual supply of social re-lets (net)	Lettings/voids system for providers, LA and RSLs, CORE data for RSLs, HSSA data
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	LA, RSL and other providers' lettings/voids system and data on re-sales of sub-market LCHO or shared equity schemes
3.8 Annual supply of affordable housing	3.6 + 3.7

## 11.1 Affordable dwellings occupied by households in need (step 3.1)

11.1.1 It is first necessary to estimate the number of dwellings vacated by current occupiers that are fit for use by other households in need. This is an important consideration in establishing the *net* levels of housing need, as the movement of these households within affordable housing will have a nil effect in terms of housing need.

11.1.2 One way to look at this is to use the level of social housing stock lets that are taken up by tenant transfers. Alternatively from the household survey it is possible to look at the households identified as being in need who already live in social housing. Households in need as described in Chapter 9, includes households that are unsuitably housed and intend to move within the district where they currently live and who cannot afford to access market housing.

11.1.3 The survey data indicates that in Chorley there are 432, in Preston there are 686 and in South Ribble there are 184 households in need that are currently living in social housing.

<sup>52</sup> *Strategic Housing Market Assessments: Practice Guidance*, Communities and Local Government, March 2007, p47

The number of households in need currently living in social housing is proportionally much lower in South Ribble than the other two districts, reflecting the lower level of social housing in the district. This has a significant impact on the housing need model (at step 3.1 and 3.5).

## 11.2 Surplus stock (step 3.2)

11.2.1 If there is surplus social housing stock this needs to be accounted for in the assessment. A certain level of voids is normal and allows for transfers and works on properties. However, where the rate is in excess of 3 per cent and properties are vacant for considerable periods of time, these should be counted as surplus stock.

11.2.2 Table 104 sets out the total housing stock and the number of vacant dwellings in each of the Central Lancashire local authorities in 2007/08.

Table 104: Surplus stock			
	Chorley	Preston	South Ribble
Housing stock	5918	11603	4917
Vacant dwellings	94	316	40
% Vacant dwellings	1.6%	2.7%	0.8%
Proportion > 3%	0.0%	0.0%	0.0%
<b>Total surplus (step 3.2)</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: HSSA 2007/08

## 11.3 Committed supply of new affordable units (step 3.3)

11.3.1 It is important to take account of the new (i.e. new build and conversions) social rented and intermediate affordable dwellings that are committed at the point of the assessment. Where possible this number should be recorded with information on size also.

11.3.2 Past activity is used as an indicator of future activity and the figure recorded in each authority's HSSA 2007/08 return for committed new affordable housing is used as an estimate of annual supply. For Chorley the figure is 17, for Preston it is 44 and for South Ribble it is 23.

## 11.4 Units to be taken out of management (step 3.4)

11.4.1 Potential supply would be affected by any stock reductions resulting from planned demolitions programmes. At present only Preston can identify dwellings to be demolished in the coming year (20). Although there are no immediate plans for stock reduction in the

Central Lancashire authorities, there are likely to be significant demolitions of outmoded sheltered housing schemes in the near future.

## 11.5 Total affordable housing stock available

11.5.1 This is the sum of:

- Dwellings currently occupied by households in need
- Surplus stock
- and committed additional housing stock
- minus units to be taken out of management

Table 105: Total affordable housing stock available (Step 3.5)			
	Chorley	Preston	South Ribble
Dwellings currently occupied by households in need	432	686	184
Surplus stock	0	0	0
Committed additional housing stock	17	44	23
Units to be taken out of management	0	20	0
<b>Total at Step 3.5</b>	<b>449</b>	<b>710</b>	<b>207</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009 and HSSA 2007/08

11.5.2 In the housing need model (see summary Table 135), the total affordable housing stock available at step 3.5 is taken off the backlog of current housing need at step 1.4, which is then reduced over a five year period.

## 11.6 Future annual supply of social re-lets (net)

11.6.1 In order to provide a figure for social re-lets that avoids one-off changes that can distort the number, it is advisable to calculate this on the basis of past trends; usually the average number of re-lets over the previous three years is taken as the predicted annual level. This excludes internal transfers and transfers of tenancies to other household members; only properties that come up for re-let to a new household are counted.

11.6.2 The numbers in Table 106 are a composite of both local authority and RSL lettings.

Table 106: Annual supply of social re-lets (step 3.6)			
	Chorley	Preston	South Ribble
2005/6	504	242	384
2006/7	893	1336	356
2007/8	574	1045	375
2008/9	448	508	436
Mean 2005-09	605	783	388
Mean turnover	10.5%	7.2%	7.8%

Source: HSSA 2008

- 11.6.3 As with step 3.5 on the backlog of housing need, step 3.6 has a very significant effect on the reduction of future housing need at step 2.4. In Table 106 above, South Ribble has a lower level of social housing re-lets reflecting the low supply of social housing in the district, which produces a higher level of future housing need. It is also interesting to note that the turnover of social housing is considerably higher in Chorley than in Preston or South Ribble and that if the turnover rate were reduced the level of future housing need in the model would increase.

## 11.7 Future annual supply of intermediate affordable housing

- 11.7.1 The number of intermediate affordable housing units that come up for re-let or re-sale will increasingly play a role in the overall supply of affordable housing. Where operators of intermediate housing schemes monitor this, it is useful to include it in the supply figures. However, it should only include those properties that meet the definition of intermediate affordable housing as set out in PPS3. It should not include properties that are no longer affordable, such as social rented homes bought under the Right-to-Buy or shared equity homes where the purchaser has entirely bought out the landlord's share.
- 11.7.2 Where homes may be bought back as affordable housing by a RSL, or the money received by the landlord is used to fund future shared equity schemes through the recycling of capital grant, these units should be counted under the supply of new affordable housing (step 3.3).
- 11.7.3 At this point in time, there is no evidence of intermediate affordable housing units that have come up for re-let or re-sale that will result in net reductions in supply.

## 11.8 Future annual supply of affordable housing units

11.8.1 This is the sum of:

- Social rented units, and
- Intermediate affordable units

11.8.2 Steps 3.6 and 3.7 are brought together in Table 107. Future annual supply of affordable housing units as a proportion of the total number of households in each authority is similar for Chorley and Preston at 1.4% and 1.5% respectively, whilst for South Ribble the number is proportionally lower at 0.8%.

Table 107: Future annual supply of affordable housing units			
	Chorley	Preston	South Ribble
Social rented units	605	783	388
Intermediate units	0	0	0
Total (Step 3.8)	605	783	388
% of total households	1.3	1.4%	0.8%

# 12 HOUSING NEEDS OF SPECIFIC GROUPS

## SECTION OVERVIEW

In this section of the report we look at the housing needs of older people and those with specific needs arising from a limiting long-term illness or disability. The chapter looks at the policy context, issues of housing supply and the specific needs of this population.

### 12.1 Introduction

- 12.1.1 In this chapter the housing needs of older people and those with specific needs arising from a limiting long-term illness or disability are considered. There are inevitable differences in needs, demands and aspirations between these groups. The older cohorts cover a population spanning two or more generations. Even within the same age bands older people have diverse needs.
- 12.1.2 Local and national policies are committed to improving the quality of life and well-being of older people. National legislation and local strategies recognise the need to ensure choice, independence and social inclusion for people with supported housing needs and as they enter their older age.
- 12.1.3 Effective housing is central to enabling improved quality of life. The modernising agenda of local government and the health service has brought a shift in social care and health policy towards care and support services closer to home rather than in an institutional setting. Giving people the choice to continue to live in their own homes for as long as they can is a key driver bringing increased partnership working between housing, primary care, community health services, social services as well as a variety of voluntary organisations.
- 12.1.4 The home is recognised as a key factor in determining a person's quality of life with research suggesting older people spend between 70 - 90% of their time in their home.<sup>53</sup>
- 12.1.5 The housing needs of a person aged 85 and those of a person aged 60 are likely to be very different. The demand for health and social care services is likely to increase as a person ages.

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<sup>53</sup> Baltes, M.M., Wahl, H-W, Schmid-Furstoss, U. (1990) The daily life of the elderly at home. Activity patterns, personal control, and functional health. *Journal of Gerontology Social Sciences*, 45, 173-179, cited in *A Sure Start to Later Life: Ending Inequalities for Older People*, ODPM, 2006



## 12.2 National context

- 12.2.1 The Government's overall housing policy is for everyone to have the opportunity of a decent, affordable and appropriate home. At the same time national and local policies support a higher proportion of older people and vulnerable people to live at home or in supported housing. Appropriate housing and housing related support can allow people to remain independent, living in a home of their choice.
- 12.2.2 Demographic changes are taking place as people are living to an older age. Population ageing will continue with increasing proportions of people living over the age of 85.
- 12.2.3 The increasing role of older people in our communities has been recognised in a steady flow of national legislation over the last five or six years promoting consideration of older people's issues aimed at enabling older people to be fully active citizens.
- 12.2.4 The Office of the Deputy Prime Minister produced the following key policies, which recognise that housing has a central role to play in ensuring that older people and people with a need for supported housing are able to realise their potential and live their lives to the full:
- (i) **Preparing Older People's Strategies:** linking housing to health, social care and other local strategies<sup>54</sup>
  - (ii) **Quality and Choice for Older People's Housing**<sup>55</sup>. The focus here is for local authorities, the NHS, housing providers and the voluntary and private sectors to work together to address local issues facing older people. It identified five key themes:
    - Increased diversity and choice in appropriate housing and care solutions
    - Better information, advice and access for all older people and their carers
    - Improved flexibility in housing and service models to help older people stay in their homes for as long as possible or live in a home that best suits their needs and aspirations
    - Improved quality and standards of both housing and support services
    - Aim for holistic service with joint working between agencies
  - (iii) **Supporting People**<sup>56</sup>. Introduced in April 2003, this provides a funding framework for housing related support for vulnerable people whether they are living in general housing or specialist accommodation. The Supporting People Programme focuses on

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<sup>54</sup> Preparing Older People's Strategies: linking housing to health, social care and other local strategies, ODPM, 2003

<sup>55</sup> Quality and Choice for Older People's Housing : A Strategic Framework 2001, ODPM

<sup>56</sup> Supporting People, ODPM, 2003

enabling older people and other vulnerable groups to continue to live at home or in a supported housing environment.

- (iv) In 2005 the government published **Opportunity Age**<sup>57</sup>, its national strategy on ageing. The key agenda is one of active ageing, and it is concerned with participation and well-being, and highlights aspirations as well as needs. It includes key themes of prevention - of ill-health and social exclusion, and housing interests and aspirations which include but are not confined to those of older people with care and support needs.
- (v) More recently the Social Exclusion Unit report, **A Sure Start to Later Life: Ending Inequalities for Older People**<sup>58</sup> looks at refocusing the Sure Start model to produce improved provision of older people's services with a strong emphasis on social inclusion and preventative measures in order to keep older people healthy, active and participating in their communities.

12.2.5 Legislation affecting the National Health Service reflects the same key drivers:

- (i) **NHS Plan and NHS Improvement Plan**<sup>59</sup>. The NHS Plan was published in July 2000 and is a ten-year plan of investment and reform to modernise the NHS. The NHS Improvement Plan sets out the priorities for the NHS up to 2008 with an emphasis on:
  - Putting patients and service users first through more personalised care
  - A focus on the whole of the health and well-being, not only illness
  - Further devolution of decision-making to local organisations
- (ii) **National Service framework for Older People**<sup>60</sup>. The National Service Framework (NSF) for Older People sets out eight standards across health and social services that aim to provide person-centred care for older people. These are:
  - Standard 1 - Rooting out age discrimination
  - Standard 2 - Person centred care
  - Standard 3 - Intermediate care
  - Standard 4 - General hospital care
  - Standard 5 - Stroke
  - Standard 6 - Falls
  - Standard 7 - Mental Health in Older People

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<sup>57</sup> Cm6466, 2005. Opportunity Age: meeting the challenges of ageing in the 21<sup>st</sup> century. London. Stationery Office.

<sup>58</sup> A Sure Start to Later Life: Ending Inequalities for Older People, ODPM Social Exclusion Unit, 2006

<sup>59</sup> NHS Plan, 2000

NHS Improvement: Putting People at the Heart of Public Services

<sup>60</sup> National Service Framework for Older People, 2001

- Standard 8 - The promotion of health and active life
  - (iii) More recently the White Paper **Our Health, Our Care, Our Say: a new direction for community services**<sup>61</sup> emphasises the need for preventative measures and providing services closer to people's homes including at home. Key recommendations include individual budgets and extending the provision of extra care and telecare.
- 12.2.6 Another recent report **Securing Good Care for Older People: Taking a long-term view**<sup>62</sup> focuses on restructuring local services to meet the needs of older people as well as funding issues.
- 12.2.7 National Local Government initiatives include the creation of **Local Strategic Partnerships (LSP)** involving partnership working between public, private and voluntary sector organisations aimed at providing joined-up services for older people within their Community Strategy.

### 12.3 Population projections

- 12.3.1 The trend towards an ageing population is reflected throughout the North West Region with a growing older population profile: 40.1% of the resident population was over the age of 45 years in 2001, which is predicted to increase to 45.5% by 2017. Central Lancashire is projected to see a significant growth in the population aged over 65 up to 2017. All three districts show a predicted increase in their older populations up to 2017, although the growth in Preston is much lower than in South Ribble and Chorley.
- 12.3.2 In line with forecast national trends, the older age categories are expected to experience the greatest increases as a proportion of total resident population. According to the 2001 Census 40.8% of the Chorley population were above the age of 45 years. By 2017 it is expected that this proportion will increase to 47.8%, with the greatest increase of 72.5% in the 65-74 year old age group. According to the 2001 Census 36.4% of the Preston population were above the age of 45 years. By 2017 it is expected that this proportion will increase to 41.0%, with the greatest increase of 21.4% in the 55-64 year old age group. According to the 2001 Census 41.8% of the South Ribble population were above the age of 45 years. By 2017 it is expected that this proportion will increase to 48.5%, with the greatest increase of 48.1% in the 65-74 year old age group.

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<sup>61</sup> Our Health, Our Care, Our Say: a new direction for community services, Department of Health White Paper, 2006

<sup>62</sup> Securing Good Care for Older People: Taking a long-term view, King's Fund, Sir Derek Wanless, 2006

Table 108: Population 2001- 2017 % change			
Population age group	Chorley	Preston	South Ribble
0 - 4	9.7%	5.6%	3.7%
5 - 9	-2.3%	-8.6%	-5.5%
10-14	-4.9%	-14.4%	-12.4%
15 - 19	-6.9%	-15.8%	-5.9%
20 - 24	9.4%	14.9%	17.0%
25 - 34	4.3%	6.4%	1.7%
35 - 44	-6.6%	-13.1%	-14.4%
45 - 54	14.1%	16.4%	12.3%
55 - 64	22.5%	21.4%	18.2%
65 - 74	72.4%	14.2%	48.1%
75+	42.6%	14.4%	38.4%
<b>Total</b>	<b>12.8%</b>	<b>4.0%</b>	<b>8.2%</b>

Source: CACI (see Section 3.1 above for more detail)

- 12.3.3 Household growth has outpaced population growth over recent decades as the average size of households has declined nationally. Cultural and demographic shifts such as rising divorce levels, increased student numbers and life expectancy have all contributed to the increase of single person households.
- 12.3.4 Chorley had 43,996 households in 2007, an average of 2.36 persons per household, declining from 2.39 persons in 2001(CACI) and projected to decrease to 2.07 persons per household by 2026 (CLG). Preston had 57,351 households in 2007, an average of 2.37 persons per household, declining from 2.40 in 2001(CACI) and projected to decrease to 2.09 persons per household by 2026 (CLG). South Ribble had 46,271 households in 2007, an average of 2.34 persons per household, declining from 2.42 in 2001(CACI) and projected to decrease to 2.12 persons per household by 2026 (CLG).
- 12.3.5 According to official forecasts the North West is expected to have 2.07 persons per household, in line with the national figure of 2.09, by 2029 (CLG). Coupled with the ageing population it is clear that the smaller households will be older households either requiring particular properties to meet their needs and/or suitably sized to provide spare rooms for visiting family members or carers.
- 12.3.6 Local or regional figures for the age structure of one-person households are not available, but Table 109 shows how the age structure of these households will change nationally between 2004 and 2026<sup>63</sup>. Overall, one-person households are projected to grow by 52.2%,

<sup>63</sup> New figures based upon the 2006-based population projections have not yet been published

but this differs considerably between age bands. It is not the younger age groups (under 25 or even 25-34) that will see the most change, but the households consisting of 55-64 year olds (growth of 80.2%) and 45-54 (up 66.1%). Also older single person households (65+) will also grow by more than younger households. In addition it is worth noting that in terms of actual numbers, it is the 45-54 age band that will grow the most (35,727 households per annum) followed by the 75+ age band (32,136 households per annum).

Table 109: One-person households by age - England (%)			
	2004	2026	% change 2004-26
Under 25	3.5%	2.6%	12.6%
25-34	12.1%	10.8%	36.1%
35-44	14.6%	15.1%	58.5%
45-54	13.1%	14.3%	66.1%
55-64	15.0%	17.8%	80.2%
65-74	16.2%	15.5%	45.7%
75 and over	25.5%	23.9%	42.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>52.2%</b>

Source: CLG 2006 based household projections

- 12.3.7 The significant growth in one person households and the age of these new one person households will present specific challenges to future residential development since it suggests an increased requirement for smaller properties.
- 12.3.8 For older people, they will be looking for safe and secure housing close to health services, shops and public transport. If the housing offer is right it will facilitate some of these older people to relinquish under-occupied, larger properties that would better serve local families. The under-occupation of housing tends to be more of an issue in rural areas (due to the tendency towards higher proportions of larger dwellings in the stock).
- 12.3.9 The growth of one person households in the 45-54 and 55-64 age brackets are emerging as a result of social, economic and cultural factors that are leading to marital breakdown at one point in the age spectrum at the same time as a growth in couples "living apart together" or "LAT".<sup>64</sup> This will create increased demand for smaller properties, but not so small that they cannot accommodate overnight guests (e.g. children) or space to work at home (an increasing phenomenon as transport infrastructures become more and more congested); in other words **at least two bedrooms**.

<sup>64</sup> The common definition of a LAT relationship is a couple, that does not share household, each of the two lives in his or her own household, in which other persons also might live, but they define themselves as a couple

12.3.10 It is highly likely that all these new households in middle age and beyond, looking for smaller properties, may not necessarily be attracted by one bedroom dwellings and the focus for these emerging one person households should be two bedroom dwellings as far as possible.

## 12.4 Lifestyle changes

12.4.1 It is arguable that demographic changes are equally matched by lifestyle changes within the ageing population. Cultural changes reflect the different lifestyles and aspirations of the younger older generation (55-74) and need to be taken into account when assessing the requirements for appropriate and effective housing for the older population.

12.4.2 The way the younger older generation works and lives is very different to the experiences of the older older generation (75+) and this will lead to very different expectations in older age. There is a broad stereotype that distinguishes the lifecycles of these two groups split into two distinct categories with the younger older generation characterised as fit, healthy, spending more, higher expectations, more mobile and willing to travel, compared to the older older generation with less mobility, less money, more ill health and being isolated in their homes.

12.4.3 If these broad distinctions between the two groups are reasonable then this raises questions as the younger group replaces the older generation. For example:

- Where will people want to live? Choices here are likely to be more varied than at present. Some people who have spent most of their life in one area may want to retire there. Other people have been very mobile in their work experience and they may want to have more flexibility.
- Downsizing may be more noticeable as people give greater priority to leisure and social activities. A new generation of pensioners is talked about - 'the Skiers' - who want to enjoy life more and are not deterred by 'Spending the Kids Inheritance'.
- Expectations of what is needed to care for the younger older generation may be different. For the 70 - 80 year old population now, it may be quite normal to have baths once a week, whereas the younger generation may expect to have a shower probably once a day. People may be more demanding and assertive about the care and services they wish to receive.
- The number of people in the older age brackets from Black and Minority Ethnic groups is likely to increase and services will develop to meet their specific needs.
- The younger older generation socialises differently and no longer relies on the immediate community. There is usually a much greater reliance on private cars.

- What income will 60 year olds have as they grow older? Will their pension be sufficient to maintain their life style? If they take early retirement how long will that last? Will owner-occupiers need to sell their property and downsize?
- How much are parents going to feel they need to support their children: financially to assist their children onto the property ladder or helping to pay for student loans? Or in terms of providing childcare to their grandchildren as most families now have both parents working. It is arguable that parents now have to support their children to later ages until they are able to afford to live independently. Another acronym -'Kippers' - has developed to describe this growing trend, 'Kids In Parents Pockets Eroding Retirement Savings'.
- The ageing population also means that some people aged 70 and over are looking after one or more of their own parents. To what extent can people in their 70s be expected to provide care? The prevalence of four generational families is likely to increase.
- Equally there is a growing trend of an increasing number of older people living alone. This has implications for provision of services from health, social services and the voluntary sector as there is no informal care provided within the home.
- Will debt be more of an issue for the younger older generation? People are re-mortgaging and extending mortgage repayments to post retirement age. The willingness to borrow money and juggle credit cards, debit cards, loans etc is a clear change in lifestyle from that of the older older generation
- The focus on enabling older people to stay at home longer and have services come to them may mean that the need for Care Homes without nursing support is less prevalent. Periods of care in Care Homes may be much shorter.

12.4.4 It is clear that the next generation of people moving towards their retirement are going to be very different. However changes are already occurring as older people express their preference to maintain their independence and continue to live in their own homes. Life styles and cultural changes are taking place and these will impact on social, economic, housing and health decisions as older people expect and require more choice and different services.

## 12.5 Distribution of older persons' housing

12.5.1 Evidence from the household surveys undertaken in Chorley, Preston and South Ribble in 2008, shows that households with older members are not evenly distributed through the area. Almost half the households in the three districts of Central Lancashire contain at least one member aged 60 or above, 49.5% in Chorley, 42.8% in Preston and 48.8% in South Ribble.

12.5.2 In Chorley the area with the highest concentration of older person households<sup>65</sup> is in the Rural West (Lostock/Eccleston/Mawdesley) at 59.4% and the area with the lowest concentration is the Rural East (Heapey) at 42.0%. In Preston the area with the highest concentration of older person households is in the Rural North (Broughton, Garstang/Grimsargh/Inglewhite/Longridge/Whittingham/Woodplumpton) at 50.0% and the area with the lowest concentration is in the Central area (Riversway/University/St Georges/Moor Park) at 32.5%. In South Ribble the area with the highest concentration of older person households is in the Western Parishes (Longton, Hutton and Hoole) at 60.2% and the lowest concentration is in Bamber Bridge and Walton le Dale at 34.7%.

Table 110: Chorley households with at least one member aged over 60		
Chorley sub areas	Percent	Number
Chorley Town	46.7%	4249
Lostock/Eccleston/Mawdesley (Rural West)	59.4%	3639
Chisnall/Coppull (South West Chorley)	49.7%	2856
Euxton/Astley & Bucshaw villages	54.1%	3926
Whittle-le-Woods (North Chorley)	45.7%	2903
Heapey (Rural East)	42.0%	2653
Adlington/Anderton/Heath Charnock/Rivington (South East Chorley)	49.5%	3076
<b>Chorley total</b>	<b>49.5%</b>	<b>23297</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 111: Preston households with at least one member aged over 60		
Preston sub areas	Percent	Number
Broadgate/Aveeham/Frenchwood	35.4%	1305
Fishwick/St Matthews/Deepdale	42.7%	2831
Riversway/University/St Georges/Moor Park	32.5%	2433
Brookfield/Ribbleton/Garrison/Sharoe Green/College	46.9%	5620
Greyfriars/Cadley/Ingol/Lea/Larches/Tulketh	41.4%	7202
Broughton, Garstang/Grimsargh/Inglewhite/Longridge/Whittingham/Woodplumpton	50.0%	5210
<b>Preston total</b>	<b>42.8%</b>	<b>24634</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

<sup>65</sup> Households where at least one member is aged 60 or above



Table 112: South Ribble households with at least one member aged over 60		
South Ribble sub areas	Percent	Number
Penwortham	49.1%	5267
Leyland	51.0%	5796
Bamber Bridge and Walton le Dale	34.7%	2497
Lostock Hall and Farington	47.6%	3009
Longton, Hutton and Hoole (Western Parishes)	60.2%	4086
Salesbury & Walton, Coupe Green & Gregson Lane (Eastern Parishes)	50.4%	2216
<b>South Ribble total</b>	<b>48.8%</b>	<b>22850</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 12.6 Age profile and household composition

12.6.1 A breakdown of the types of households that contain at least one member aged 60 and above compared with households that have no members aged 60 and above shows the tendency towards small household sizes as people age. 83.9% of Chorley households with older members are either single person or couple households, with the corresponding figure 85.4% in Preston and 88.3% in South Ribble. There are proportionally far fewer single person and couple households amongst those that contain no members age 60 and above. Preston has the highest proportion of single person aged 60 and above households at 41.2% of all the older person households.

Table 113: Household composition - households with older members						
Household composition	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
Single person aged under 60	18.9%	0.0%	22.0%	0.0%	16.7%	0.0%
Single person aged 60 and above	0.0%	32.8%	0.0%	41.2%	0.0%	34.6%
Couple (self designated)	28.4%	51.1%	23.5%	44.2%	24.9%	53.7%
Couple with at least one child under 16	26.3%	0.9%	31.0%	0.7%	33.2%	1.2%
Couple with children aged 16 and above	13.9%	6.8%	8.5%	7.6%	11.6%	5.3%
Other	4.7%	7.4%	4.4%	5.8%	3.1%	4.7%
Single parent with at least 1 child under 16	6.3%	0.4%	7.0%	0.2%	6.4%	0.3%
Single parent with non-dependent children	1.4%	0.3%	3.6%	0.2%	4.1%	0.2%
No response	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.6.2 The proportion of household population aged 65 and over in each of the three districts is, 18.1% in Chorley, 18.5% in Preston and 20.3% in South Ribble. An age breakdown on the 65 plus age group in each of the three districts shows Preston having proportionally more population aged 76 to 85 than the other two districts and Chorley having proportionally more population aged over 85 years.

Table 114: Age breakdown of 65+ population			
Population age group for 65 plus	Chorley	Preston	South Ribble
66 - 75	62.3%	60.4%	60.8%
76 - 85	29.7%	33.9%	32.4%
85+	7.9%	5.7%	6.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 12.7 Housing need

- 12.7.1 Generally households with older members indicate lower levels of housing need than younger households. In Preston the difference between younger and older households living in unsuitable housing is most pronounced with 14.7% of younger households indicating that their current accommodation is unsuitable for their needs and 8.0% of older households stating that they are unsuitably housed. This is a common finding in housing need household surveys and reflects both the difference in housing circumstances and a difference in perception (older respondents tend to have higher levels of satisfaction and may be less demanding of quality and standards than younger respondents).

Table 115: Households in unsuitable housing			
Proportion unsuitably housed	Chorley	Preston	South Ribble
Households with no members aged 60 or above	9.8%	14.7%	7.8%
Households with at least one member aged 60 or above	7.8%	8.0%	6.7%
<b>All households</b>	<b>8.8%</b>	<b>11.8%</b>	<b>7.2%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.7.2 Generally, the main reason given for unsuitable housing in housing need surveys is houses being too small for the households needs. For older person households, whilst size is still a significant factor, for many it is the fact that their home is too big for their needs that leads to its unsuitability. The cost of heating and suitability for a person with a disability or an older person are also key reasons for older person households to describe themselves as unsuitably housed.

Table 116: Reason for unsuitable housing						
Reasons for unsuitability	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
Tenancy/lease ending within 1 month	0.0%	3.9%	1.3%	0.0%	0.0%	0.0%
Home too small	55.6%	26.4%	47.9%	11.7%	45.6%	14.6%
Home too big	13.4%	44.9%	8.9%	33.6%	14.5%	34.8%
Rent/mortgage too high	13.4%	2.2%	19.5%	5.6%	16.7%	0.0%
Home too costly to heat	18.4%	22.5%	29.5%	22.4%	34.7%	25.4%
Home too costly to repair or maintain	11.7%	13.5%	16.0%	14.0%	19.0%	13.5%
Needs major repair (roof/windows/heating)	16.7%	12.9%	24.4%	5.6%	26.7%	10.7%
Lacks self contained bathroom/kitchen/wc	4.6%	0.0%	3.3%	0.0%	2.2%	0.0%
Unsuitable for person with a disability	8.4%	28.1%	16.8%	40.7%	16.4%	30.6%
Unsuitable for an older person	1.7%	23.6%	6.4%	41.3%	2.2%	19.9%
Racial harassment in local area	0.0%	2.2%	2.5%	0.0%	3.2%	0.0%
Other harassment in local area	5.0%	8.4%	9.6%	12.8%	8.7%	2.7%
Other	9.2%	6.7%	9.1%	0.0%	16.7%	8.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.7.3 By comparing the number of people living in a house with the number of bedrooms available it is possible to establish a crude measure of under or over occupation. A house can be said to be under occupied, if there are two more bedrooms than people living in the house (e.g. one person to three bedrooms) and over occupied if there are two more people than bedrooms available (e.g. three people to one bedroom). By this measure over a quarter of older person households in Central Lancashire are living in under occupied accommodation.

Table 117: Under/over occupation				
		Chorley	Preston	South Ribble
Households with no members aged 60 or above	Under occupied	14.9%	14.1%	13.3%
	Over occupied	5.2%	5.8%	3.4%
Households with at least one member aged 60 or above	Under occupied	26.4%	28.3%	24.2%
	Over occupied	1.0%	0.6%	0.2%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.7.4 A household may be counted as being in housing need if they are unsuitably housed and either intend to move home but stay in the district in order to meet their needs or express a desire to move but an inability to do so. In Chorley 4.7% of older person households are

in housing need with the corresponding figures for Preston and South Ribble being 4.2% and 4.0% respectively.

Table 118: Households in housing need			
	Chorley	Preston	South Ribble
Households with no members aged 60 or above	6.3%	9.6%	5.2%
Households with at least one member aged 60 or above	4.7%	4.2%	4.0%
<b>All households</b>	<b>5.6%</b>	<b>7.3%</b>	<b>4.6%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 12.8 Health and disability

12.8.1 There are strong links between age and health and disability. In Chorley 17.2% of households with no older members contain at least one person with a limiting long-term illness (LLTI) or disability compared with 43.0% of older person households. In Preston the corresponding comparison is 23.6% and 47.8% and in South Ribble is 21.4% and 42.1%.

Table 119: Households with at least one member with a LLTI or disability			
	Chorley	Preston	South Ribble
Households with no members aged 60 or above	17.2%	23.6%	21.4%
Households with at least one member aged 60 or above	43.0%	47.8%	42.1%
<b>All households</b>	<b>29.6%</b>	<b>33.5%</b>	<b>31.1%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

12.8.2 39.5% of people living in an older person household that have a LLTI or disability in Chorley have a physical disability, 15.3% have a hearing impairment and 12.6% have an age related illness. In Preston 51.3% have a physical disability, 16.0% a hearing impairment and 11.1% an age related illness. In South Ribble 44.0% have a physical disability, 19.5% a hearing impairment and 9.8% an age related illness.

12.8.3 Table 120 below shows for each type of special need, the proportion of all households in each district where at least one member has a LLTI or disability that experience that need and then the proportion of those experiencing the need that live in an older person household. For example in Chorley 9.6% of households where at least one member has a LLTI or disability, are wheelchair users and of these 74.4% live in households where at least one member is aged 60 or above.

Table 120: Nature of LLTI or disability						
Special needs	Chorley		Preston		South Ribble	
	All households (column %)	Proportion of disability type experienced by older person households (row %)	All households (column %)	Proportion of disability type experienced by older person households (row %)	All households (column %)	Proportion of disability type experienced by older person households (row %)
Wheelchair user	9.6%	74.4%	7.4%	73.0%	10.0%	88.6%
Physical disability	40.8%	70.8%	43.2%	73.3%	37.5%	74.4%
Learning disability	3.6%	44.9%	4.2%	23.9%	5.3%	5.4%
Mental health need	7.9%	38.9%	10.5%	20.6%	10.3%	19.1%
Visual impairment	6.5%	83.1%	5.9%	64.5%	9.6%	60.4%
Hearing impairment	12.8%	87.5%	11.3%	87.3%	14.3%	86.3%
Drug/alcohol misuse	0.8%	63.2%	1.3%	43.6%	1.2%	0.0%
Terminal illness	3.4%	74.6%	1.0%	72.2%	1.7%	41.5%
Age-related illness	10.1%	91.3%	7.1%	96.1%	6.5%	95.6%
Other	30.4%	76.7%	34.1%	58.4%	29.0%	61.1%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.8.4 Amongst households with at least one member aged 60 or above, 40.0% in Chorley claim some form of disability related financial support, 48.2% in Preston and 49.0% in South Ribble. The three main benefits that households receive are, Disability Living Allowance (care), Disability Living Allowance (mobility) and Attendance Allowance.

Table 121: Households in receipt of disability related financial benefits						
Disability related financial benefits	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
Disability Living Allowance (care)	15.8%	14.8%	18.5%	12.3%	20.8%	18.8%
Disability Living Allowance (mobility)	14.6%	16.0%	14.0%	16.5%	15.6%	19.6%
Attendance Allowance	1.5%	13.9%	1.4%	19.5%	0.7%	19.3%
Carer's Allowance	3.8%	6.7%	5.7%	4.5%	6.0%	5.4%
Incapacity Benefit	15.8%	5.4%	11.3%	6.9%	15.3%	5.2%
Severe Disablement Allowance	2.0%	1.0%	2.8%	0.7%	0.0%	2.3%
Industrial Injuries Disablement Benefit	2.8%	2.6%	2.5%	2.4%	1.2%	2.4%
War Disablement Pension	0.0%	0.7%	0.7%	1.5%	0.0%	2.3%
Disabled Persons Tax Credit	0.0%	0.0%	0.5%	2.4%	0.5%	0.0%
None of these	71.3%	60.0%	66.4%	51.8%	71.0%	51.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.8.5 In Chorley, 11.2% of households with at least one member aged 60 or above are in receipt of some type of support services in their home, with similar proportions in Preston (11.7%) and South Ribble (12.0%). The main types of support people receive are cleaning and personal physical care, although the pattern of support services is slightly different in South Ribble with a greater proportion of households receiving support with shopping and gardening and odd jobs than in the other two districts.

Table 122: Types of support services received in own home			
Support services	Chorley	Preston	South Ribble
Personal physical care	42.6%	41.0%	27.3%
24 hour supervision	4.7%	2.8%	4.8%
Cleaning	47.1%	65.9%	47.4%
Gardening	27.0%	30.7%	43.2%
Shopping	26.5%	39.7%	55.8%
Transport	26.5%	30.7%	38.1%
Odd jobs	36.2%	21.6%	47.7%
Community alarm	23.6%	32.4%	29.4%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.8.6 The proportion of all households whose homes are in need of adaptations to meet their household needs is 7.5% in Chorley, 9.6% in Preston and 7.3% in South Ribble. Of these the requirement for bathroom adaptations and handrails/grab rails were the greatest.

Table 123: Households requiring property adaptations						
Property adaptations	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
Wheelchair adaptations	21.7%	9.7%	15.6%	4.8%	0.0%	14.6%
Stair lift/vertical lift	50.7%	23.0%	29.0%	18.8%	18.5%	23.5%
Kitchen adaptations	11.6%	3.5%	5.9%	9.3%	4.2%	19.3%
Bathroom adaptations	55.1%	53.5%	59.5%	57.9%	75.5%	46.5%
Improvements to access	5.8%	19.0%	5.9%	7.1%	4.2%	17.4%
Handrails/grab rails	10.2%	35.8%	34.9%	35.2%	37.1%	46.5%
Ground floor extension	17.4%	6.6%	9.7%	3.0%	6.0%	13.5%
Room for carer	10.2%	0.0%	0.0%	4.8%	16.2%	2.0%
Lever door handles	0.0%	1.8%	17.4%	4.5%	0.0%	2.0%
Community alarm service	15.9%	10.2%	3.7%	13.1%	4.2%	5.9%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 12.9 Housing finance

12.9.1 Housing costs (in relation to rent/mortgage payments) are generally much lower amongst older person households than younger households with a high proportion of households that have at least one member aged 60 or above owning their own home outright, 70.2% in Chorley, 65.6% in Preston and 79.2% in South Ribble.

Table 124: Tenure split households with older residents				
		Chorley	Preston	South Ribble
Households with no members aged 60 or above	Own outright	22.1%	17.8%	22.6%
	Paying mortgage	62.1%	52.6%	62.3%
	Social rented	10.3%	18.7%	10.9%
	Other	5.5%	10.9%	4.2%
Households with at least one member aged 60 or above	Own outright	70.2%	65.6%	79.2%
	Paying mortgage	12.0%	11.2%	9.3%
	Social rented	15.5%	21.0%	9.7%
	Other	2.3%	2.2%	1.8%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 125: Household monthly housing costs (cumulative %)						
Monthly housing costs	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
< £300	18.0%	50.9%	26.2%	54.8%	16.3%	33.0%
£300 - £450	44.0%	77.1%	52.3%	81.8%	39.4%	83.9%
£451 - £600	64.3%	90.9%	76.0%	86.8%	60.7%	92.0%
£601 - £750	77.7%	93.4%	85.3%	89.3%	75.6%	96.6%
£751 - £900	85.4%	95.9%	88.6%	92.3%	84.6%	97.8%
£901 - £1,050	90.1%	96.7%	92.1%	93.6%	92.4%	97.8%
£1,051 - £1,200	93.1%	97.5%	95.0%	97.4%	95.6%	100.0%
£1,201 - £1,350	96.1%	97.5%	96.0%	98.2%	97.3%	
£1,351 - £1,500	98.6%	97.5%	97.3%	100.0%	98.5%	
£1,501 - £1,650	99.4%	97.5%	98.3%		99.1%	
£1,651 - £1,800	99.4%	97.5%	98.8%		99.4%	
> £1,800	100.0%	100.0%	100.0%		100.0%	

Source: Chorley, Preston and South Ribble household survey data 2008/2009

12.9.2 Gross household income is generally lower in households where at least one member is aged 60 or above compared with households with no older members. In Chorley, 56.0% of older

households have gross monthly incomes below £15,000 compared with 25.8% of younger households. In Preston, 61.7% of older households have gross monthly incomes below £15,000 compared with 40.1% of younger households. In South Ribble, 61.4% of older households have gross monthly incomes below £15,000 compared with 27.2% of younger households.

Table 126: Household monthly gross income (cumulative %)						
Monthly household income	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
< £749	5.1%	19.0%	10.3%	15.7%	6.7%	20.8%
£750 - £999	10.8%	36.2%	19.9%	33.9%	12.6%	39.7%
£1,000 - £1,249	17.3%	47.2%	31.7%	48.6%	18.5%	52.0%
£1,250 - £1,499	25.8%	56.0%	40.1%	61.7%	27.2%	61.4%
£1,500 - £ 1,749	32.3%	62.4%	46.6%	71.3%	33.6%	68.8%
£1,750 - £1,999	39.3%	69.8%	51.4%	77.0%	40.1%	75.1%
£2,000 - £2,249	47.5%	76.8%	55.9%	83.5%	51.0%	82.4%
£2,250 - £2,499	54.5%	80.8%	60.4%	86.3%	57.0%	85.7%
£2,500 - £2,749	58.7%	83.8%	65.1%	89.4%	63.3%	87.8%
£2,750 - £2,999	65.9%	87.2%	69.4%	92.5%	66.4%	90.2%
£3,000 - £3,499	73.2%	91.2%	79.4%	95.3%	75.8%	92.9%
£3,500 - £3,999	79.4%	94.7%	83.5%	97.8%	82.9%	94.4%
£4,000 - £4,499	87.1%	96.4%	88.0%	98.6%	88.9%	95.6%
£4,500 - £4,999	90.0%	97.9%	91.9%	98.9%	92.2%	96.8%
£5,000 - £5,499	92.7%	98.4%	93.7%	99.2%	94.2%	97.6%
> £5,500	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.9.3 In Chorley proportionally more households with older members than households with no members aged 60 and above claim at least one form of financial benefit, 24.9% compared with 19.9%. In Preston and South Ribble proportionally more households with no older members than households with older members claim at least one financial benefit, In Preston 30.1% compared with 28.7% and in South Ribble, 24.6% compared with 22.3%.
- 12.9.4 The main difference in the receipt of financial support benefits between younger and older households is seen in Housing Benefit, Council Tax Benefit and Pension Credit, where proportionally more older households receive these supports compared with younger households.



Table 127: Households receiving financial support						
Financial benefits	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
Housing Benefit	5.4%	12.2%	10.0%	17.1%	8.7%	8.8%
Council Tax Benefit	5.0%	18.2%	11.9%	20.1%	10.1%	14.5%
Income Support	3.8%	2.3%	6.7%	4.6%	5.7%	3.8%
Job Seekers Allowance	2.7%	0.4%	4.7%	1.5%	2.5%	0.9%
Working Tax Credit	12.7%	1.2%	18.0%	0.5%	13.4%	1.8%
Pension Credit	0.4%	12.3%	0.4%	15.8%	0.0%	10.2%
None of these	80.1%	75.1%	68.7%	71.3%	75.4%	77.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 12.10 Housing demand

12.10.1 When asked about their housing priorities for the future, people over the age of 55 in all three districts overwhelmingly voted to be able to stay in their own homes with any necessary support being provided directly to them, 81.3% in Chorley, 81.9% in Preston and 83.0% in South Ribble. When prioritising the six housing options listed in Table 128, Table 129 and Table 130 below, after staying in their own home the next most popular housing options were to move into sheltered housing followed by housing specifically for older people. The least favoured housing options were to move in with family and to move into extra care housing. Priorities were similar across each of the three districts.

Table 128: Housing priorities for people aged 55 and above in Chorley						
Housing priorities for over 55s	Priority choice					
	First	Second	Third	Fourth	Fifth	Sixth
Stay in own home with support	81.3%	5.2%	2.9%	5.5%	3.8%	1.4%
Move in with family	2.3%	17.1%	7.6%	11.0%	15.0%	47.0%
Move to housing for older people (own age)	5.0%	20.2%	24.7%	25.8%	18.5%	5.8%
Move to housing for older people (all ages)	9.5%	24.7%	25.4%	20.6%	13.2%	6.4%
Move to sheltered housing	9.3%	27.6%	26.9%	22.0%	10.2%	4.0%
Move to extra care housing	1.1%	6.2%	10.1%	11.1%	35.5%	36.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 129: Housing priorities for people aged 55 and above in Preston						
Housing priorities for over 55s	Priority choice					
	First	Second	Third	Fourth	Fifth	Sixth
Stay in own home with support	81.9%	6.2%	2.3%	4.7%	3.8%	1.0%
Move in with family	6.3%	20.8%	7.4%	8.4%	17.4%	39.6%
Move to housing for older people (own age)	3.8%	15.9%	26.4%	27.0%	17.7%	9.2%
Move to housing for older people (all ages)	9.3%	21.3%	22.5%	20.6%	16.4%	9.9%
Move to sheltered housing	11.7%	28.9%	25.6%	19.9%	11.5%	2.4%
Move to extra care housing	3.2%	4.9%	11.7%	13.1%	26.5%	40.5%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 130: Housing priorities for people aged 55 and above in South Ribble						
Housing priorities for over 55s	Priority choice					
	First	Second	Third	Fourth	Fifth	Sixth
Stay in own home with support	83.0%	5.9%	2.6%	3.4%	3.6%	1.5%
Move in with family	5.1%	18.9%	6.5%	6.5%	20.9%	42.1%
Move to housing for older people (own age)	3.4%	18.9%	25.0%	29.3%	16.5%	6.9%
Move to housing for older people (all ages)	6.0%	19.5%	29.0%	26.8%	14.5%	4.2%
Move to sheltered housing	11.7%	32.1%	25.0%	18.7%	10.6%	1.8%
Move to extra care housing	2.1%	6.4%	9.3%	11.7%	29.8%	40.7%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.10.2 When looking at housing demand for older households the first point to note is that far fewer older households intend to move home within the next couple of years compared with younger households. In Chorley 8.4% of households with older members intend to move within the next two years compared with 15.7% of younger households. In Preston the difference is more marked where 22.4% of younger households intend to move within the next two years compared with 7.8% of older households. In South Ribble the corresponding figures are 14.2% and 6.0%.

Table 131: Households intending to move within two years			
	Chorley	Preston	South Ribble
Households with no members aged 60 or above	15.7%	22.4%	14.2%
Households with at least one member aged 60 or above	8.4%	7.8%	6.0%
<b>All households</b>	<b>12.1%</b>	<b>16.2%</b>	<b>10.2%</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

- 12.10.3 Of those households that do intend to move, the following tables look at people's preferences in terms of housing type, size and tenure. In terms of housing types, the main differences between older and younger households can be seen in the higher proportions of

older households wanting bungalows, flats/apartments and sheltered housing. Bungalows are by far the main choice for older households, with over half the potential movers in Chorley and South Ribble expressing this preference. Bungalows are still popular in Preston, alongside semi-detached housing and flats/apartments.

Table 132: Moving households expected housing type						
Housing types	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
Detached house	32.5%	8.8%	25.3%	9.8%	36.7%	19.5%
Semi-detached house	26.5%	5.9%	29.9%	19.1%	21.2%	4.9%
Terraced house	9.9%	0.0%	14.3%	6.3%	5.6%	4.9%
Bungalow	12.4%	52.2%	10.4%	35.8%	14.9%	51.1%
Sheltered housing	0.0%	5.9%	0.0%	8.8%	0.0%	4.9%
Flat/apartment	2.9%	16.1%	12.3%	17.6%	6.3%	9.8%
Other/no preference	16.0%	11.1%	7.7%	2.4%	15.3%	4.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

12.10.4 There is a difference in the number of bedrooms desired between households with younger members and households with older members. Two bedroom accommodation is the most popular choice amongst older households, followed in Chorley and South Ribble by three bedroom homes. In Preston demand for one bedroom accommodation is higher than in the other two districts.

Table 133: Moving households expected housing size						
Number of bedrooms	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
One bedroom	4.3%	3.0%	3.2%	23.0%	4.0%	14.7%
Two bedrooms	29.0%	54.6%	28.6%	53.5%	27.9%	51.1%
Three bedrooms	44.2%	36.6%	39.6%	21.1%	45.7%	29.3%
Four bedrooms	22.6%	3.0%	26.4%	2.4%	20.1%	4.9%
Five or more bedrooms	0.0%	3.0%	2.1%	0.0%	2.3%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

12.10.5 There are also differences in demand for different housing tenures between younger and older households in Chorley and Preston where proportionally more older households are interested in social rented housing and fewer in owner occupation and private rented accommodation than younger households. In South Ribble there is less difference between younger and older households with owner occupation being the preferred tenure for both groups. Interest in social rented accommodation is relatively low in South Ribble amongst the older households compared with Chorley and Preston.

Table 134: Moving households expected housing tenure						
Housing tenure	Chorley		Preston		South Ribble	
	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over	Households with no members aged 60 or over	Households with at least one member aged 60 or over
Owner occupied	74.9%	67.8%	66.5%	41.8%	76.9%	83.2%
Social rented	14.1%	21.2%	11.9%	43.5%	12.2%	7.0%
Private rented	2.8%	0.0%	11.0%	4.9%	4.6%	4.9%
Shared ownership	0.0%	0.0%	1.4%	2.4%	0.0%	0.0%
Other/no preference	8.1%	11.1%	9.3%	7.4%	6.3%	4.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Chorley, Preston and South Ribble household survey data 2008/2009

12.10.6 There is generally less overall demand for housing from older households as fewer people express a desire to move and the majority of people aged over 55 indicated a preference to stay in their own homes. Of those older households that do plan to move home there is quite a variety in housing demand, but generally demand is for smaller, single story properties either owner occupied or socially rented.

## 12.11 Summary

12.11.1 The housing needs of older people covers a population spanning two or more generations. The lifestyles and expectations of the age group 55 - 74 are likely to be very different to the generation aged over 75. Even within each age cohort there are a multiplicity of needs, demands and aspirations.

12.11.2 As people age, and particularly from the ages of 75 upwards they are more likely to live alone. This has implications for care and support services within Central Lancashire as it suggests that as older people age and their support needs increase they are less likely to benefit from care and support within their own home provided by another member of their household.

- 12.11.3 Almost half the households in Central Lancashire contain at least one member aged 60 or above. Households with older members are distributed across all three districts, but there appear to be higher concentrations in the more outlying rural areas than the inner urban areas of each district. This will have an impact on access to services and support as people get older and their health and mobility needs increase.
- 12.11.4 7.8% of households in Chorley, 8.0% of households in Preston and 6.7% of households in South Ribble with a member over the age of 60, felt that their home was not suitable for their needs and the main reason was that the accommodation was too large. Over a quarter of households with at least one member aged 60 or above are under occupied.
- 12.11.5 Looking at the whole survey population, 29.6% of households in Chorley, 33.5% of households in Preston and 31.1% of households in South Ribble contain a member who has a long-term illness, health problem or disability. Amongst households where at least one member is aged 60 and above, these proportions rise to 43.0% in Chorley, 47.8% in Preston and 42.1% in South Ribble.
- 12.11.6 The nature of limiting long-term illnesses identified by respondents for themselves and their household members shows a spread of needs across all categories. The most common limitation is a physical disability that does not require the use of a wheelchair.
- 12.11.7 7.5% of Chorley households, 9.6% of Preston households and 7.3% of South Ribble households indicated that their homes required adaptations to meet their household's needs. The most required adaptations were bathroom adaptations, which were required by 53.9% of all respondents who answered this question in Chorley, 58.4% in Preston and 55.7% in South Ribble.
- 12.11.8 Households with older members generally have much lower housing costs than younger households, but at the same time they have much lower household income. Very high proportions of households with older members own their own homes outright, which may be a factor in the high preference expressed for wanting to stay in their own home as they get older.
- 12.11.9 The majority of respondents aged over 55 stated they would prefer to stay in their own home in older age and have services come to them. Sheltered accommodation was the next most popular option followed by housing for older people. Moving to live with family and moving into extra care housing were the least popular options.
- 12.11.10 Whilst the demand for housing appears to be lower amongst older households in the next two years compared with younger households, a range of options in type, tenure and size of

accommodation needs to be available for older people to meet their differing choices, expectations and dependency levels. Of those older households that do plan to move home there is quite a variety in housing demand, but generally demand is for smaller, single story properties either owner occupied or socially rented.

# 13 BRINGING THE EVIDENCE TOGETHER

## 13.1 The requirement for affordable housing

13.1.1 Affordable housing is that housing which is provided to meet the *needs* of the local population. It includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. PPS3 states that affordable housing should:

- (i) *Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.*
- (ii) *Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision<sup>66</sup>*

13.1.2 PPS3 goes on to define social rented housing as:

*Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements...as agreed with the local authority or with the Housing Corporation as a condition of grant*

13.1.3 And defines intermediate affordable housing as:

*'Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.*

13.1.4 The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.

13.1.5 The model to estimate the annual shortfall in affordable housing (summarised at Table 135 below) is based on the latest CLG guidance and each stage is described in detail in the

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<sup>66</sup> *Planning Policy Statement 3 (PPS3): Housing, Communities and Local Government, November 2006, p25*

preceding chapters, Chapter 9 (stage 1 current housing need), Chapter 10 (stage 2 future housing need), and Chapter 11 (stage 3 affordable housing supply). Each of the three stages is brought together in the summary table below (Table 135) where the overall surplus or shortfall is calculated according to the latest CLG guidance. The estimate of current housing need (line 1.4) minus the level of available stock to offset need (line 3.5) multiplied by 20% (to reduce over 5 years) plus the future arising need (line 2.4) minus the annual supply of affordable housing (line 3.8).

- 13.1.6 The summary of net annual housing need shown below indicates that Chorley has an estimated annual shortfall of 723 units, Preston of 397 units and South Ribble an estimated annual shortfall of 660 units. This produces an estimated annual shortfall of affordable housing across the Central Lancashire area of 1,779 units.
- 13.1.7 The bottom line in the summary table shows the overall shortfall as a proportion of the total households in each district. By this indicator, the net annual housing need is of a similar level for Chorley and South Ribble at 1.5% and 1.4% respectively and is proportionally lower in Preston at 0.7%. These levels are within the range of expected results based on previous housing need surveys undertaken by **Outside Consultants** over the last nine years.



Table 135: Summary of net annual housing need			
	Chorley	Preston	South Ribble
<b>STAGE 1 CURRENT HOUSING NEED</b> (see Chapter 9 <i>Current Housing Need</i> )			
1.1 Homeless households in temporary accommodation	76	98	47
1.2 Overcrowding and concealed households	1019	1562	1099
1.3 Other groups			
<b>1.4 Total current housing need (gross) 1.1 + 1.2 (+ 1.3)</b>	<b>1094</b>	<b>1660</b>	<b>1146</b>
<b>STAGE 2 FUTURE HOUSING NEED</b> (see Chapter 10, <i>Future Housing Need</i> )			
2.1 New household formation	1235	1306	1081
2.2 a Proportion of new households unable to buy in the market	88.7%	71.5%	78.4%
2.2 b New households unable to rent in the market	75	84	81
2.3 Existing households falling into need	173	144	93
<b>2.4 Total newly arising housing need (2.1 x 2.2a)- 2.2b + 2.3</b>	<b>1194</b>	<b>993</b>	<b>859</b>
<b>STAGE 3 AFFORDABLE HOUSING SUPPLY</b> (see Chapter 11, <i>Affordable Housing Supply</i> )			
3.1 Affordable dwellings occupied by households in need	432	686	184
3.2 Surplus stock	0	0	0
3.3 Committed supply of new affordable housing <sup>67</sup>	17	44	23
3.4 Units to be taken out of management	0	20	0
<b>3.5 Total affordable housing stock available (3.1+3.2+3.3-3.4)</b>	<b>449</b>	<b>710</b>	<b>207</b>
3.6 Annual supply of social re-lets (net)	605	783	388
3.7 Annual supply of intermediate housing available at sub-market levels	0	0	0
<b>3.8 Annual supply of affordable housing (3.6 + 3.7)</b>	<b>605</b>	<b>783</b>	<b>388</b>
<b>ESTIMATE OF NET ANNUAL HOUSING NEED</b>			
<b>((1.4 minus 3.5)* 20%) + 2.4 minus 3.8</b>	<b>719</b>	<b>401</b>	<b>660</b>
Net annual housing need as a proportion of total households	1.5%	0.7%	1.4%

## 13.2 Predicting housing need to 2014

13.2.1 The housing needs model at Table 135, presents a snapshot for 2009 at the point in time data was collated for this assessment. To inform policy development in the medium term, further modelling has been done to predict the requirement for affordable housing to 2014.

13.2.2 In order to facilitate this analysis, three assumptions have been made:

- (i) That the year on year gap between the supply of new affordable housing and the requirement for affordable housing is added to the following year's Current Housing Need

<sup>67</sup> These figures are constrained due to past housing moratoria policies

- (ii) That the proportion of current and new households unable to buy or rent in the market declines to 2011, holds steady and then increases to 2014 to reach the same level as 2009 (this is due to the changes in the cost of housing as set out in Section 7.6 above).
- (iii) That the supply of new affordable housing and the rate of re-lets remains unchanged 2009-14

Table 136: Net annual housing need in Central Lancashire 2009-14							
	2009	2010	2011	2012	2013	2014	2009-14
<b>STAGE 1 CURRENT HOUSING NEED</b>							
Chorley	1094	1587	1295	1080	1270	1698	1337
Preston	1660	2521	2363	2267	2513	2893	2370
South Ribble	1146	1753	1521	1381	1613	2013	1571
Central Lancashire	3901	5861	5179	4727	5396	6604	5278
<b>STAGE 2 FUTURE HOUSING NEED</b>							
Chorley	1194	1037	880	880	1037	1194	1037
Preston	993	929	864	864	929	993	929
South Ribble	859	766	673	673	766	859	766
Central Lancashire	3047	2732	2417	2417	2732	3047	2732
<b>STAGE 3a AFFORDABLE HOUSING STOCK AVAILABLE</b>							
Chorley	449	449	449	449	449	449	449
Preston	710	710	710	710	710	710	710
South Ribble	207	207	207	207	207	207	207
Central Lancashire	1367	1367	1367	1367	1367	1367	1367
<b>STAGE 3B ANNUAL SUPPLY OF AFFORDABLE HOUSING</b>							
Chorley	605	605	605	605	605	605	605
Preston	783	783	783	783	783	783	783
South Ribble	388	388	388	388	388	388	388
Central Lancashire	1775	1775	1775	1775	1775	1775	1775
<b>NET ANNUAL HOUSING NEED</b>							
Chorley	719	655	439	396	591	833	605
Preston	401	501	403	384	498	638	471
South Ribble	660	687	548	520	659	833	651
Central Lancashire	1779	1844	1390	1299	1748	2304	1727

13.2.3 The conclusions that can be drawn from this modelling are that as house prices change in the medium term (as discussed at sub-section 7.6 above) so will the numbers of households in need:

- (i) The net annual housing need in Chorley will vary between 396 and 833 with a mean over the period of 605
- (ii) The net annual housing need in Preston will vary between 384 and 638 with a mean over the period of 471
- (iii) The net annual housing need in South Ribble will vary between 520 and 833 with a mean over the period of 651

13.2.4 Over the period 2009-2014 the mean annual need for affordable housing in Central Lancashire will be 1,727. These overall mean figures for Central Lancashire appear to corroborate the conclusions of the 4NW study undertaken by NLA in 2008 (see 8.7 above), although the distribution between the three authorities differs.

### 13.3 The requirement for intermediate housing

13.3.1 One way (suggested by CLG guidance) to assess the scope for intermediate tenures in an area is to calculate the ratio of entry-level market house prices to social rents; where the former is more than fourteen times annual social rents, there is likely to be scope for intermediate affordable housing. Also where there is a significant gap between social housing rents and private sector rents there may be scope for intermediate tenures, such as sub-market rents or shared equity.

13.3.2 Table 137, demonstrates this rule that the equivalent mortgage accessible for those on social housing rents is significantly below the lower quartile entry-level house price.

Table 137: Estimate of scope for intermediate housing (social rents)				
	Average social housing rent per week	Cost per annum	Income (assuming 25% affordability)	Mortgage accessible
Chorley	£59.86	£3,112.72	£12,450.88	£43,578.08
Preston	£54.86	£2,852.72	£11,410.88	£39,938.08
South Ribble	£65.69	£3,415.88	£13,663.52	£47,822.32

Source: CLG Live Table 704

13.3.3 Table 138 shows that there is a significant difference between social housing rents and private sector rents, with private rents being as much as 76.3% higher in Preston for example.

Table 138: Estimate of scope for intermediate housing (private rents)			
	Mean private sector rent pcm	Cost per annum	Difference to social housing costs
Chorley	£415.05	£4,980.60	160.0%
Preston	£419.21	£5,030.52	176.3%
South Ribble	£450.45	£5,405.40	158.2%

Source: Dataspring

13.3.4 Clearly in some parts of the country, some forms of tenure are more appropriate than others and are better suited to the local housing market and the local political situation.

13.3.5 As discussed above, affordable housing provision includes both social rented housing and intermediate tenures. The threshold of lower quartile house price is used to assess the numbers who are unable to afford housing in the market. However, it has been argued elsewhere (NLA, 2008) that an assessment of the numbers who could be helped into housing through intermediate tenures could be made by assuming that:

- Those able to afford 76-99% of the lower quartile threshold price are able to acquire a 50% share of a lower quartile threshold level dwelling, taking into account equity loan fees or shared ownership rental costs
- And those only able to afford up to 75% of the lower quartile threshold price, are assumed to require social rented housing

13.3.6 Using this same methodology with the local survey data we have calculated a tenure split for each of the three authorities for the future provision of social rented housing and intermediate tenures.

Table 139: Estimate of scope for intermediate housing			
	Chorley	Preston	South Ribble
Proportion requiring social rented housing	74.1%	68.0%	88.8%
Proportion able to access intermediate tenures	25.9%	32.0%	11.2%

Source: Housing needs survey 2008-09

13.3.7 In the survey existing and new forming households were asked whether they would be interested in reduced housing costs offered by a shared ownership scheme. The results (shown in Table 140) suggest for Chorley and Preston at least that the potential for intermediate affordable solutions corresponds very closely with the affordability measure in Table 139:

- 25.5% of Chorley households intending to move would or could be interested in shared ownership

- 32.5% of Preston households intending to move would or could be interested in shared ownership

13.3.8 In the case of South Ribble the interest is greater than the affordability measure would suggest: 29.4% of households intending to move would or could be interested in shared ownership compared to only 11.2% who could afford it.

Table 140: Interest in shared ownership			
	Chorley	Preston	South Ribble
Yes	11.4%	18.7%	13.8%
Don't know, but would like to know more	14.1%	13.8%	15.6%
No	74.5%	67.5%	70.6%
	100.0%	100.0%	100.0%

Source: Housing needs survey 2008-09

## 13.4 Tenure preferences

13.4.1 The household survey data in each of the Central Lancashire districts provides evidence to suggest the future demand for market and affordable housing by tenure, type and size. Table 141 and Table 142 below show the tenure preferences of future movers.

13.4.2 People make choices based on assumed knowledge and life stages. What people may *want* (preference) may not be what they *need* (an assessment based on professional knowledge and judgement). While choices/preferences may be subjective, people's housing need is based on issues such as bedroom requirement, size of property, location of property, type of property and indeed tenure. People may have a preference to be owner-occupiers, but if they are not working or on a low salary then their 'need' can be assessed as requiring rented accommodation as their rental costs may be met from housing benefits. When undertaking housing needs surveys people may, on the questionnaires state a preference for owner-occupation, but at this stage in their life cycle private or social renting may be the most appropriate option

13.4.3 For both existing households that plan to move within their district and potential new forming households that intend to stay within their district, the highest demand is for owner occupation. The demand for private renting is very low amongst existing households that plan to move, but is higher amongst potential new forming households. It is interesting to note that in South Ribble, 20.5% of potential new households would like to rent privately, when the 2001 Census showed that just 3.2% of South Ribble households are in the private rented sector.

13.4.4 In Preston the level of interest in social rented housing for both existing households and potential new households is proportionate to the overall provision of social renting within the district (19.4% indicate in 2008 HSSA), but in Chorley and South Ribble, particularly amongst potential new households the proportional interest in social rented housing is much greater than reflected in the level of supply (13.1% in Chorley 2008 HSSA and 10.5% in South Ribble 2008 HSSA).

Table 141: Existing households moving within their district						
Tenure	Chorley		Preston		South Ribble	
	Number	Percent	Number	Percent	Number	Percent
Owner occupation	2777	73.6	4766	66.9	3332	80.8
Social renting	761	20.2	1467	20.6	487	11.8
Private renting	79	2.1	639	9.0	153	3.7
Shared ownership	0	0.0	109	1.5	0	0.0
Other	157	4.2	145	2.0	153	3.7
<b>Total</b>	<b>3774</b>	<b>100.0</b>	<b>7127</b>	<b>100.0</b>	<b>4126</b>	<b>100.0</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

Table 142: New forming households moving within their district						
Tenure	Chorley		Preston		South Ribble	
	Number	Percent	Number	Percent	Number	Percent
Owner occupation	1695	68.6	1560	59.7	1265	58.5
Social renting	461	18.6	471	18.0	414	19.2
Private renting	180	7.3	459	17.6	442	20.5
Shared ownership	90	3.6	0	0.0	0	0.0
Other	45	1.8	122	4.7	40	1.9
<b>Total</b>	<b>2471</b>	<b>100.0</b>	<b>2612</b>	<b>100.0</b>	<b>2161</b>	<b>100.0</b>

Source: Chorley, Preston and South Ribble household survey data 2008/2009

## 13.5 Size and type of affordable housing

13.5.1 Of all the households in Chorley that intend to move over the next two years, both existing households and potential new households, that would like to move into social rented accommodation, just over a third are looking for a flat and just over a fifth are looking for a one bedroom flat (see Table 143 below). However, across all housing types, two and three bedroom accommodation is in the highest demand. Demand for bungalow property is quite high. When expressing demand for future housing, households are more likely to indicate their preferences for size than for housing type; over of quarter of Chorley households indicated that would be interested in a range of housing types.

Table 143: Affordable housing type and size preferences - Chorley					
Housing type	Bedroom size (Table %)				
	One	Two	Three	Four plus	Total
Detached	0.0%	0.0%	0.0%	0.0%	0.0%
Semi-detached	0.0%	5.8%	0.0%	3.4%	9.2%
Terraced house	0.0%	6.6%	0.0%	0.0%	6.6%
Bungalow	5.8%	5.8%	3.4%	0.0%	14.9%
Sheltered housing	3.4%	0.0%	0.0%	3.4%	6.7%
Flat	20.8%	15.0%	0.0%	0.0%	35.8%
Temporary, other or any	0.0%	0.0%	26.6%	0.0%	26.6%
<b>Total</b>	<b>30.0%</b>	<b>33.3%</b>	<b>30.0%</b>	<b>6.8%</b>	<b>100.0%</b>

Source: Chorley household survey data 2008

- 13.5.2 The type and size preferences for affordable housing in Preston are similar to those in Chorley, but with a higher proportion demanding two bedroom accommodation and a correspondingly lower proportion demanding three bedroom accommodation.

Table 144: Affordable housing type and size preferences - Preston						
Housing type	Bedroom size (Table %)					
	One	Two	Three	Four	Five plus	Total
Detached	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Semi-detached	0.0%	8.5%	6.4%	0.0%	0.0%	15.0%
Terraced house	3.2%	5.2%	3.2%	3.2%	0.0%	14.9%
Bungalow	0.0%	10.5%	3.2%	0.0%	0.0%	13.8%
Sheltered housing	3.2%	5.2%	0.0%	0.0%	0.0%	8.5%
Flat	21.4%	12.9%	0.0%	0.0%	0.0%	34.3%
Temporary, other or any	2.0%	11.4%	0.0%	0.0%	0.0%	13.4%
<b>Total</b>	<b>30.0%</b>	<b>53.9%</b>	<b>12.9%</b>	<b>3.2%</b>	<b>0.0%</b>	<b>100.0%</b>

Source: Preston household survey data 2009

- 13.5.3 Demand for affordable housing in South Ribble is more varied in its type and size than evident in Chorley and Preston, with 33.7% indicating that they would be interested in a range of housing types. 16% would like two bedroom bungalows and a further 16% would like a four bedroom detached house. Overall, as with Preston the highest demand is for two bedroom property at 59.8%.

Table 145: Affordable housing type and size preferences - South Ribble						
Housing type	Bedroom size (Table %)					
	One	Two	Three	Four	Five plus	Total
Detached	0.0%	0.0%	0.0%	16.0%	0.0%	16.0%
Semi-detached	0.0%	0.0%	8.2%	0.0%	0.0%	8.2%
Terraced house	0.0%	5.9%	0.0%	0.0%	0.0%	5.9%
Bungalow	0.0%	16.0%	0.0%	0.0%	0.0%	16.0%
Sheltered housing	0.0%	5.9%	0.0%	0.0%	0.0%	5.9%
Flat	10.1%	4.1%	0.0%	0.0%	0.0%	14.2%
Temporary, other or any	0.0%	27.8%	5.9%	0.0%	0.0%	33.7%
<b>Total</b>	<b>10.1%</b>	<b>59.8%</b>	<b>14.2%</b>	<b>16.0%</b>	<b>0.0%</b>	<b>100.0%</b>

Source: South Ribble household survey data 2008

## 13.6 Size and type of market housing

13.6.1 Size and type preferences for market housing are different from the preferences for affordable housing seen above. Detached and semi-detached properties feature more strongly as do larger properties with demand for more three and four bedroom houses. In Chorley, 21.1% of households would like either a two or three bedroom bungalow. Demand for one bedroom flats in market housing is only 1.7%.

Table 146: Market housing type and size preferences - Chorley						
Housing type	Bedroom size (Table %)					
	One	Two	Three	Four	Five plus	Total
Detached	0.0%	2.5%	15.2%	11.8%	0.0%	29.5%
Semi-detached	2.5%	10.1%	10.7%	2.5%	0.0%	25.9%
Terraced house	0.0%	12.6%	1.7%	0.0%	0.0%	14.3%
Bungalow	0.0%	11.8%	8.4%	0.9%	0.0%	21.1%
Sheltered housing	0.0%	0.9%	0.0%	0.0%	0.0%	0.9%
Flat	1.7%	2.5%	0.0%	0.0%	0.0%	4.2%
Temporary, other or any	0.0%	1.7%	1.7%	0.9%	0.0%	4.3%
<b>Total</b>	<b>4.2%</b>	<b>42.1%</b>	<b>37.7%</b>	<b>16.0%</b>	<b>0.0%</b>	<b>100.0%</b>

Source: Chorley household survey data 2008

13.6.2 In Preston, the single highest demand is for three bedroom semi-detached homes (20.9%), followed by four bedroom detached houses (15.7%). As with Chorley the demand for one bedroom flats is very low at just 1.2%.



Table 147: Market housing type and size preferences - Preston						
Housing type	Bedroom size (Table %)					
	One	Two	Three	Four	Five plus	Total
Detached	0.0%	1.2%	9.7%	15.7%	2.4%	29.0%
Semi-detached	0.0%	6.4%	20.9%	5.4%	0.0%	32.8%
Terraced house	0.6%	10.6%	1.8%	0.0%	0.0%	13.1%
Bungalow	0.0%	7.0%	4.2%	1.2%	0.0%	12.4%
Sheltered housing	0.0%	0.6%	0.0%	0.0%	0.0%	0.6%
Flat	1.2%	1.8%	0.0%	0.0%	0.0%	3.0%
Temporary, other or any	0.0%	2.4%	3.6%	2.4%	0.6%	9.1%
<b>Total</b>	<b>1.8%</b>	<b>30.1%</b>	<b>40.3%</b>	<b>24.8%</b>	<b>3.0%</b>	<b>100.0%</b>

Source: Preston household survey data 2009

- 13.6.3 In South Ribble, demand is high for detached (30.1%), semi-detached (25.2%) and bungalow properties (24.6%). 62.0% of households indicate a demand for three or more bedrooms. Interest in one bedroom flats is as low as indicated in both Preston and Chorley.

Table 148: Market housing type and size preferences - South Ribble						
Housing type	Bedroom size (Table %)					
	One	Two	Three	Four	Five plus	Total
Detached	0.8%	0.8%	13.4%	12.7%	2.4%	30.1%
Semi-detached	0.0%	5.5%	16.2%	3.5%	0.0%	25.2%
Terraced house	0.8%	2.4%	1.1%	0.0%	0.0%	4.3%
Bungalow	0.8%	16.7%	7.1%	0.0%	0.0%	24.6%
Sheltered housing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Flat	1.6%	6.4%	0.0%	0.0%	0.0%	7.9%
Temporary, other or any	0.8%	1.6%	4.0%	1.6%	0.0%	7.9%
<b>Total</b>	<b>4.8%</b>	<b>33.3%</b>	<b>41.8%</b>	<b>17.8%</b>	<b>2.4%</b>	<b>100.0%</b>

Source: South Ribble household survey data 2008

## 13.7 Targets for affordable housing

- 13.7.1 In terms of developing affordable housing targets in local development documents, the Strategic Housing Market Assessment can provide indications of suitable targets. It is important that the statistical modelling used to derive the evidence is set alongside other evidence (for example affordable housing viability assessments) to arrive at final policy decisions; to quote NLA "estimates of affordable need must be treated with caution and applied with judgement."<sup>68</sup>

<sup>68</sup> *Delivery of regional strategic housing market assessments for the North West*, August 2008, NLA et al, 4NW, p175

13.7.2 This point is also explained in PPS3; authorities need to consider other factors when determining affordable housing targets including:

- the policy definition of affordable housing
- an assessment of economic viability within the area
- the likely levels of finance available for affordable housing

13.7.3 Table 149 compares the target number of total annual completions for the three authorities in the RSS (shown in Table 7 above) with the estimate of annual housing need in Table 135 above.

Table 149: Affordable housing targets and RSS figures			
	Annual completion target	Estimate of annual housing need	Need as % of target
Chorley	417	605	100.0%
Preston	507	471	92.8%
South Ribble	417	651	100.0%

13.7.4 Chorley is expected to build on average 417 units per annum to meet the requirements of RSS and the housing needs model (which is unconstrained) would imply an affordable housing target greater than all new provision.

13.7.5 Preston is expected to build on average 507 units per annum to meet the requirements of RSS and the housing needs model would imply an affordable housing target of over 90%.

13.7.6 South Ribble is expected to build on average 417 units per annum to meet the requirements of RSS and the housing needs model would imply an affordable housing target greater than all new provision.

13.7.7 As the figures suggested by the models are in most cases greater than the Districts' total completion targets for all dwellings as well as past performance on delivery of affordable housing, there is clearly a need to look very carefully at the sites coming forward in the future and their suitability for mixed, sustainable developments as the Councils may need to seek a considerably higher proportion of affordable housing than has been the target in the past. By maintaining the model and updating annually, it will be possible to see whether an increase in the delivery of affordable housing through firmer and higher targets than have been achieved previously has the desired effect of reducing the shortfall across Central Lancashire.

13.7.8 The Councils will need to take account of these findings to set a suitable planning target for future development that takes into account the need for affordable housing as well as the long-term requirement to maintain a sustainable housing market.



# 14 RECOMMENDATIONS

1. That the Central Lancashire Housing Partnership, 4NW, Homes and Communities Agency and the Districts of Chorley, Preston and South Ribble note the findings of this report with regards to the housing market linkages between Chorley, Preston and South Ribble and issues regarding resource allocations to support sustainable communities.
2. To promote the development of:
  - smaller dwellings in the housing sub-markets disproportionately dominated by detached dwellings
  - larger family housing (semis and detached) in the housing sub-markets shown to be disproportionately dominated by smaller terraced dwellings
  - an appropriate supply of apartments where they can be shown to make a valuable contribution to mixed sustainable communities
3. To support the private rented sector offer where it is contributing to the mix of occupied housing and encourage the growth of private rented accommodation in Central Lancashire where it is low and where it can be shown to contribute to sustainable communities.
4. To undertake further research into the scale of the private rented sector and the contribution it makes to the housing market in Central Lancashire.
5. To note the future change in household structures (particularly the significant growth in smaller households) coupled with the ageing population and ensure that future development is sustainable and mindful of the need for appropriate living space for these different household sizes, e.g.:
  - one person households often need more than one bedroom whether they are young people "LAT", a single person with child care responsibilities (e.g. one half of a separated family) or an older person requiring space to accommodate family or carers
6. To note the relatively high priced and unaffordable sub-markets in the sub-region, and in particular that:
  - Rural areas are dominated by detached housing and a lack of smaller dwelling types
  - There are acute affordability pressures in the rural areas and consequent shortfalls of affordable housing and social rented housing in particular

- The proximity of more affordable urban housing to very high priced rural housing sectors is both alleviating pressure in the rural areas whilst doing little to make the rural areas more affordable for those on median incomes and below
7. To note the findings of the housing needs model and use the evidence to support the adoption of robust planning policies that maximise the delivery of affordable housing, and social rented housing in particular, in all areas where affordability pressures and supply shortages are shown to be acute.
  8. Across Central Lancashire, the housing needs model implies affordable housing targets of up to 100%. Consequently the evidence not only supports existing policies on affordable housing, but also supports any revisions that seek to maximise affordable housing supply as long as they do not make future developments unviable and consequently restrain supply.
  9. For the purpose of determining planning applications, as a minimum, affordable housing is required on housing sites with 15 or more dwellings or greater than 0.5ha in area. The evidence would support consideration of lower site size thresholds than those in PPS3.
  10. To consider the range of housing pathways that are affordable and practical in Central Lancashire, but as an addition to, not a replacement for, social rented housing particularly in housing markets demonstrating acute affordability pressures.
  11. In terms of the size of affordable housing units there is both a strong need for smaller units, but also a demonstrable need for two and three bed properties, particularly two-bed properties in Preston and South Ribble.
  12. To consider the role for shared ownership and shared equity where it has been shown to be affordable in Central Lancashire, in the first instance as an addition not a replacement to social rented housing. The analysis suggests that up to 30% of affordable housing could be provided in the form of intermediate tenures.
  13. To complete a comprehensive affordable housing viability assessment to ensure that future planning policies on affordable housing targets and site thresholds in both urban and rural areas are based upon a sound assessment of the economics of development.
  14. That, in the light of the high proportions of older people in Central Lancashire in private housing, sufficient resources are allocated to support services (crucial for maintaining independence and preventing isolation) particularly for “asset rich - income poor” homeowners in rural areas to assist them with maintenance and upkeep to enable them to remain in their own homes.

15. That local housing choices and specialised accommodation for older people are offered that:
  - enable older people to move on when they need to
  - but also seek to minimise the extent of under occupation of larger properties and ensure suitable alternatives are available that needs/demands
16. To undertake further research into the housing preferences of the older population regarding size, type and location
17. In terms of the rural neighbourhoods in Central Lancashire they should meet the needs of all residents and seek a housing offer that provides a variety of homes including flats and family houses. Affordable housing supply could be increased rapidly through a targeted programme to reduce empty property in rural areas and there could be greater restrictions on Right-to-Buy in areas of acute rural housing pressure.
18. To maintain the evidence base and update key elements annually; particularly the housing needs model and the key housing market indicators to see whether an increase in the delivery of affordable housing through firmer and higher targets than have been achieved previously has the desired effect of reducing shortfalls across Central Lancashire.









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