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# **Hastings & Rother Strategic Housing Market Assessment Update 2009/10**

Report by Hastings Borough Council,  
Rother District Council & DTZ

Final Report

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## Contents

1	INTRODUCTION.....	1
2	DRIVERS OF THE HOUSING MARKET .....	5
	National Economy and Housing Market	
	Demographic Change	
	Migration	
	Demographic Projections	
	Household Growth	
	Future Households, by Age and Type	
	Economic Factors	
	Household Incomes and Earnings	
3	HOUSING MARKET OUTCOMES.....	24
	Analysis of Past and Recent Housing Market Trends	
	Affordability	
4	FUTURE HOUSING REQUIREMENTS.....	33
	Market Housing	
	Households Requiring Market Housing	
	Affordable Housing	
	Evidence of Housing Need	
	Future Mix of Housing Required	
	Considerations in the Provision of New Market Housing	
	Considerations in the Provision of New Affordable Housing	
	The Need for Social Rented Homes	
	The Demand for Intermediate Homes	

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5	HOUSEHOLDS WITH PARTICULAR HOUSING REQUIREMENTS.....	65
	Older People	
	Disabled People	
	Black and Minority Ethnic Households	
	Key Workers	
6	CONCLUSIONS AND IMPLICATIONS.....	82
	Key Policy Themes	
	Housing Delivery	
	Affordable Housing	
	Housing Mix	
	Market Housing	
	Specific Groups	
	Size and Type of Social Rented Homes	
	Intermediate Housing	





## 1. Introduction

- 1.1 The requirements for the Strategic Housing Market Assessment (SHMA) update are described in Planning Policy Statement 3 Housing and in the Strategic Housing Market Assessments Practice Guidance, 2007. A Housing Market Assessment for Hastings and Rother was completed in 2006 and Housing Needs Surveys (HNS) for the two Councils completed in 2005, before PPS3 and the guidance were published. A summary of the findings is provided in Figure 1 and the full reports can be accessed at: <http://www.rother.gov.uk/index.cfm?articleid=2829>  
<http://www.hastings.gov.uk/ldf/resources.aspx>
- 1.2 The purpose of this assessment is twofold:
- To address the gaps in the original 2006 HMA report to ensure that it complies with Communities and Local Government's (CLG) guidance of 2007
  - To consider the effects of the housing market downturn on the market within the two authority areas and whether the patterns identified in the 2006 Housing Market Assessment are fundamentally affected.
- 1.3 This SHMA update will inform the development of housing policies contained in each authority's Local Development Framework.
- 1.4 This SHMA update has been undertaken primarily by the two Councils. DTZ has addressed some of the gaps identified by the Councils, reviewed the work undertaken and advised on policy implications.
- 1.5 The CLG SHMA guidance sets out criteria to ensure SHMAs provide robust evidence to inform housing and planning policies. Figures 2 and 3 provide an assessment of the Hastings and Rother SHMA against these criteria, including how and where the requirements are met within the report or within the 2006 HMA and HNS documents.

### Figure 1: Summary of Hastings & Rother HMA 2006

Hastings and Rother is one of the smallest functional housing markets in the South East. This has implications for new development as it implies that new residents are likely to be drawn from a relatively small catchment area. The northern part of Rother also relates to Tunbridge Wells rather than Hastings.

The housing market area has comparatively low house prices, though these have risen sharply over the last 6 years (to 2006). This has meant that housing has become less affordable to local people. Earnings are significantly below the South East average, unemployment higher and economic activity lower.

There is a bias in the housing stock towards smaller dwellings compared to the South East as a whole. Small dwellings are particularly concentrated within Hastings which also has a relatively high concentration of flats – 40% of dwellings within the Borough have 4 habitable rooms or less. Consequently, there is a high incidence of over-crowding within Hastings with more than 10% of households living in overcrowded conditions. Conversely, rural Rother has a high proportion of larger dwellings, which also impacts upon average prices in the district.

There is a high concentration of younger people within Hastings and a high proportion of young families as well as single adult households. The HMA identified a process of selective in-migration into Hastings which attracts those looking for cheap rented accommodation and are unlikely to contribute significantly to the local economy.

The private rented sector has grown by 50% between 1991 and 2001. In contrast to the rest of the South East, the social rented sector has also experienced modest growth.

High levels of deprivation are evident within Hastings, including 6 small areas that are amongst the 5% most disadvantaged areas in England.

The HMA set out the following implications for policy:

- It would be sensible to seek to encourage greater variety of provision in terms of dwelling type and size within individual settlements. This applies in particular to Hastings given the existing bias in the dwellings stock towards small properties and flats.
- The HMA also advised that new housing needs to help to change the image of the area and the perceived quality of life to help foster in migration of a more skilled workforce. The need to promote economic development within Hastings and Bexhill points to the need to create housing that is attractive to in-migrants with higher levels of skills.
- Although the projected growth in households is expected to come from single person households this does not mean that the majority of provision should be for 1 and 2 bed properties. Many small households occupy larger dwellings than they strictly need. Furthermore, satisfying demand for larger property through new development could free up significant volumes of smaller dwellings within the existing stock. The need to promote economic development within the market area also points to the need to create housing that is attractive to in-migrants with higher levels of skills.
- There is a need for regeneration within particular neighbourhoods experiencing high levels of disadvantage. New development can help to improve the physical environment but can also help to change the social balance of the neighbourhood through changes to the tenure mix and type of housing provided.
- It may also be appropriate to encourage low cost home ownership (intermediate forms of housing) on larger sites in neighbourhoods that already have a large concentration of social or low cost private rented housing, rather than reinforcing the concentration of very low income households by further development of social rented housing. Although the HMA also proposed that an assessment of demand be undertaken before any form of intermediate housing is proposed and suggested that it should not just be limited to key workers.

**Figure 2: Hastings and Rother SHMA Content**

Strategic Housing Market Assessment Core Outputs (CLG Guidance)	Where Requirement is Met in (Hastings and Rother SHMA Report)
1 Estimates of current dwellings in terms of size, type, condition, tenure	Housing Market Assessment 2006 Section 6
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	Housing Market Assessment 2006, Section 7, SHMA Update Report 2009, Section 3
3 Estimate of total future number of households, broken down by age and type where possible	Housing Market Assessment 2006, Sections 4 and 8, SHMA Update Report Sections 2 and 3
4 Estimate of current number of households in housing need	Housing Need Survey 2005, summarised and further evidence presented in HMA 2006 (Section 7 and 9), updated headline indicators in SHMA Update Section 4
5 Estimate of future households that will require affordable housing	Housing Need Survey 2005, summarised and further evidence presented in HMA 2006 (Section 7 and 9), Intermediate demand in SHMA Update Section 4
6 Estimate of future households requiring market housing	SHMA Update Report Section 4 sets out proportion of households able to afford different tenures. Overall housing allocations set out in adopted South East Plan 2009 <sup>1</sup>
7 Estimate of the size of affordable housing required	Housing Need Survey 2005, SHMA Update Section 4 and recommendations in Section 6
8 Estimate of household groups who have particular housing requirements eg families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.	Housing Market Assessment 2006, Section 3 includes analysis of BME population, different household types including older people and family households, SHMA Update provides additional information in Section 5.

<sup>1</sup> On 6<sup>th</sup> July 2010 the Secretary of State revoked the Regional Spatial Strategies, including the South East Plan. Local authorities are now responsible for establishing the right level of local housing provision for their area, which must be based on evidence to justify their housing supply policies.

**Figure 3: Hastings and Rother SHMA Process**

Strategic Housing Market Assessment Process Checklist	Approach Taken by the Hastings and Rother SHMA
1 Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region	Based on 2004 definition by DTZ for study commissioned by SEERA and South East Housing Board. Map included in the adopted South East Plan
2 Housing market conditions are assessed within the context of the housing market area	HMA 2006 provides data and analysis for sub-region as a whole and for each authority area, benchmarked against the South East region. NB: Hastings and Rother is the smallest housing market area in the South East
3 Involves key stakeholders, including house builders	Housing market partnership established in 2009 to input into the SHMA Update, SHLAA and Viability Assessment. HMA 2006 included 2 stakeholder events.
4 Contains a full technical explanation of the methods employed, with any limitations noted	HMA 2006 and SHMA Update both based on secondary data and sources are provided under tables. Where relevant and known to the authors, limitations of data or analysis are highlighted.
5 Assumptions, judgements and findings are fully justified and presented in an open and transparent manner	HMA 2006 and SHMA Update both based on secondary data and sources are provided under tables. Judgements, eg policy implications are based on this evidence; any assumptions in reaching findings are set out in text.
6 Uses and reports upon effective quality control mechanisms	SHMA Update drafted by Hastings and Rother Councils, reviewed by DTZ which included checking original data sources and analysis.
7 Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken	SHMA Update Report aims to review key data sets from the original HMA report (2006) and cross refers to relevant tables and charts in original report where appropriate.

1.6 The rest of this report is structured as follows:

- **Section 2** provides an update on the key drivers affecting the housing market nationally and within Hastings and Rother, including changes in the economy and to key demographic trends
- **Section 3** considers how these factors play out in the housing market
- **Section 4** focuses specifically on the scale and nature of housing need
- **Section 5** considers specific groups within the market who may have particular housing requirements
- **Section 6** sets out policy implications and considers whether any of the conclusions and recommendations in the 2006 HMA need to change as a result of this update report and in the light of Viability Assessments undertaken by both Councils.

## 2. Drivers of the Housing Market

- 2.1 This section considers the drivers of the housing market within Hastings and Rother. These drivers, which include the economy, socio-demographic change, the housing stock and supply, are considered in detail in the 2006 HMA.
- 2.2 It is important to note that many of these factors are subject to long standing trends and so there is unlikely to have been dramatic change in the 4 years since the HMA report and HNS were completed. However, others are more dynamic and determined by short term changes such as those in the wider economy. Where possible, this section updates this evidence and comments on the implications for housing and planning policy.
- 2.3 However, it is also important to note that since mid 2007, the UK entered a new economic and housing market cycle. Each business cycle tends to have distinctive features – for example, the growth rate associated with the decade to 2007 will not necessarily re-emerge as the trend of the next decade as a result of fundamental changes in the economy. In this environment, past trends and even recent data may not always prove an effective guide to the future.
- 2.4 This section considers the following:
- National economy and housing market.
  - Key drivers of Hastings and Rother market and whether there is evidence that these have changed since 2006: demographics, economy, household incomes and earnings.
  - How the future might be different.

### National Economy and Housing Market

- 2.5 Following over a decade of continuous economic growth, the UK economy entered a recession at the end of 2008 as a result of the global ‘credit crunch’ which was triggered by the US sub-prime mortgage market and accelerated by the failure of banks including Northern Rock in the UK and Lehman Brothers in the US. The ability and willingness of banks to lend to households and companies has been severely curtailed since the end of 2007 and this has therefore reduced activity in the economy and housing market, where companies and households alike depend on credit from banks to invest. Similarly, the confidence of investors to invest in different assets and activities has also been hit. Industries hardest hit have been those reliant on investment and credit from banks, including construction and manufacturing. It is not the financial services sector that has been hardest hit, despite the fact that the downturn originated in this sector.
- 2.6 The recession continued throughout 2009 and many economic commentators expect that levels of unemployed (currently around 2.5 million in the UK) may to continue to expand, even as economic growth is re-established. As a result of the changed credit environment, most commentators also expect that economic growth will be slower than in the past and therefore it will take longer to get back to previous levels of economic output and employment. Two of the leading economic forecasting houses (Oxford Economics and Experian) currently expect GDP and employment levels to reach 2007 levels again only in 2013. Furthermore, there will

not necessarily be a return to 'trend growth' or at least, not the trend growth associated with the period before the credit crunch which was characterised by a low inflation and low interest rate environment and perceived economic certainty.

- 2.7 Nationally, house prices fell around 20% from their peak in Q3 of 2007 to Q1 2009. There appear to have been some recovery since Q2 2009 but this may be founded on very low levels of transactions and limited stock of houses on the market. There is little certainty that this represents a sustained recovery in the market.
- 2.8 Transactions (sales) remain around 30-40% of volumes before the downturn. This is the combination of lower confidence in the market which is delaying households' decisions to move and the lack of availability of mortgages. Mortgage approvals remain at historically low levels because credit is restricted to those who have more than 10% deposit (with the best terms available to those with 20% or more). Fewer lenders are now prepared to lend to the Buy to Let sector and to shared ownership households.
- 2.9 The decline in activity in the housing market has directly impacted on housing construction. Construction starts in 2008/09 in England were around 90,000 compared to 156,000 in 2007/08. Completions in 2008/09 have also been affected – 134,000 homes were completed compared to 168,000 the year before. But the sharp decline in starts is likely to affect completions in 2009/10 onwards.
- 2.10 Another indicator of housing market stress is the levels of repossessions. These appear to have peaked in 2008. Though it is likely that historically low interest rates are enabling some households to keep up their payments even where there has been a drop in income or redundancy. Banks have also been less inclined to repossess properties where this can be avoided, to avoid having to sell stock in a depressed property market.

## Demographic Change

- 2.11 This section reviews selected demographic indicators, updated since the 2006 HMA. Changes in the demographic characteristics of the population of the market area will impact on the level, type and tenure of homes required in the future and therefore has implications for housing and planning policies.

**Figure 2.1: Population Growth 2001 to 2009**

	2001 (Population Estimates)	2009 (Population Estimates)	Absolute Change	% Change in Population
<b>Hastings</b>	85,392	86,928	1,536	1.8
<b>Rother</b>	85,471	89,222	3,751	4.4
<b>Hastings &amp; Rother</b>	170,863	176,150	5,287	3.1
<b>East Sussex</b>	493,130	512,088	18,958	3.8
<b>South East</b>	8,023,449	8,435,718	412,269	5.1

Source: ESiF; Mid Year Estimates 2001 & 2010, Office for National Statistics (ONS)

- 2.12 Figure 2.1 indicates an increase in the population from 2001<sup>1</sup> to 2009 of 1.8% in Hastings and 4.4% in Rother. The population growth for Hastings has been the lowest of the comparator areas, with East Sussex experiencing a 3.8% growth rate over the period. The population growth rate in Rother is higher than the overall rate of growth seen for the county as a whole. This pattern is broadly consistent with the evidence in the HMA 2006 which demonstrated that, 1981 to 2003, the population of both authority areas grew at around the regional rate but below that of East Sussex as a whole. For periods during this time the growth rate in Hastings was below the other benchmarks and sometimes negative.

**Figure 2.2: Percentage Population Growth by Age Group, 2001 to 2009**

<i>Percentage Change</i>	<b>Total Population</b>	<b>0-15</b>	<b>16-29</b>	<b>30-44</b>	<b>45-64</b>	<b>65+</b>
<b>Hastings</b>	1.8	-6.5	8.4	-7.1	0.1	18.6
<b>Rother</b>	4.4	0.4	8.8	-11.4	-2.7	21.1
<b>Hastings &amp; Rother</b>	3.1	-3.4	8.6	-9.0	-1.4	20.1
<b>East Sussex</b>	3.8	-2.1	8.4	-9.5	-1.6	23.6
<b>South East</b>	5.1	0.5	8.1	-3.9	-1.4	30.0

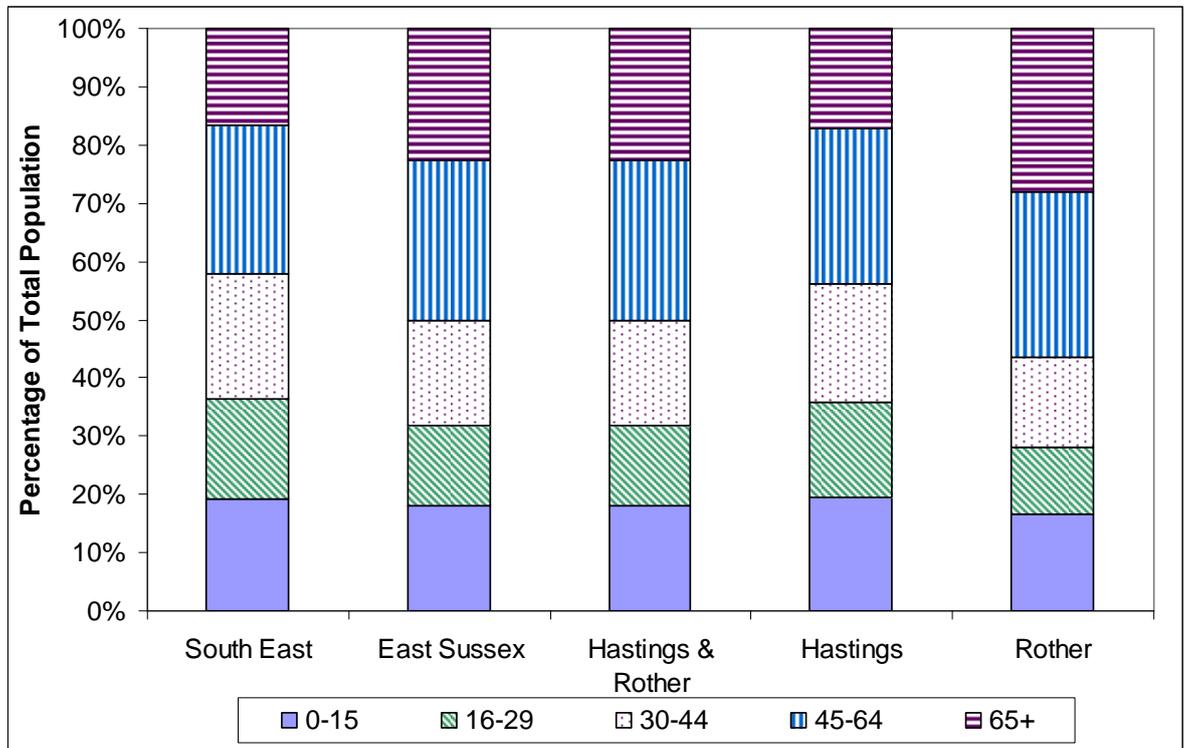
Source: ESiF, Population estimates. Published July 2010, including mid-year population estimates from mid-2001 to mid-2009.

Notes: Updates Figure 4.8 of the 2006 HMA

- 2.13 Figure 2.2 updates Figure 4.8 of the 2006 HMA, although it is not a direct comparison because the age cohorts vary.
- 2.14 Hastings is the only comparator area that has seen an increase within the 45-64 age group with Rother experiencing the largest decline. This a reversal of the trend identified in the 2006 HMA where this age group experienced the highest growth rate – of 20% and 16% respectively in the 45-64 category (Figure 4.8 of the 2006 HMA). This shift in growth can be associated with the ageing of the baby boom generation.
- 2.15 For both Hastings and Rother the majority of growth is now within the 65+ age group a trend that is likely to increase as the ‘baby boom’ generation starts to reach the 65+ age bracket. This pattern is also notable when analysing the migration data. The population growth data also indicates a decline in the 30-44 age group for Hastings and Rother. This is most likely to be linked to the lack of employment opportunities in the market area, although other factors including affordability of housing for first-time buyers may also be a factor. However, it should be noted that the proportion of the population aged 30-44 in Hastings is larger than the East Sussex average and not dissimilar to the South East average (Figure 2.3).

<sup>1</sup> In order to show the comparison between population growth and percentage population growth in figure 2.1 & 2.2, the 2001 mid year estimates have been used. This is due to the age breakdown cohorts available from the 2001 Census data are not comparable with those for the mid year estimates.

**Figure 2.3: Age Structure Breakdown, 2007**



Source: EsIF, published August 2008, including mid-year population estimates from mid-2001 to mid-2007. Notes: Updates Figure 4.5 of the 2006 HMA

- 2.16 Figure 2.3 provides the latest population age breakdown for the housing market area, as well as the comparators of East Sussex and the South East. The demographic breakdown indicates that the highest proportion of the population of both Hastings and Rother fall within the 45-64 demographic – this pattern is observed in most markets and is associated with the ‘baby boom’ generation.
- 2.17 In Rother the 65+ age cohort is very large compared to the other benchmarks. Along with continued growth in the older population this provides evidence of the ageing population in the District.
- 2.18 The population breakdown suggests a more balanced demographic structure in Hastings. However, as with all areas of the UK, Hastings is projected to experience an ageing population to 2026, including a dramatic increase in the 65-74 age cohort.
- 2.19 The ageing population is a long standing and slow working demographic trend which is unlikely to change dramatically in the short term or be affected by short term economic fluctuations. Albeit, how older people choose to live, in terms of the tenure, type and size of home they occupy will be influenced by economic factors including pension provision and the cost of health and care services in the future. The analysis contained in the 2006 HMA and 2005 HNS remains relevant. However, migration patterns also effect the population makeup of Hastings and Rother and these have the capacity to change more rapidly, particularly as economic circumstances change.

## Migration

- 2.20 It is possible to update migration data contained in the 2006 HMA by using the NHS Patient Register.<sup>2</sup>
- 2.21 The migration data (Figure 2.4) shows a net flow of around 300 people into Hastings each year, though in two years (2003/04 and 2005/06), there was net migration out of the authority area, seemingly driven by out-migration of families given the net loss of the 0-14 age group in these years. There was net migration into Rother every year over the 7 year period 2001 - 2008. This equates to around 1,100-1700 people each year, with net movement into Rother coming from both families (indicated by net gain of children) and older age groups.
- 2.22 It is important to note that the largest numbers of movements are between the two authority areas themselves with over 1,000 people moving from Hastings to Rother and vice versa each year, confirming the integration of the housing market area. In net terms in 2007/08 this equated to net migration of 250 people from Hastings to Rother.

**Figure 2.4: Net Migration, Hastings and Rother 2001-08**

		Net Migration Flow					
		Total (net)	0-14	15-24	25-44	45-64	65+
Hastings	2001-02	100	0	-100	100	100	0
	2002-03	400	0	0	300	100	0
	2003-04	-300	-200	-100	0	0	0
	2004-05	300	0	-100	200	100	100
	2005-06	-400	-100	-200	-100	0	0
	2006-07	200	0	-100	200	100	0
	2007-08	300	0	0	300	0	0
Rother	2001-02	1700	400	-200	500	700	300
	2002-03	1300	200	-200	400	600	300
	2003-04	1400	400	-200	300	600	300
	2004-05	1100	200	-200	300	600	200
	2005-06	1100	300	-300	400	500	200
	2006-07	1600	400	-200	300	800	300
	2007-08	1300	280	-180	400	700	100

Source: ESiF, NHS PR published November 2008

Notes: Provides additional information to that given in Figure 4.13 of the 2006 HMA

- 2.23 The 2005 Housing Needs Surveys for Hastings and Rother indicated that around 5,500 households in Rother and 4,300 households in Hastings wanted to move within 3 years.

<sup>2</sup> This data source tracks changes in registrations with GP surgeries. It has limitations because it does not detect international in-migration and some households also fail to register or re-register when they move. Nevertheless, it provides a useful indication of how migration patterns may have changed since the Census.

- 2.24 The HNSs indicated that by far the greatest demand for housing in Hastings will be by those households already within Hastings. For Rother, the net flow of migrants is far larger than for Hastings, therefore contributing a larger proportion to housing demand. This is recognised in the 2006 HMA (paragraph 4.18).
- 2.25 It is more difficult to determine the housing needs of in-migrants; however the breakdown of migration flow by age-band sheds light on their likely requirements. For example, the net in-flow of older people in Rother and the net out flow of children (and by implication, families) in Hastings has implications for planning and housing policy.
- 2.26 The largest volume of flows to and from both authority areas is from the 25-44 age group (though in net terms this is not the most significant group). The 25-44 age group is the most mobile group in all market areas because people move more often when they are younger and moves are associated with work, the formation and expansion of families etc. In this respect, the market area is no different to the rest of the Country.
- 2.27 In Rother the largest net in-flow was from the 45-64 age band, and this is consistent with the evidence provided in the 2006 HMA (Figure 4.13) and the suggestion that migration can be associated with lifestyle changes, such as retirement, or moving into an area with a higher quality of life (2006 HMA paragraph 4.16).
- 2.28 These in-migrants are often not as constrained by house prices as local residents, and thus this process can have the effect of displacing those on lower incomes to cheaper areas. This may provide an early indication of an increasingly older average population age, which in turn will impact on the future housing needs of the district.
- 2.29 The only age group experiencing a net loss between 2001 and 2007 for both Hastings and Rother is the 15-24 age band, with both local authorities experiencing a net loss of people in this age group.
- 2.30 The trends in migration experienced over this time period also show a net loss of the 0-14 age group in Hastings which is suggestive of a loss of families from the Borough.

## Demographic Projections

- 2.31 Population projections have also been updated since the HMA 2006 was published. The population data presented here (Figures 2.5 and 2.6) updates that presented in Figures 4.7 and 4.9 of the 2006 HMA, by providing estimates of population change from 2006 to 2026. It should be noted that the age bands used here differ slightly to those adopted in the 2006 HMA.

**Figure 2.5: Absolute Change in Population Projection by Age Band (Policy Based Projections) 2001 to 2026**

		All ages	0-14	15-29	30-44	45-64	65-74	75+
<b>Hastings</b>	2006	86,120	15,690	15,090	17,959	22,431	7,241	7,709
	2026	87,576	14,871	13,774	15,788	22,080	9,884	11,179
	Absolute Change	1,456	-819	-1,316	-2,171	-351	2,643	3,470
<b>Rother</b>	2006	87,564	13,434	11,035	14,040	24,611	11,318	13,126
	2026	96,246	14,726	12,057	12,496	26,019	13,832	17,116
	Absolute Change	8,682	1,292	1,022	-1,544	1,408	2,514	3,990

Source: ESiF, updated September 2009, including 2006 Mid Year Estimates

Notes: Provides additional information to that given in Figure 4.9 of the HMA 2006.

- 2.32 Overall, these projections expect the majority of population growth to occur within Rother. But housing allocations set out in the South East Plan<sup>3</sup> for each authority are of the same scale which would suggest similar levels of population and household growth, assuming the dwelling stock increases in line with these figures.
- 2.33 ONS trend based population projections would suggest much more significant population growth in both areas, though DTZ expect these projections to be revised downwards as a result of the economic downturn and the implications this might have for net international migration. ONS trend based projections are not presented here but it is relevant to acknowledge that public policy – specifically the number of new homes planned - will influence the level of growth. Trend based projections provide an indication of how population growth might proceed in a less constrained context.
- 2.34 Figure 2.5 indicates that the greatest increase in population in both areas is projected to be the 75+ cohort. The 65-74 cohort is also projected to increase in both areas.
- 2.35 This trend is in contrast to that observed in the 2006 HMA for the period 1994 to 2004, which demonstrated a *decline* in the 65-74 age cohort across all spatial areas but reflects the ageing

<sup>3</sup> At the time of writing, the new Government has set out its intention to abolish Regional Spatial Strategies. At present there is no replacement for the housing allocations set out in the South East Plan so these figures have been retained in this report until further guidance is made available by the CLG.

of the baby boom generation as they move from the 45-64 age group into the 65-74 age group.

- 2.36 The projection for 2006-2026 estimates a decline in all the younger age groups in Hastings, including children (aged 0-14), young people (aged 15-29) and younger working age people (aged 30-44).
- 2.37 Figure 2.5 shows that estimates expect the size of the 45-64 cohort to remain broadly stable, albeit with a slight decline in Hastings. This differs to the observed trend in the 2006 HMA, which demonstrates this group as experiencing the largest increase for all spatial areas in the previous decade. This reflects the ageing of the baby boom generation who are beginning to move out of the 45-64 age group into the 65-74 age cohort.
- 2.38 Similarly, whilst previous trends show an increase in the 15-29 age group in Hastings, population projections (in Figure 2.5) estimate a reversal in this trend over the next 20 years. DTZ expect this projected decline in the 15-29 year old age group may be moderated by developments associated with the university centre now in Hastings which now has around 1,000 students and plans to expand.

## Household Growth

**Figure 2.6: Household Growth 2001 to 2008**

	2001	2008	Household Growth	% Change
<b>Hastings</b>	37,600	40,594	2,994	8.0
<b>Rother</b>	38,100	40,711	2,611	6.9
<b>Hastings &amp; Rother</b>	75,700	81,305	5,605	7.4
<b>East Sussex</b>	214,600	231,633	17,033	7.9
<b>South East</b>	3,287,500	3,536,109	248,609	7.6

Source: ESiF, October 2008.

Notes: Updates Figure 4.24 of the 2006 HMA

- 2.39 Figure 2.6 provides an update of Figure 4.24 in the HMA 2006, indicating that from 2001 to 2008 the total number of households in the Hastings and Rother housing market area increased by an estimated 7%, equating to an increase in the number of households of 5,600. The household growth in Hastings is in line with the level of growth in East Sussex and the South East, although Rother has experienced slightly lower household growth than the benchmark areas.
- 2.40 The 2006 HMA (paragraph 4.35) demonstrated the trend of declining household size. Although at face value this may suggest a growing demand for smaller-sized houses across the housing-market area the relationship between household size and dwelling size is much more complex and more closely related to income, wealth and life stage rather than demographic characteristics. The implications of changing household size and type are discussed in Section 4.

## Future Households, by Age and Type

- 2.41 The 2006 HMA provided forecast changes to the number and structure of households to 2011, and from 2011 to 2026. The 2009 SHMA updates this data using the most recent mid-year population estimates provided by East Sussex County Council.
- 2.42 Figure 2.7 indicates the projected change in the total number of households in Hastings and Rother, from 2001 to 2026. By 2026 the number of projected households in Rother is expected to be 44,500 which equates to an increase of around 5,000 households between 2006-2026. 43,400 households are anticipated in Hastings by 2026, an increase of around 4,000 between 2006-2026. This equates to households growth rates of 230 and 150 households per year respectively.
- 2.43 This is likely to drive an increasing demand for housing, of a variety of different types, sizes and tenures in the long term. DTZ would suggest that in the short term, these projections may be moderated by the economic downturn, its impact on migration, and also delay in the delivery of new homes.
- 2.44 Figure 2.7 indicates the changes in household composition that are expected to occur between 2001 and 2026. This provides an update of Figures 10.6 and 10.7 of the 2006 HMA. The revised household projections here are based on the mid-year population estimates for 2007, as a result, the household projections for Rother and Hastings and Rother market area are higher than those presented in the HMA 2006.
- 2.45 In Hastings and Rother, as in most market areas in the South East, the greatest increase is predicted to be in 'one person' households. Rother, Hastings and East Sussex are all projected to experience a decline in the number of 'couple households' by 2026. Although there is very little change predicted in the number of 'other multi-person' households across the housing-market area it is likely that this group is closely related to the one person households category. For example, if the affordability of buying or renting property becomes stretched, young single person households may choose, or be forced, to share with others until they are able to form independent households. This could have different implications for the type, size and location of homes these households choose to occupy.
- 2.46 It is important to note that for both authority areas and the housing market area as whole, couple and lone parent households (family type households) will remain the largest group within the household population over the plan period to 2026.
- 2.47 Figure 10.11 of the 2006 HMA provides further breakdown of the likely household composition in 2026. Although this was based on earlier projections this analysis remains relevant. As well as the large growth of one-person households, and in Rother the majority of these one person households are pensioners, there is also likely to be significant growth in the number of 'Couple households – with no children' and following this is projected to be 'Couple households – with two or more dependent children'. This suggests that family type households will remain a significant group within the population, even though the majority of growth in household numbers will come from non-traditional household groups (single people and multi-person households).

**Figure 2.7: Household Projections by Type, 2001 to 2026**

	2001	2006	2011	2016	2021	2026	Change 2001 to 2026	
<i>% of Yearly Total Number of Households</i>								
<b>Rother</b>	Married Couples	50.6	48.4	45.9	43.5	41.2	39.0	-11.6
	Cohabiting Couples	6.7	7.5	8.3	9.1	9.8	10.5	3.8
	<b>Total Couple</b>	57.3	55.9	54.2	52.6	50.9	49.5	-7.8
	Lone Parent	5.0	5.2	5.0	4.7	4.4	4.2	-0.8
	One Person	33.0	34.3	36.4	38.4	40.2	42.1	9.1
	Other Multi-Person	4.8	4.6	4.5	4.4	4.4	4.3	-0.5
	<b>Total Number of Households</b>	<b>38,152</b>	<b>39,557</b>	<b>40,858</b>	<b>42,165</b>	<b>43,471</b>	<b>44,776</b>	<b>6,624</b>
	<b>Hastings</b>	Married Couples	39.6	36.3	33.5	31.3	29.4	27.8
Cohabiting Couples		9.7	10.8	11.9	12.4	12.6	12.9	3.1
<b>Total Couple</b>		49.4	47.1	45.4	43.6	42.1	40.7	-8.7
Lone Parent		8.7	9.1	8.7	8.1	7.4	6.9	-1.8
One Person		36.4	38.3	40.5	42.7	44.8	46.6	10.2
Other Multi-Person		5.5	5.4	5.4	5.6	5.8	5.8	0.2
<b>Total Number of Households</b>		<b>37,808</b>	<b>39,357</b>	<b>40,352</b>	<b>41,351</b>	<b>42,349</b>	<b>43,345</b>	<b>5,537</b>
<b>Hastings &amp; Rother</b>		Married Couples	45.1	42.3	39.7	37.4	35.4	33.5
	Cohabiting Couples	8.2	9.2	10.1	10.7	11.2	11.6	3.4
	<b>Total Couple</b>	53.3	51.5	49.8	48.1	46.6	45.1	-8.2
	Lone Parent	6.8	7.1	6.8	6.4	5.9	5.5	-1.3
	One Person	34.7	36.3	38.4	40.5	42.5	44.3	9.6
	Other Multi-Person	5.2	5.0	4.9	5.0	5.1	5.0	-0.2
	<b>Total Number of Households</b>	<b>75,960</b>	<b>78,914</b>	<b>81,210</b>	<b>83,516</b>	<b>85,820</b>	<b>88,121</b>	<b>12,161</b>
	<b>East Sussex</b>	Married Couples	48.3	45.4	42.7	40.3	38.1	36.1
Cohabiting Couples		8.0	9.0	10.0	10.6	11.0	11.5	3.5
<b>Total Couple</b>		56.3	54.4	52.7	50.9	49.2	47.6	-8.7
Lone Parent		5.8	6.2	5.9	5.5	5.1	4.8	-1.0
One Person		32.5	34.2	36.2	38.3	40.3	42.2	9.7
Other Multi-Person		5.3	5.2	5.2	5.3	5.4	5.4	0.1
<b>Total Number of Households</b>		<b>215,300</b>	<b>224,984</b>	<b>231,421</b>	<b>237,866</b>	<b>244,315</b>	<b>250,752</b>	<b>35,452</b>

Source: ESIF, published October 2007, including 2006 Mid Year Estimate. Meta-data revised May 2009.

Notes: Updates Tables 10.7 and 10.8 of HMA 2006.

**Figure 2.8: Projected Change in the Percentage of Households by Type 2001 to 2026**



Source: adapted from ESiF, October 2007.

Notes: Update of HMA Figure 4.26.

- 2.48 Figure 2.8 provides a visual representation of the predicted changes to household composition, between 2001 and 2026. This updates Figure 4.26 of the 2006 HMA by extending the upper time limit of prediction from 2011 to 2026. The changes seen here are larger than in the 2006 HMA, given the longer time-scale of projection. However, the general trends in changes to household type remain the same.



Figure 2.9: Household Projections, by Age Band

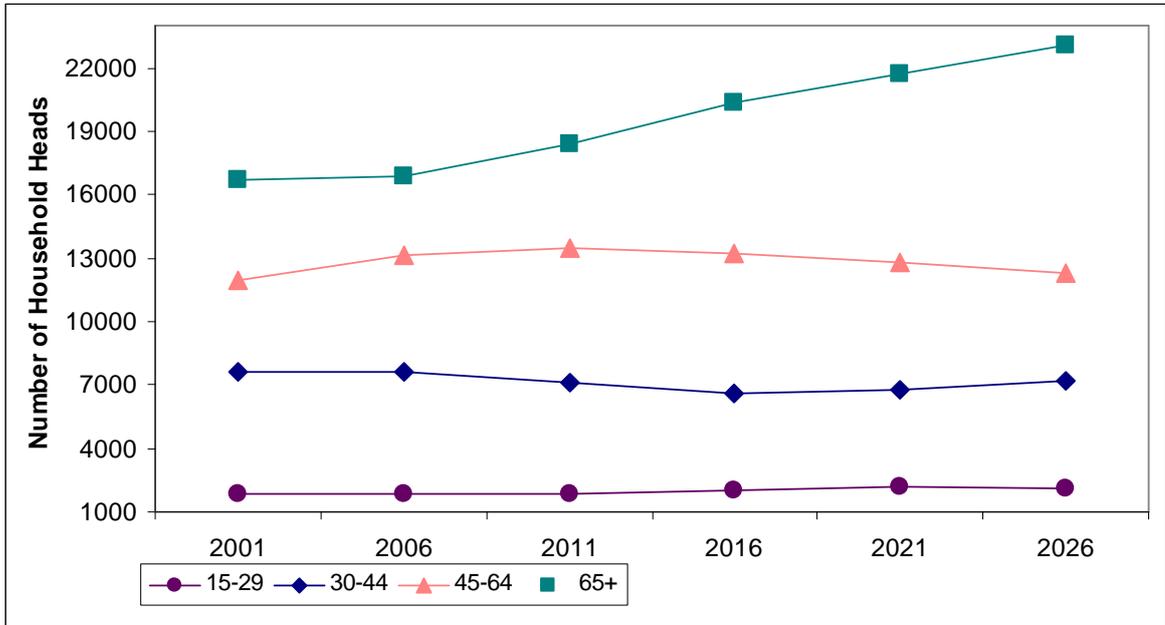
	Age band of household head	2001	2006	2011	2016	2021	2026	2026 as a % of Yearly Total	Absolute Change 2001-2026	% Change 2001-2026
<b>Hastings</b>	15-29	4,156	4,142	4,250	4,100	3,842	3,640	8.4	-516	-12.4
	30-44	10,769	10,911	9,801	8,928	8,696	8,973	20.7	-1,796	-16.7
	45-64	11,907	13,314	14,459	14,965	14,833	14,009	32.3	2,102	17.7
	65+	10,976	10,990	11,842	13,358	14,978	16,723	38.6	5,747	52.4
	<b>Total</b>	<b>37,808</b>	<b>39,357</b>	<b>40,352</b>	<b>41,351</b>	<b>42,349</b>	<b>43,345</b>		<b>5,537</b>	<b>14.6</b>
<b>Rother</b>	15-29	1,816	1,887	1,856	2,017	2,228	2,135	4.8	319	17.6
	30-44	7,660	7,632	7,087	6,603	6,780	7,226	16.1	-434	-5.7
	45-64	11,940	13,176	13,483	13,229	12,793	12,318	27.5	378	3.2
	65+	16,736	16,862	18,432	20,316	21,670	23,097	51.6	6,361	38.0
	<b>Total</b>	<b>38,152</b>	<b>39,557</b>	<b>40,858</b>	<b>42,165</b>	<b>43,471</b>	<b>44,776</b>		<b>6,624</b>	<b>17.4</b>
<b>Hastings &amp; Rother</b>	15-29	5,972	6,029	6,106	6,117	6,070	5,775	6.6	-197	-3.3
	30-44	18,429	18,543	16,888	15,531	15,476	16,199	18.4	-2,230	-12.1
	45-64	23,847	26,490	27,942	28,194	27,626	26,327	29.9	2,480	10.4
	65+	27,712	27,852	30,274	33,674	36,648	39,820	45.2	12,108	43.7
	<b>Total</b>	<b>75,960</b>	<b>78,914</b>	<b>81,210</b>	<b>83,516</b>	<b>85,820</b>	<b>88,121</b>		<b>12,161</b>	<b>16.0</b>
<b>East Sussex</b>	15-29	14,908	15,194	15,078	15,152	15,111	14,569	5.8	-339	-2.3
	30-44	52,665	52,711	48,176	44,775	44,827	46,597	18.6	-6,068	-11.5
	45-64	68,737	76,406	80,042	80,453	78,947	75,348	30.0	6,611	9.6
	65+	78,990	80,673	88,125	97,486	105,430	114,238	45.6	35,248	44.6
	<b>Total</b>	<b>215,300</b>	<b>224,984</b>	<b>231,421</b>	<b>237,866</b>	<b>244,315</b>	<b>250,752</b>		<b>35,452</b>	<b>16.5</b>

Source: ESiF, published October 2007, including 2006 Mid Year Estimate. Meta-data revised May 2009.

Notes: Provides additional information to Figure 10.11 of the HMA 2006

- 2.49 Figure 2.9 provides more up to date information to that given in the HMA 2006, but confirms that projections continue to expect that there will be significant changes in the age-composition of households in the Hastings and Rother market area between 2001 and 2026.
- 2.50 Figure 2.9 indicates that between 2001 and 2026 the proportion of households headed by over 65s is predicted to increase significantly, by 52% in Hastings and 38% in Rother. The projected increase in older households in Hastings is important since it represents a large change to the current demographic composition in this area. The projection also indicates a substantial increase in Rother, although this group already accounts for a larger proportion of the household population. Nevertheless, the growth in older households is predicted to continue, with an estimated 52% of the population of Rother in 2026 aged 65 and older.
- 2.51 The 65 and over age group may have specific housing requirements. However, the housing requirements of older people vary greatly and it would be a huge misrepresentation to assume that they will all require smaller and easily accessible homes or sheltered housing. It is interesting to note that the trend of an ageing population has been evident in Rother District for the past decade, but housing demand has not closely followed expectations, indicating the importance of a flexible housing strategy that reacts to market changes and the wide ranging preferences of older people.
- 2.52 The household head 45-64 age cohort is also predicted to increase across the housing market area between 2001 and 2026. Alongside this there is a projected decline in the proportion of household heads within the 30-44 age cohort, within Hastings and Rother. This trend may have knock-on effects for the local economy as well as housing requirements.
- 2.53 A significant disparity can be identified between the predicted trends for Hastings and Rother with reference to the 15-29 age band, with the number of household heads in this category projected to decrease by -12% in Hastings and increase by +18% in Rother. This is an important trend to note, given that much evidence suggests an ageing population in Rother District. However, although migration patterns show that Rother is an attractive destination for families, there has been a net loss through migration of the 15-24 age group each year from 2001-2008 in both districts. The household projection for East Sussex follows that of Hastings for the 15-29 cohort, with a predicted decrease of -11.5% between 2001 and 2026.

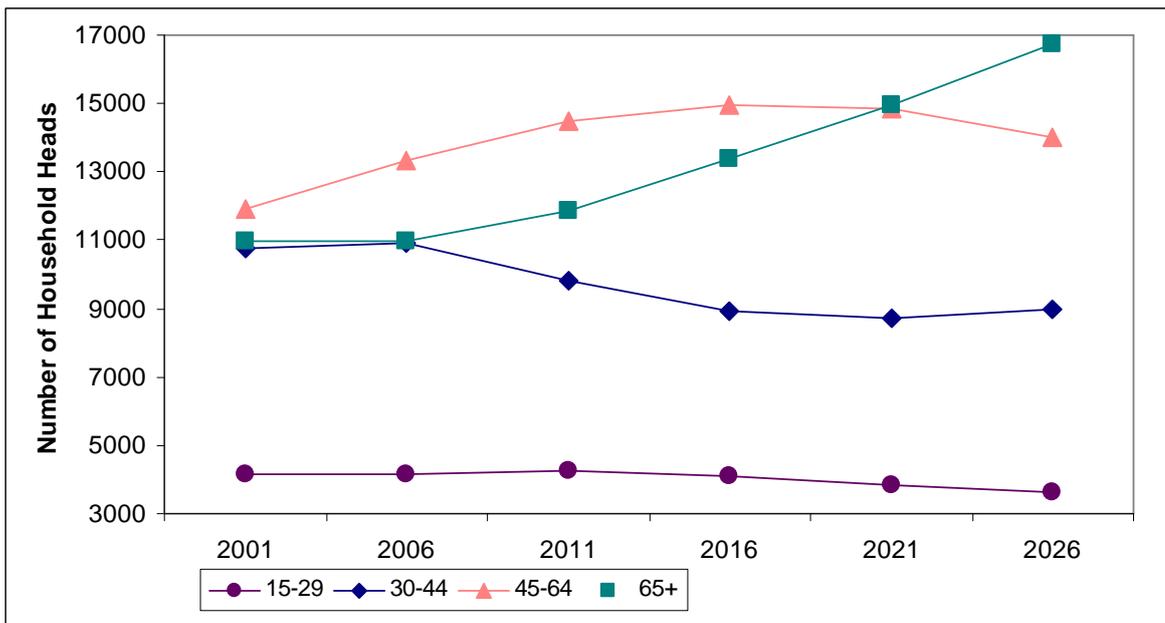
**Figure 2.10: Projected Changes in the Age Composition of Household Heads in Rother, 2001 to 2026**



Source: adapted from ESiF, October 2007.

Notes: Provides additional information to the 2006 HMA.

**Figure 2.11: Projected Changes in the Age Composition of Household Heads in Hastings, 2001 to 2026**



Source: adapted from ESiF, October 2007.

Notes: Provides additional information to the 2006 HMA.

## Economic Factors

- 2.54 Figure 2.12 shows the number of jobs within the two authority areas and the proportion of the population in Hastings and Rother who are economically active relative to the County and South East as a whole.

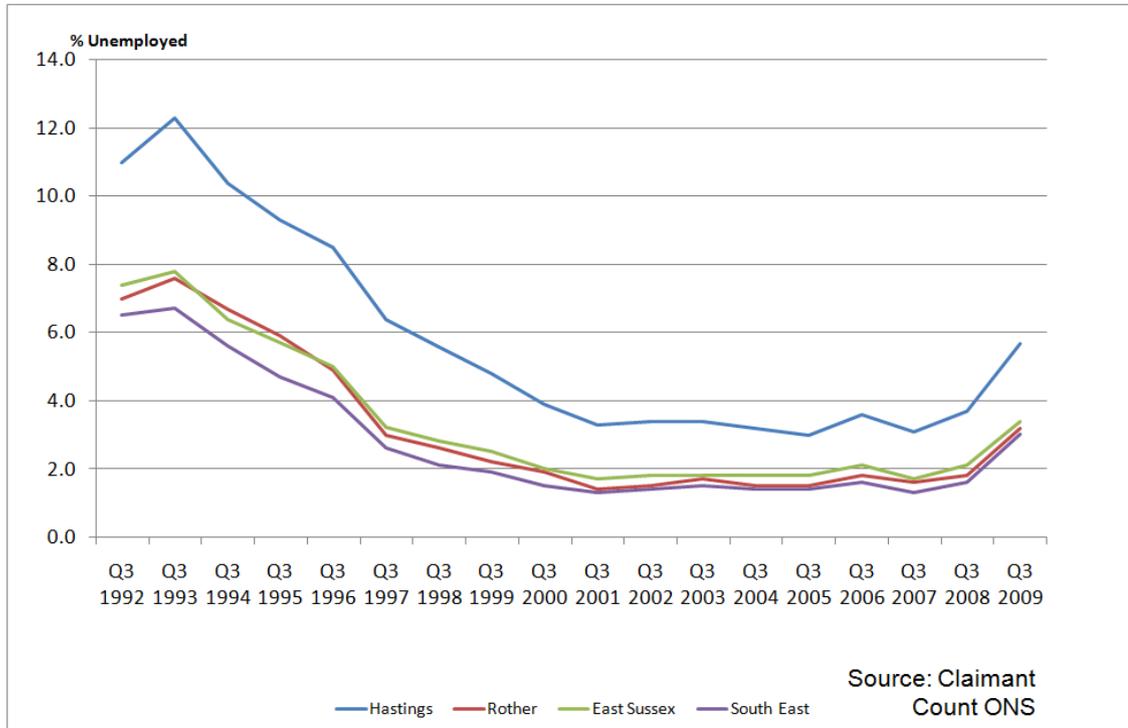
**Figure 2.12: Current Employment and Unemployment**

	<b>Number of Jobs (Employee jobs)</b>	<b>% of Working Age Population Economically Active</b>	<b>% Unemployed</b>
Hastings	29,100	77%	7.7%
Rother	24,300	81%	4.6%
East Sussex	166,800	81%	5.5%
South East	-	82%	4.7%

Source: ONS Annual Population Survey 2008/09 for Economically Active and Unemployment; ABI 2007 for Jobs figures

- 2.55 The data indicates that there has been limited change in the number of jobs within the market area since the HMA report in 2006. Employment levels peaked in both Hastings and Rother in 2005, according to Annual Business Inquiry data, at 30,000 jobs in Hastings and 25,300 in Rother. Employment has since fallen back to 29,100 in Hastings and 24,300 in Rother, consistent with levels recorded in 2003. It is likely that employment levels have fallen further since 2007 as a result of the recession and this is supported by more up to date indicators including the claimant count unemployment figures.
- 2.56 Economic activity levels in Hastings remain below the East Sussex and South East average. Whilst economic activity levels in Rother are consistent with these wider areas, the proportion of the population at working age is smaller than in Hastings, given the higher proportion of retired people in Rother.
- 2.57 Unemployment levels within Hastings remain higher than the other benchmarks and the level of unemployment has increased since the HMA 2006. Unemployment levels have remained relatively stable in Rother over recent years according to data from the Annual Population Survey. But Claimant Count data (Figure 2.13), widely recognised as the most responsive indicator, shows a sharp increase in unemployment in all areas over 2009.

**Figure 2.13: Unemployment in Hastings and Rother, % of Claimants**



## Household Incomes and Earnings

2.58 Household income and wealth is a key driver of demand for housing. Over the long term, the demand for housing tends to increase in response to rises in household incomes. Research suggests that a 1% increase in household incomes in the UK leads to a greater than 1% increase in demand for housing. This implies that as household incomes increase, they tend to spend a greater proportion of their income on housing. Household income and wealth also determine the type, tenure and size of homes that households choose or can afford to access.

**Figure 2.14: Average household income, 2008**

	Mean income (£)	Median income (£)	Modal income band
Great Britain	34,417	28,698	2
South East	38,637	32,685	3
East Sussex	33,532	28,334	2
Hastings	30,078	25,394	2
Rother	31,811	26,983	2

Source: EsiF, published October 2008, metadata revised June 2009

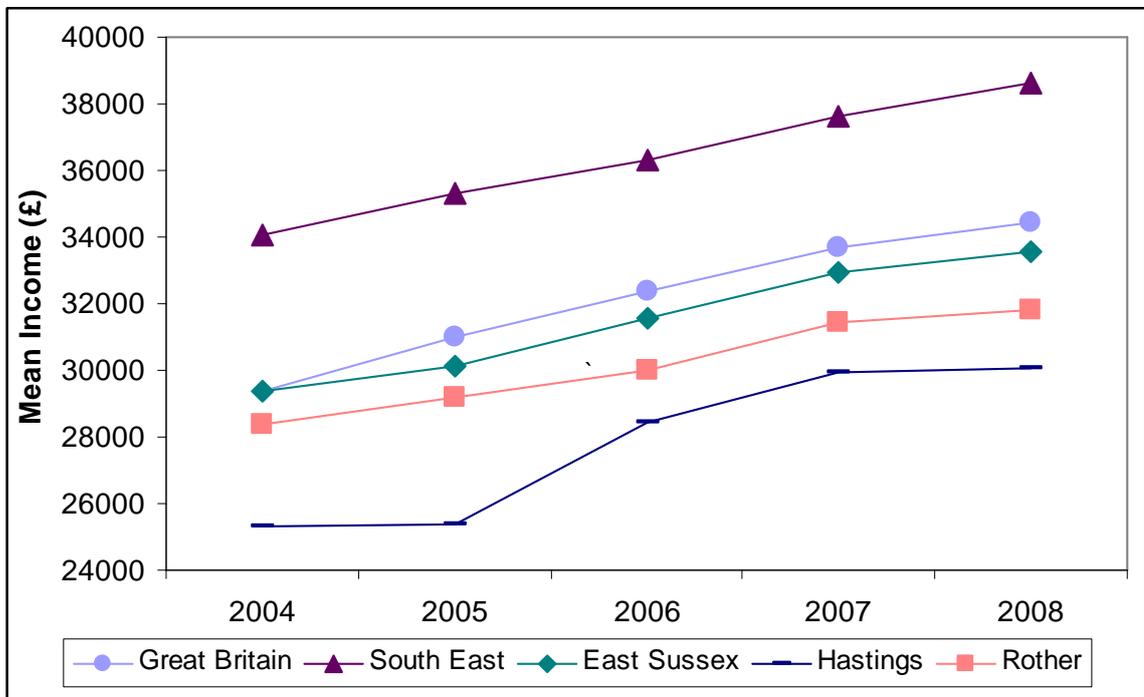
**Key**

Modal Income	Band
10-15k	1
15-20k	2
20-25k	3

Source: ESiF

- 2.59 Figure 2.14 indicates the average household incomes for 2008, in Hastings and Rother, benchmarked against the County and South East as a whole. The data indicates that average household incomes, in terms of mean and median measures, in Hastings and Rother are lower than those for the county, significantly lower than the South East region and lower than for Great Britain as a whole. The latter fact is significant since the sub-region sits within one of the most economically buoyant regions of the country.
- 2.60 The modal income bands for Hastings and Rother are the same as those for East Sussex and Great Britain; however they are again a band lower than for the South East region.
- 2.61 The mean and median household incomes in Rother in 2008 were higher than Hastings, by almost £2,000, although they do both lie within the same modal income band.

**Figure 2.15: Mean Income (£), 2004 – 2008**



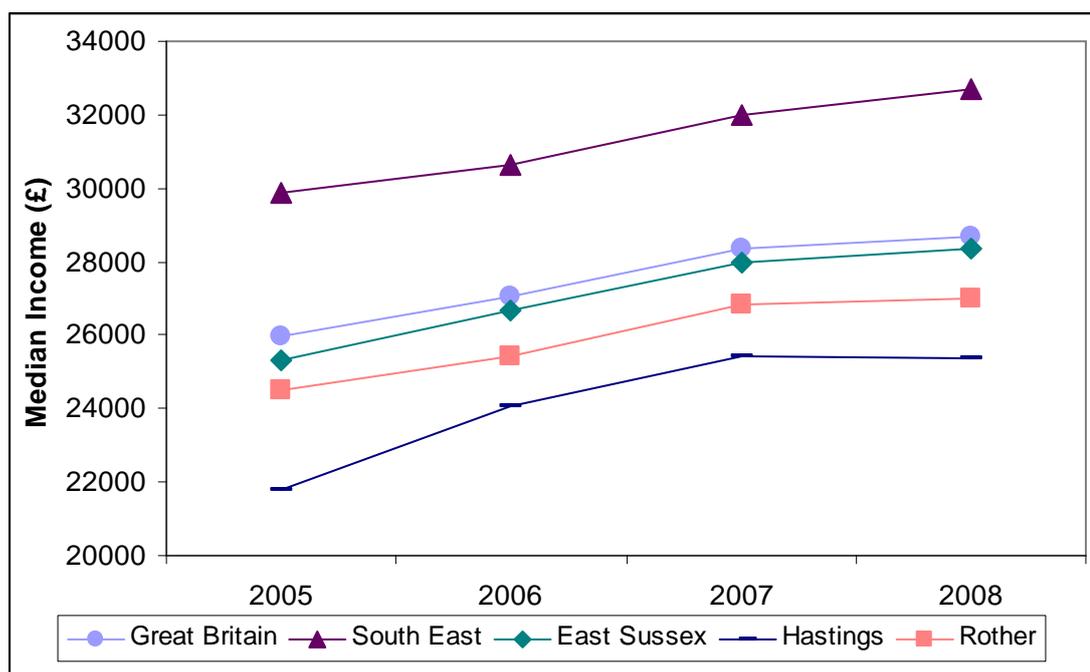
Source: ESiF, published October 2008, metadata revised June 2009  
 Notes: Provides additional information to that given in the 2006 HMA

- 2.62 Figure 2.15 shows the change in average (mean) income from 2004 to 2008, for Hastings and Rother, and allows comparison with East Sussex, the South East and Great Britain. The graph indicates that Hastings has consistently had the lowest average income although the

gap narrowed to some extent between 2004 and 2008. The mean income in Rother is also less than that of East Sussex in general, and this gap has widened slightly since 2004.

- 2.63 The South East has a significantly higher mean income than Great Britain in general. In part, this is associated with the proximity of the region to London which allows a proportion of the population to access highly paid jobs in the capital.
- 2.64 It is also important to note that although the trend in all areas has been for household incomes to increase over time, the distribution of household incomes is highly uneven (see Section 4). In short, the incomes of the richest household have increased by a greater rate over time than those of the poorest. This is examined in more detail in the HMA 2006. There is no reason to suggest that the future pattern of growth in household incomes (and the unevenness of this growth) will be different in the future to the past. The implication of this for housing is that there is likely to be a proportion of the population who are unable to afford to meet their requirements in the market, even though average household incomes continue to grow over time.

**Figure 2.16: Median Income, 2005 – 2008**



Source: ESIF, published October 2008, metadata revised June 2009

Notes: Provides additional information to that given in the 2006 HMA

- 2.65 Figure 2.16 provides another time series of average income, this time using the median measure. This verifies the general trends seen in Figure 2.15. The key difference between the mean and median measures is that the median measure indicates a lower average income, approximately £5,000 - £6,000 less in each area. This means that in practice, average incomes are lower than the mean average figures suggest – mean averages are skewed by extremes of high and low income, the uneven income distribution described above.

2.66 The 2006 HMA provided individual earnings data for residents in each local authority area (Figure 5.19 of HMA 2006). Up to date figures for 2008 show that earnings have increased in both areas over the last 3 years but remain significantly below those in the South East as a whole. This implication of this, as with the household income data, is that local residents in Hastings and Rother are on average on lower incomes than residents in the South East as a whole. Given that house prices within the market area are also relatively cheaper than other areas of the region, this creates an incentive for households living outside of the sub-region to migrate and access larger homes or better neighbourhoods than they would be able to access elsewhere in the region. As they are on higher earnings or incomes and moving from higher priced areas they are also often able to outbid local residents for housing. This contributes to the pattern of selective migration discussed earlier in this section and examined in more detail in the original HMA 2006.

**Figure 2.17: Average Individual Earnings of Residents (Gross)**

	<b>2005 Weekly Earnings (HMA 2006 figures)</b>	<b>2005 Annual Earnings</b>	<b>2008 Weekly Earnings (HMA 2006 figures)</b>	<b>2008 Annual Earnings</b>	<b>% Change 2005-08</b>
Hastings	£319	£16,600	£373	£19,400	+14%
Rother	£401	£20,900	£480	£25,000	+20%
South East	£475	£24,700	£523	£27,200	+9%

Source: Annual Survey of Hours and Earnings

### 3. Housing Market Outcomes

#### Analysis of past and recent housing market trends

##### House Prices

- 3.1 In the UK, up to the third quarter of 2007, there was a continuation of a pattern of general growth in average house prices that had been evident over the last decade (See Figure 3.1). However, following the credit crunch, prices stabilised and began falling through 2008. It is interesting to note that in the South East, *real* prices had begun to stabilise in 2004/05 and many commentators at the time were predicting a correction in prices on the basis that prices were out of line with rises in real incomes.

**Figure 3.1: Quarterly Average House Prices, 1998 to 2009 (All dwellings)**

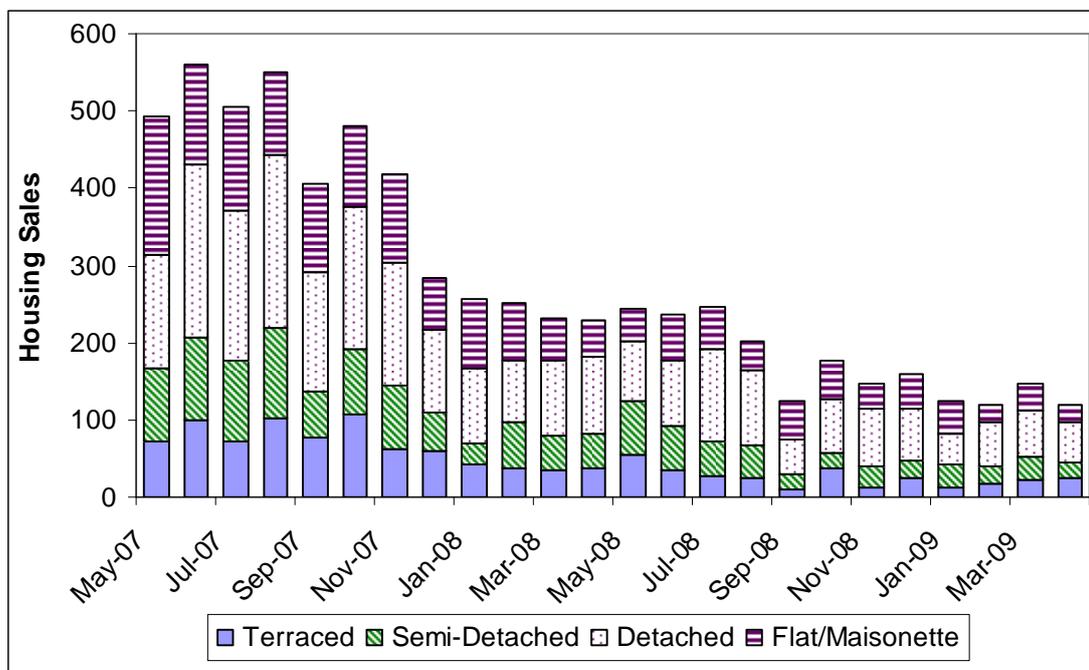


Source: ESiF, published August 2009 Notes: Updates Figure 7.6 of the 2006 HMA, by extending the time period. Information shows the average house price for all property types. Note that this measure shows that average prices in Hastings are much cheaper than the other benchmarks but this is partly a result of the mix of properties in the Borough which has a higher proportion of smaller dwellings.

- 3.2 The slowing market was initially evident in reduced volumes of transactions rather than house prices. This reflects the fact that when demand weakens, and values that can be achieved on sale fall below vendors' expectations, households often decide to stay put. It also reflects the effective rationing of mortgages through the tightening of lending criteria including reduced loan to value ratios available.

- 3.3 Figures 3.2 and 3.3 show the number of properties sold each month for the selected area by house type, according to Land Registry transactions data. There is a delay of approximately 3 months between sales taking place and being recorded by the Land Registry.
- 3.4 For both Hastings and Rother a significant decline in the total number of house sales was observed between November 2007 (just after the onset of downturn ) and May 2009, which shows how lack of confidence in the market and more limited availability of mortgage finance has impacted on activity in the housing market area. Sales have fallen to around one quarter of levels associated with the market in the previous 5 years. This makes average price data less reliable since it is based on a smaller number of transactions and, as Figure 3.2 and 3.3 show, the composition of sales (the type of homes traded) can also change.

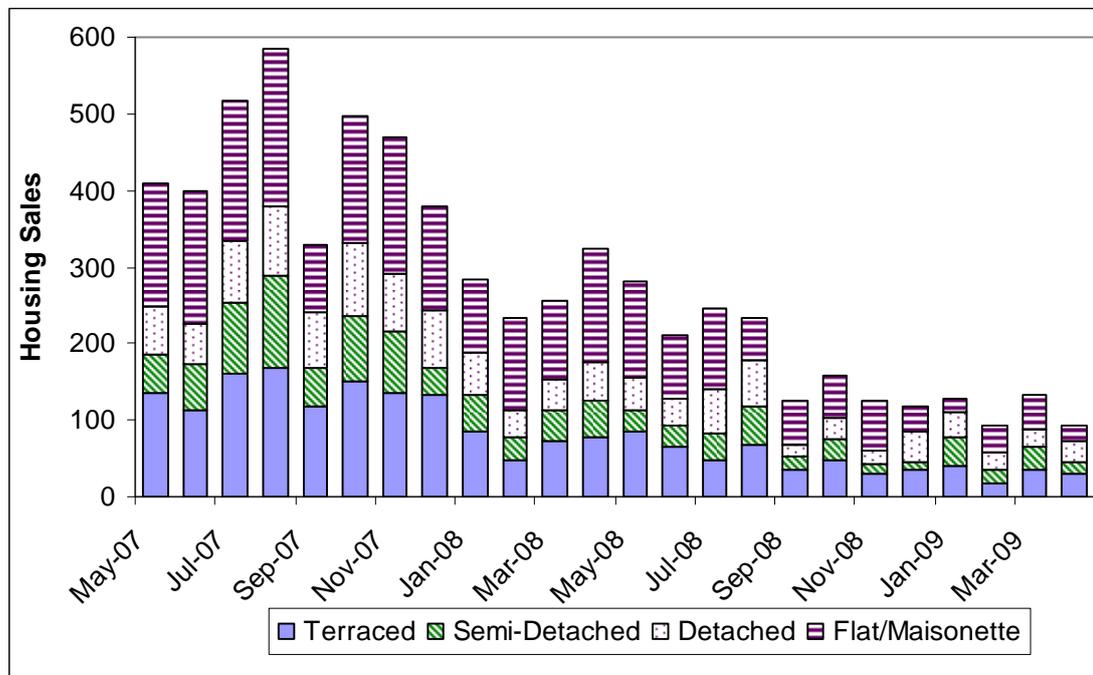
**Figure 3.2: Profile of all housing sales by type - Rother**



Source: Hometrack; Land Registry

- 3.5 Figure 3.2 indicates that in Rother the highest proportion of sales have consistently been on detached houses, which is consistent with the composition of the existing housing stock within the authority area. The demand for these homes is generated by in-migrants as well as households within Rother. The second highest number of housing sales has been of flats/maisonettes, despite the low proportion of flats in the stock in the District. This reflects the higher turnover of these properties, which are often bought by first time buyers who will then move on for work or family reasons in a few years.

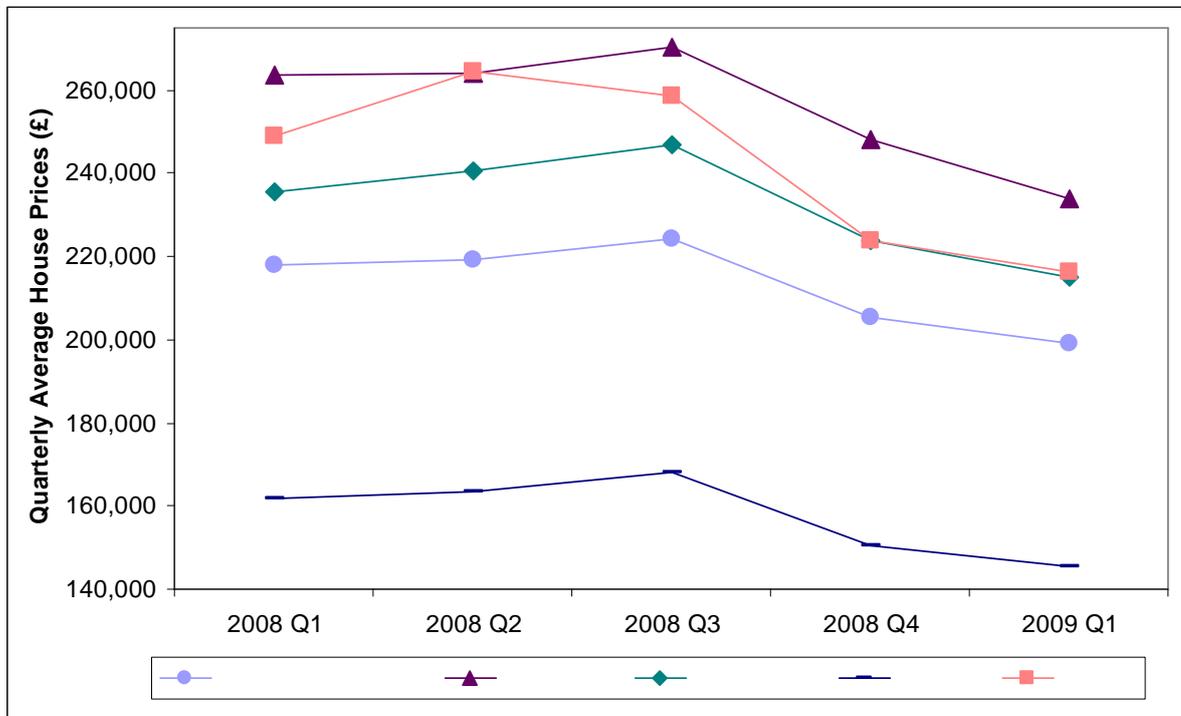
**Figure 3.3: Profile of All Housing Sales by Type - Hastings**



Source: Hometrack; Land Registry

- 3.6 In Hastings (Figure 3.3) the highest proportion of housing sales has been flats/maisonettes, which is consistent with the high proportion of flats in the existing housing stock within the Borough, as evidenced in the 2006 HMA (Figure 6.3). A significant decline in total sales can again be observed, and this has also led to a change in the proportions of sales of each housing type.
- 3.7 Throughout the decade of rising prices and through the current downturn, average house prices in Hastings have consistently remained below the average for the South East, East Sussex and Rother – the gap being around £40,000. This is due to a range of factors including the mix of housing (with higher proportions of smaller, cheaper properties in Hastings (see Figures 6.3 and 6.10 of 2006 HMA) but is also reflective of lower level of demand within Hastings compared to Rother and to the South East as a whole.
- 3.8 Rother has average house prices almost as high as those for the South East, despite average incomes (mean and median) being approximately £6,000 lower than the South East as a whole. Again, this reflects two main factors:
- In-migration to Rother of those with higher incomes and able to out bid some local residents for housing
  - The higher proportion of retired people, who may have relatively low incomes but have savings or wealth and are also likely to own their homes outright.

**Figure 3.4: Quarterly Average House Prices, 2008 – 2009 (All dwellings)**

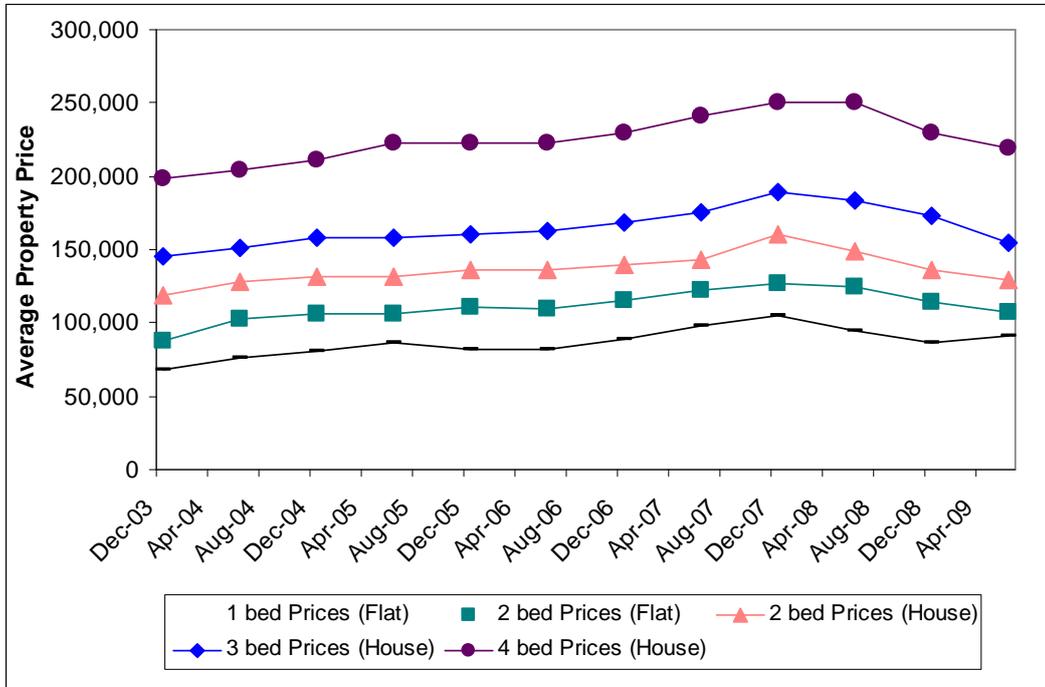


Source: ESiF, published August 2009

Notes: Provides additional information to that given in Figures 7.6 and 7.7 of 2006 HMA

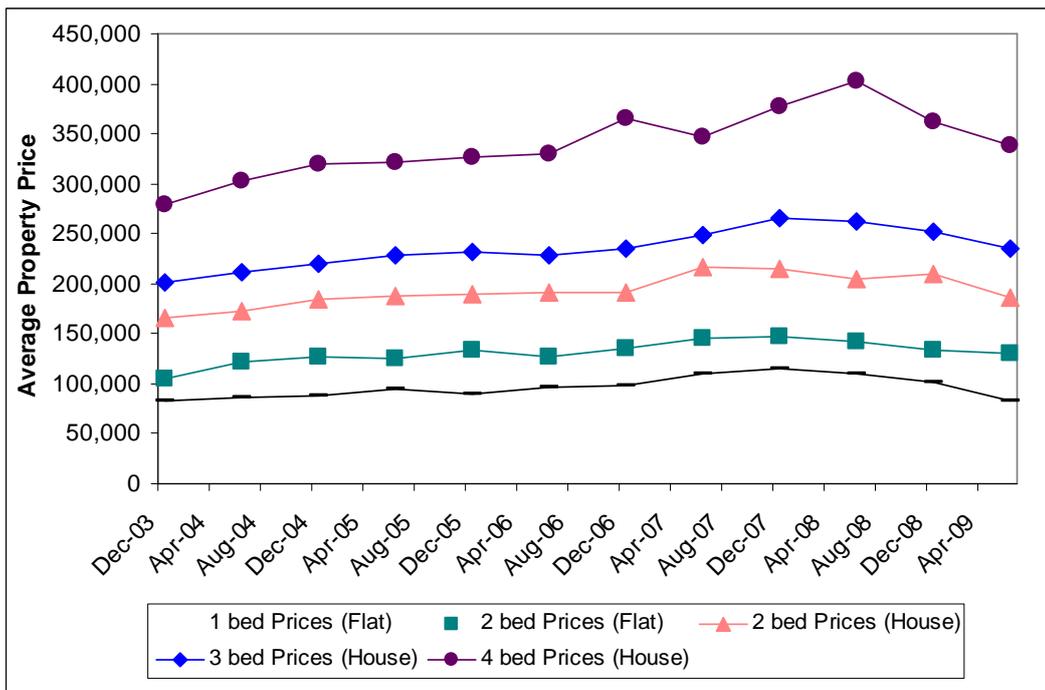
- 3.9 Figure 3.4 shows quarterly average house prices for 2008-2009, and this indicates a slow down in the growth of house prices, for all areas, before a decline from 2008 Q3 onwards.
- 3.10 The Hastings quarterly average house price has fallen in line with the South East average. Rother however appears to have experienced a sharper decline than the South East between the third and fourth quarters of 2008, though the small number of sales in this period makes it difficult to draw firm conclusions.
- 3.11 Figures 3.5 and 3.6 provide additional information on house prices by number of bedrooms, which was not available to the 2006 HMA. Average house prices are higher in Rother than Hastings for all bedroom numbers and house types. This is indicative of higher demand for homes in Rother than in Hastings. However, the average '£40,000' gap between house prices in the two authorities' areas is reduced when comparing smaller properties. The gap expands when comparing the price of 3 and 4 bed homes and this is likely to be due to a range of attributes including the size of gardens, premium attached to rural location or view etc.

**Figure 3.5: Hastings Average Property Price by Bed Count and Type**



Source: Hometrack Automated Valuation Model

**Figure 3.6: Rother Average Property Price by Bed Count and Type**

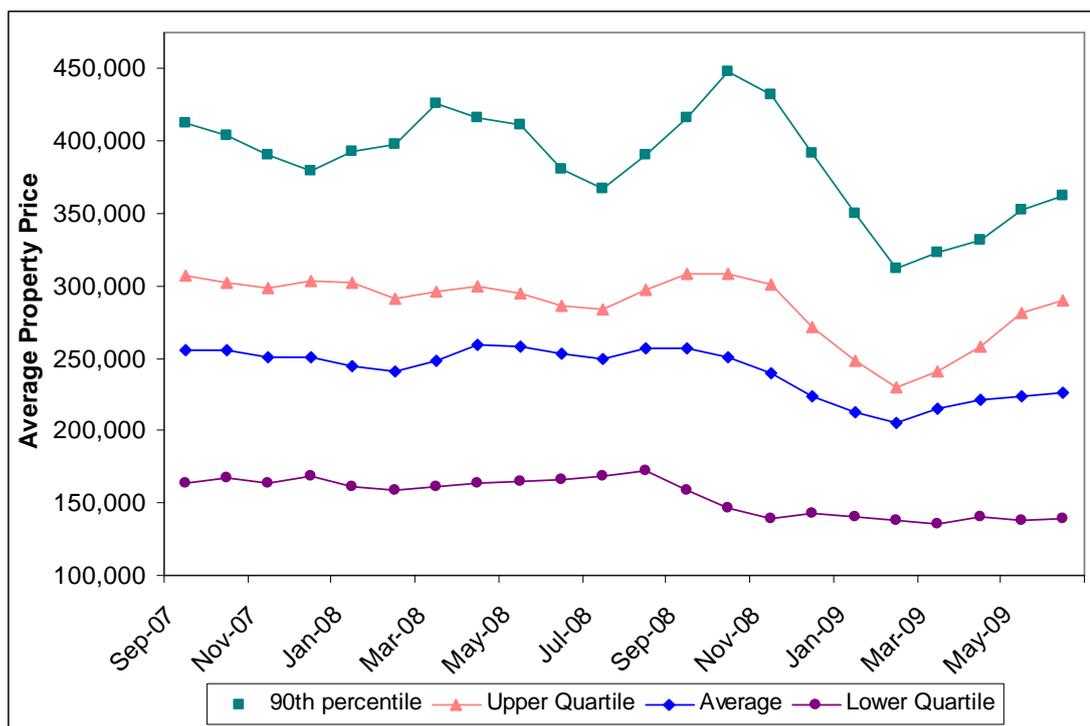


Source: Hometrack Automated Valuation Model

3.12 Figures 3.7 and 3.8 indicate the change in average property prices from September 2007 to May 2009, distinguishing between different segments of the housing market. For both areas over the time period there has been a general decline in the average house prices. The data for the two authority areas indicates that the property prices for each quartile have seen an increase from March 2009, though there is uncertainty as to whether this represents a sustained recovery in the local housing market.

3.13 There has been some considerable variation in the average house prices for both Hastings and Rother between September 2007 and May 2009. Such fluctuations are not uncommon given the seasonality of the housing market. The upper quartiles for both Hastings and Rother show the greatest volatility, though this may be due to small numbers of sales distorting the figures. It could also reflect the more 'discretionary' nature of sales at the top end of the market. Nevertheless, in Rother the apparent increase in prices of the most expensive properties since March 2009 suggest that the market for these homes within the District is more robust and may also reflect more significant retirement migration.

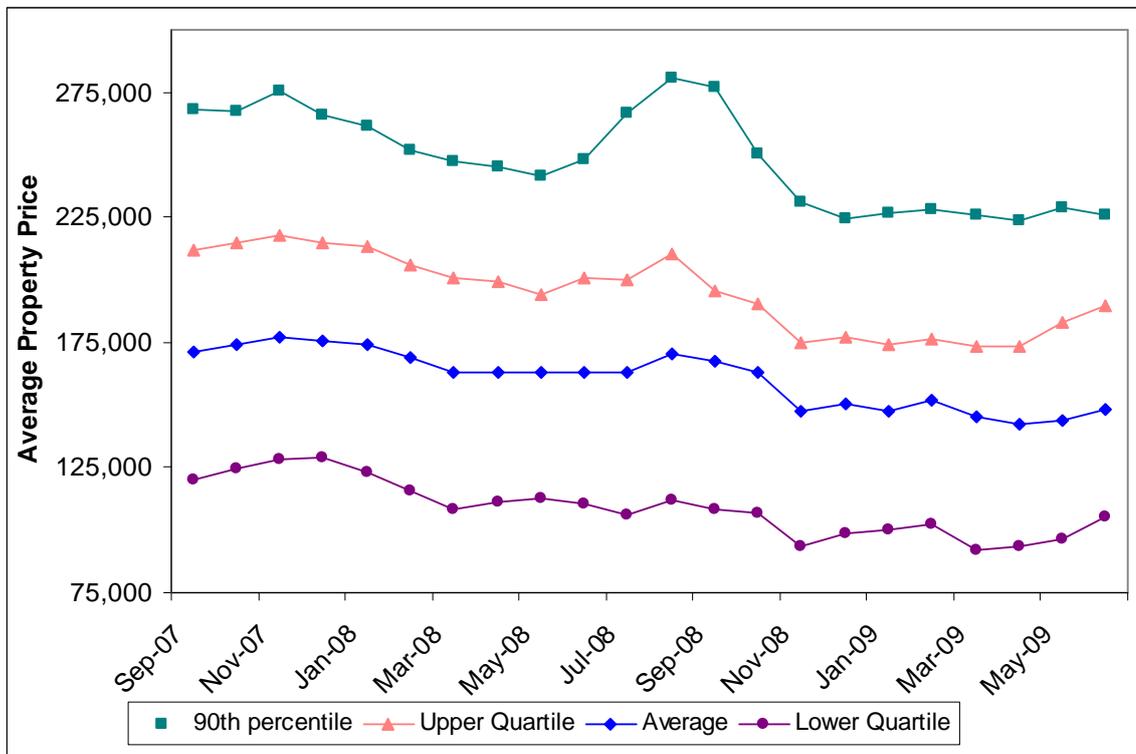
**Figure 3.7: Rother Average Property Prices and for Each Quartile**



Source: Hometrack; Land Registry Notes: Based on sales only, not valuations

3.14 Figure 3.7 indicates that in Rother there have been two peaks, in March 2008 and November 2008, with the second peak being larger and followed by a deeper slump around March 2009, reflecting the economic mood in the housing market and economy following the demise of Lehman Brothers banks and the near collapse of the banking sector. This pattern holds true across the Country as a whole. In Hastings, the same pattern was less pronounced although prices across all segments of the market declined most sharply from September 2008, again coinciding with uncertainty in the economic environment following the collapse of Lehmans.

**Figure 3.8: Hastings Average Property Prices and for Each Quartile**



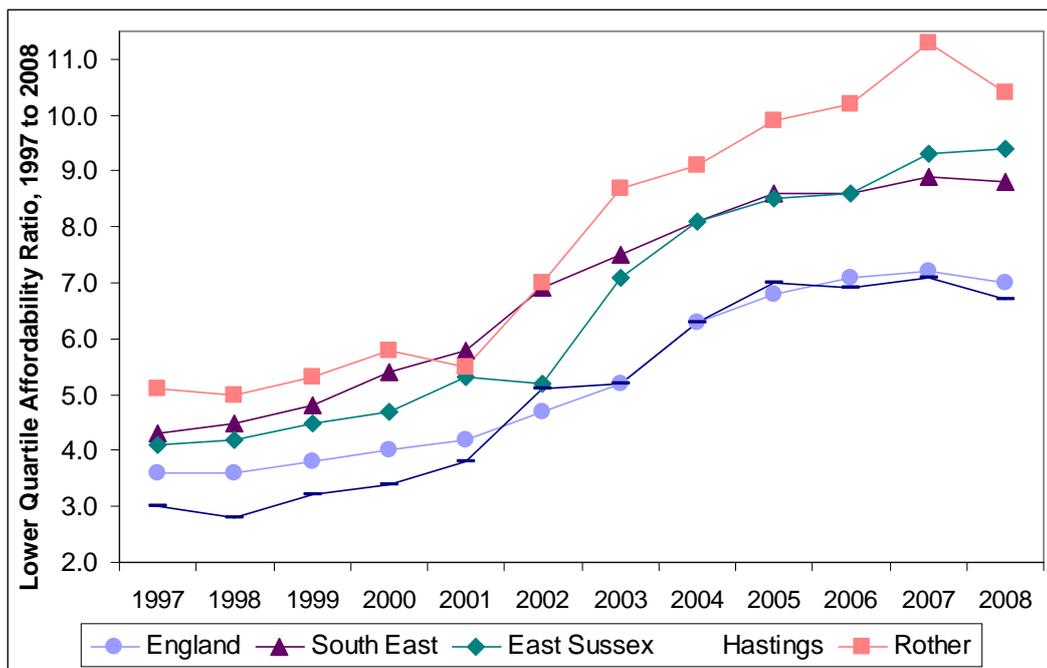
Source: Hometrack; Land Registry Notes: Based on sales only, not valuations

### Affordability

- 3.15 Although recent price falls have been rapid and severe in the context of over 10 years of continuous house price growth the housing market downturn has not as yet made a significant impact on the affordability of home ownership. Furthermore, the availability of home loans has decreased over the last 18 months which means that whilst the theoretical relationship between house prices and earnings has improved, the ability of households to access mortgage finance now also depends on having a significant deposit.
- 3.16 Figure 3.9 provides an update of Figure 7.14 of the HMA 2006. Figure 3.9 suggests that affordability worsened in all of the benchmark areas between 1997 and 2006 but has moderated or improved in all areas over the last year.
- 3.17 Broadly, over the last 10 years it has become increasingly difficult for those in the lower income quartile to purchase one of the cheapest homes in the local housing market and recent improvements in affordability (the relationship between house prices and incomes) as a result of the housing market downturn have not significantly reversed this pattern. In Rother, the average property price for the lower quartile has decreased slightly from £160,000 in September 2007 to £145,000 in July 2009, and the affordability ratio for the lower quartile has reduced from 11.3 in 2007 to 10.4 in 2009. This may partly explain the net out-migration of the 15-24 age band in the housing-market area. Hastings is more affordable than Rother, East

Sussex and the South East on this measure. But the average lower quartile house price is currently 6-7 times the lower quartile income in Hastings Borough.

**Figure 3.9: Lower Quartile Affordability Ratios (House Prices to Income Ratios)**



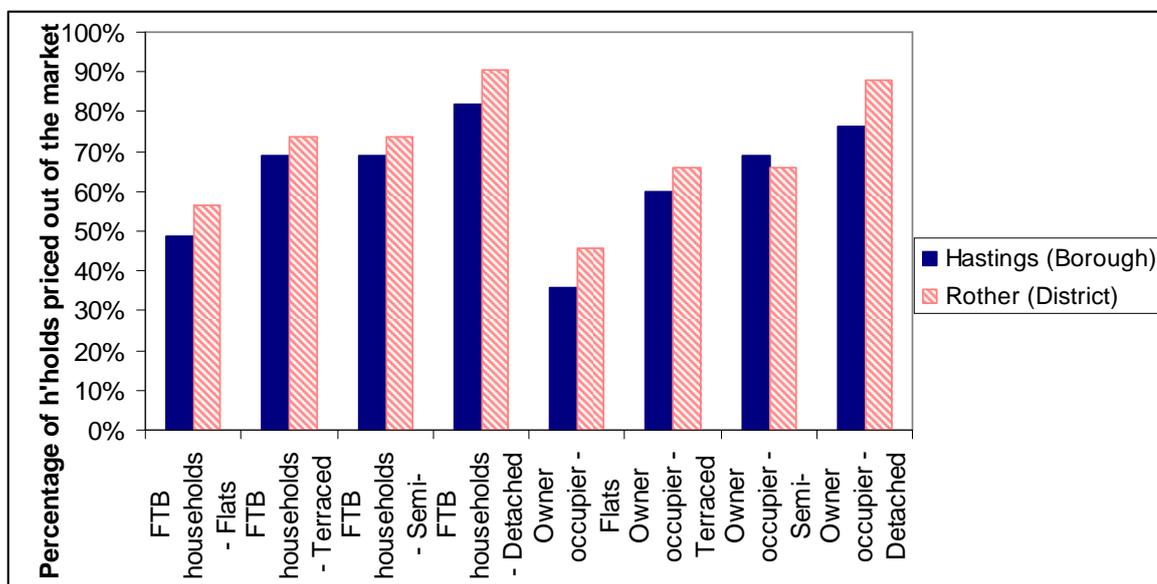
Source: ESiF, June 2009.

Notes: Updates HMA 2006 Figures 7.13 and 7.14

- 3.18 Rother shows a more dramatic decline in affordability over time, with a peak in the affordability ratio in 2007, of 11.3. This has implications for local residents and particularly for first time buyers who face significant barriers to home ownership unless they have above average incomes and a large deposit.
- 3.19 Rother house prices remain below the regional average, making it attractive to in-migrants, especially 'empty-nesters', who may be looking to downsize or release equity from their homes in higher priced areas. It is the relatively low income levels in Rother that causes poor affordability, rather than house prices. In Hastings, despite the average incomes being lower than Rother, house prices are significantly lower, and therefore relatively more affordable.
- 3.20 Despite perceptions that the problems of poor affordability will be alleviated now that the country is not in an economic boom period and following falls in house prices, this is unlikely to be the case in practice, for three key reasons:
- The availability of mortgages has declined and only those households with deposits greater than 10% are able to access home loans and. even then, the best (arguably reasonable) terms are reserved for those with a 20-30% deposit

- Unemployment has increased sharply and many of those remaining in employment have been forced to take pay cuts, preventing these households from benefiting from the fall in house prices and fears about job security making people reluctant to move.
- Home ownership levels have peaked within England as a whole in 2005 according to the Survey of English Housing. As a result of fundamental changes in the mortgage market, home ownership is unlikely to grow again in the short to medium term. This may have much wider implications for the tenure of homes that households are able to occupy and, DTZ believe, this will mean that the private rented sector becomes increasingly important.

**Figure 3.10: Percentage of Households Priced Out of the Market**



Source: HomeTrack; Hometrack Automated Valuation Model and CACI

Notes: Modelled figures derived from house prices and incomes, assuming affordability three times income

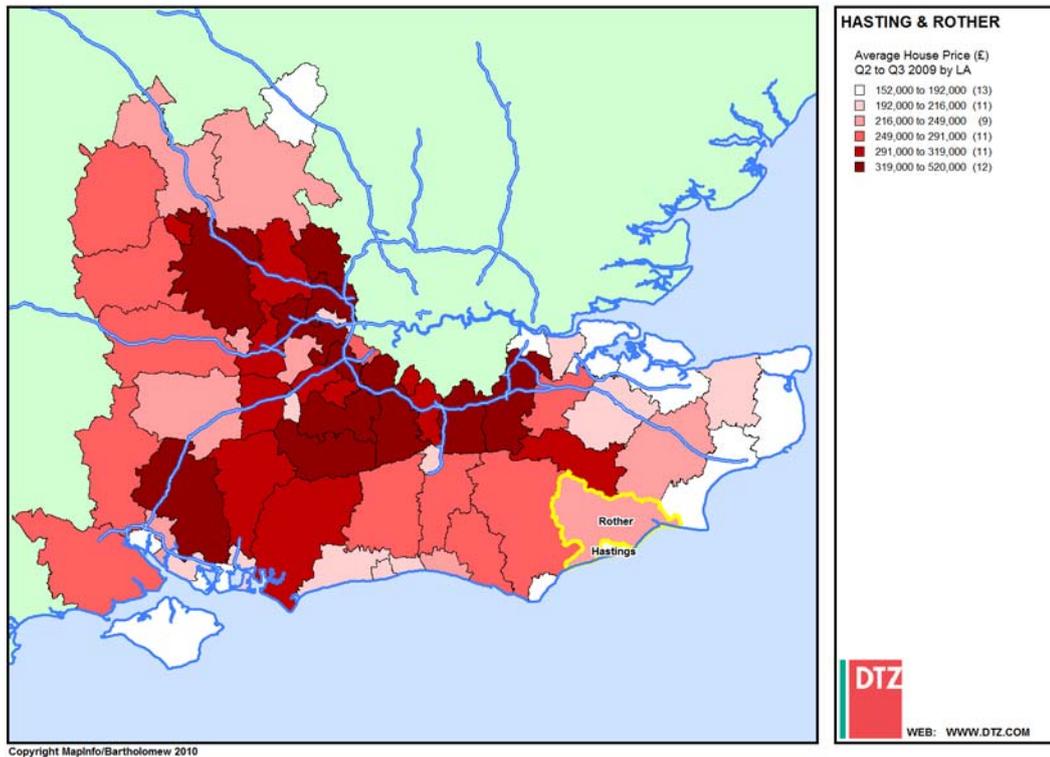
- 3.21 By combining data on incomes and house prices, Figure 3.10 estimates the proportion of first time buyers and existing owners who are priced out of home ownership in each authority area. These are modelled figures, derived from house prices and incomes, and thus do not account for the existing tenures of local residents ie many older households have low incomes but purchased their homes many years ago whilst on higher incomes and when prices were lower and have since paid off the mortgage and have considerable equity.
- 3.22 Unsurprisingly, detached houses are the most difficult for local residents to purchase. Whether they are first time buyers or owner occupiers, more than 80% of households would be unable to afford to purchase a detached house in the open market. More significantly, around half of all households in both authority areas would be unable to afford to purchase a flat (the cheapest type of property) on the open market.

## 4. Future Housing Requirements

### Market Housing

- 4.1 Figure 4.1 illustrates the pattern of average house prices across the South East region at the local authority level. Hastings is one of the lowest price areas in the region. The pattern of prices in the region reflects accessibility to London, employment opportunities as well as the attractiveness of the region's environment. At the broad scale, the pattern of prices reflects the pressure of demand for housing across the region – the greatest demand pressures are within the local authority areas surrounding London or in attractive areas accessible to London by fast rail services (Buckinghamshire, Hampshire and Oxfordshire).

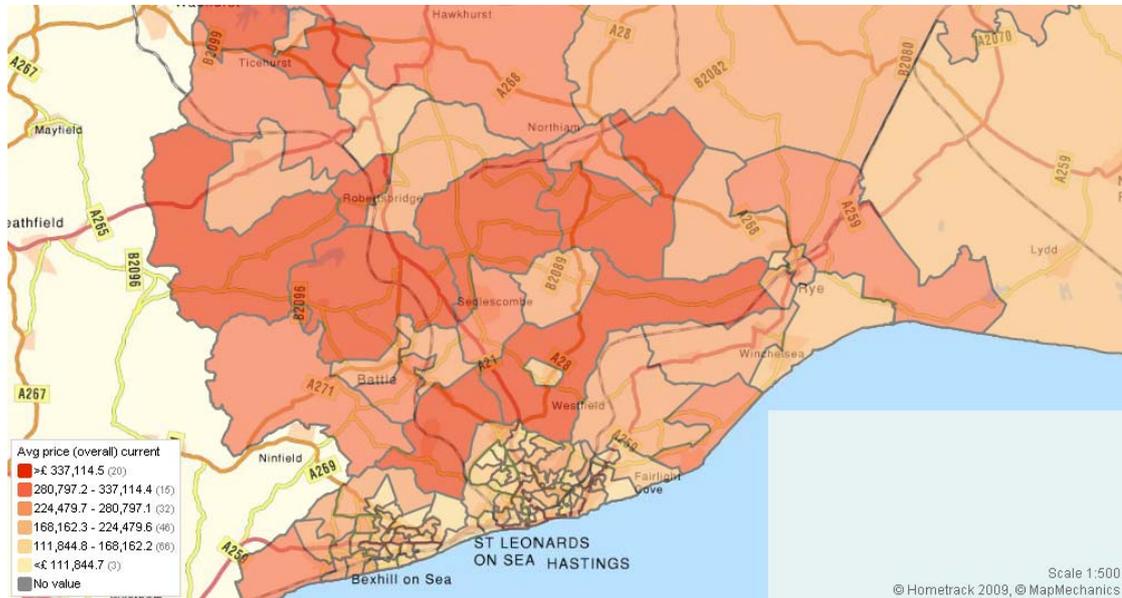
**Figure 4.1: Patterns of Average House Prices in the South East**



### The Pattern of Demand across Hastings and Rother

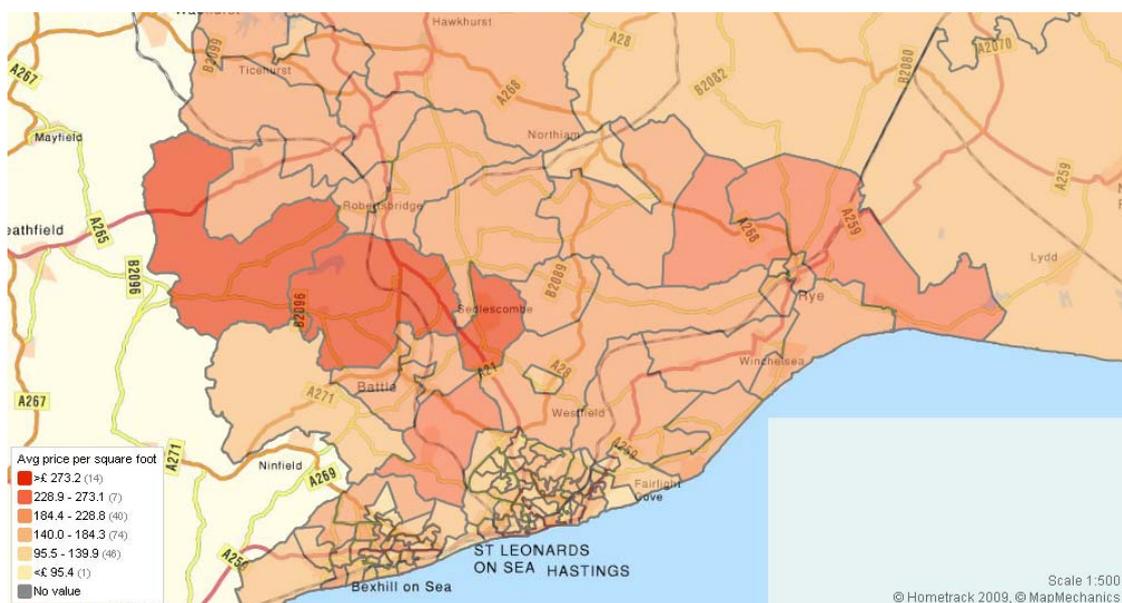
- 4.2 The pattern of prices across the Hastings and Rother market area provides an indication of how the demand for housing varies across the sub-region. Figure 4.2 illustrates the variation in average house prices across the sub-region and shows how, broadly, the rural areas of Rother have higher average prices, relative to Hastings, Bexhill, Battle and Rye which would suggest that the greatest demand pressures are within the rural parts of the sub-region. However, average prices mask the composition of the housing stock in different parts of the sub-region. High prices may just reflect the larger homes available in an area. It is important to consider how the pattern of prices varies when properties are compared on a like for like basis.

**Figure 4.2: Current Average Prices by Lower Super Output Area (November 209)**



4.3 Figure 4.3 provides a clearer indication of the variation in demand for housing across the sub-region by presenting prices on a per sq ft basis. Broadly, the rural hinterland around Bexhill and Hastings, including Battle and Rye experiences higher average prices but there is less difference between the market towns and rural areas when comparing prices on a like for like basis. Prices to the west of Bexhill and the eastern part of Hastings also appear to attract a premium and this may indicate greater demand pressure in these areas relative to other parts of the urban areas.

**Figure 4.3: Average Prices by Price per sq ft (November 2009)**

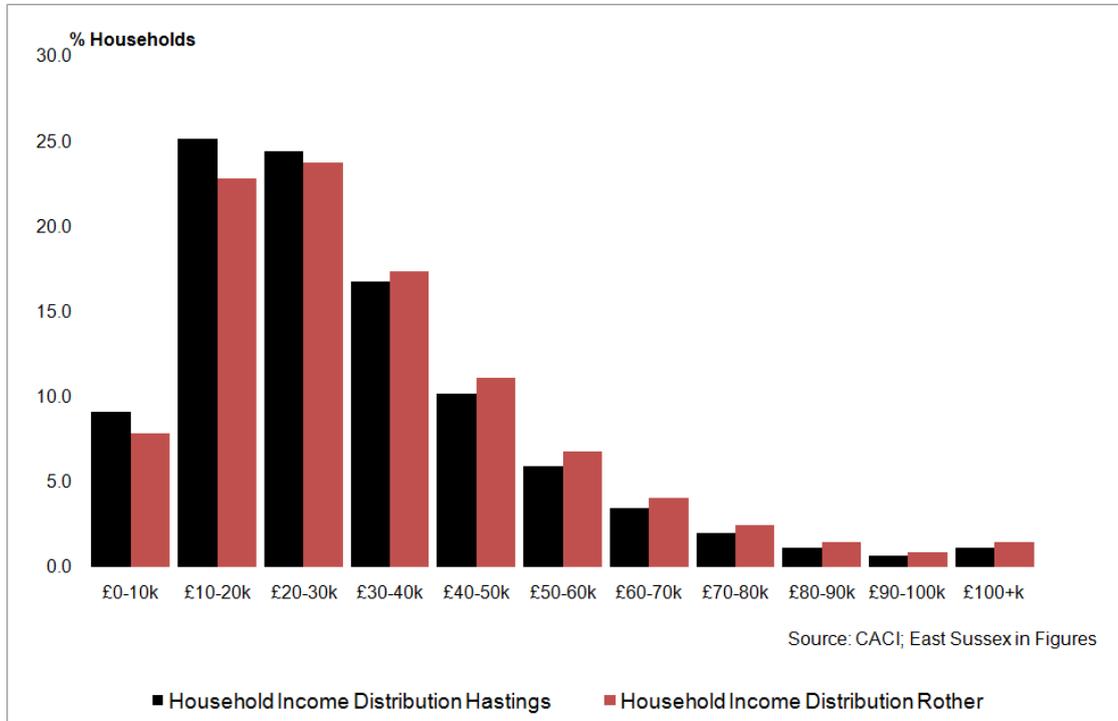


## Households Requiring Market Housing

- 4.4 In order to estimate the likely proportions of households who might require market, intermediate (including private rented sector) and social rented housing (a requirement of PPS3), we need to consider the income distribution of households within market area and the price of different tenures.
- 4.5 This inevitably produces a crude estimate because the relationship between house prices and incomes changes over time and affordability also impacts on household decisions whether to form a new household or to move home.
- 4.6 Income distribution data for households in the Hastings and Rother housing market area in 2009 shows that existing households within the market area have the following incomes:
- 9% have incomes of less than £10,000 per annum
  - 24% have incomes between £10,001 - £20,000
  - 24% have incomes between £20,001 - £30,000
  - 17% have incomes between £30,001 - £40,000
  - 11% have incomes between £40,000 - £50,000
  - 15% have incomes above £50,000
- 4.7 Unsurprisingly, there are more households in Hastings in the lower income bands than in Rother but the broad pattern of income distribution in the two authority areas is otherwise similar (see Figure 4.4).
- 4.8 Lower quartile house prices, recorded by Land Registry in the same year (2009) in the market area were between £90,000 in Hastings and £140,000 in Rother which, based on a mortgage 3.5 times income and minimum 10% deposit<sup>1</sup>, would require an income of £25,700 - £36,000 to afford to buy one of the cheapest properties in the market. On this basis, between 30-40% of Hastings and Rother residents would be able to buy a property in the open market, assuming they were able to secure a 10% deposit. Figure 4.6 illustrates this estimate.
- 4.9 It is important to note that lower quartile priced properties are generally small dwellings. In practice, households (including families) requiring 3 or more bedrooms will need access to higher incomes and a larger deposit to be able to afford the property size they require. However, the income data available does not distinguish between different household types and sizes so this analysis is unable to compare household incomes to the cost of a suitably sized property.

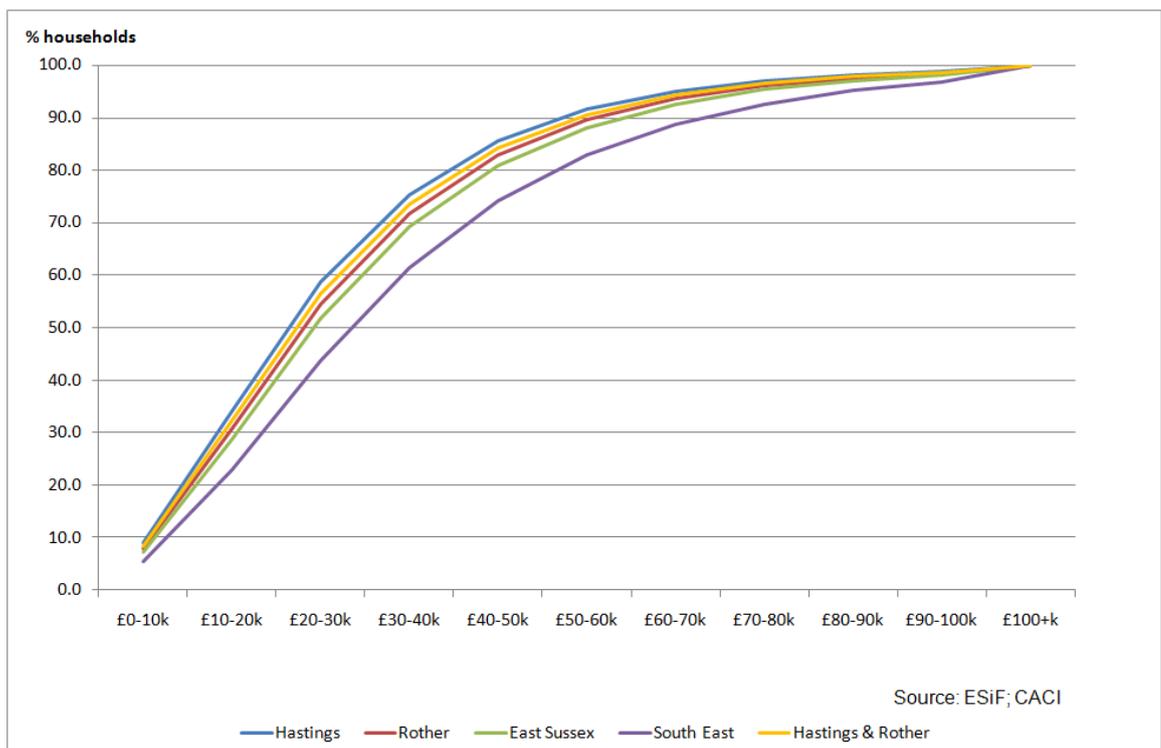
<sup>1</sup> The minimum loan to value ratio that most banks are currently willing to offer

**Figure 4.4: Income Distribution amongst Hastings and Rother Residents**

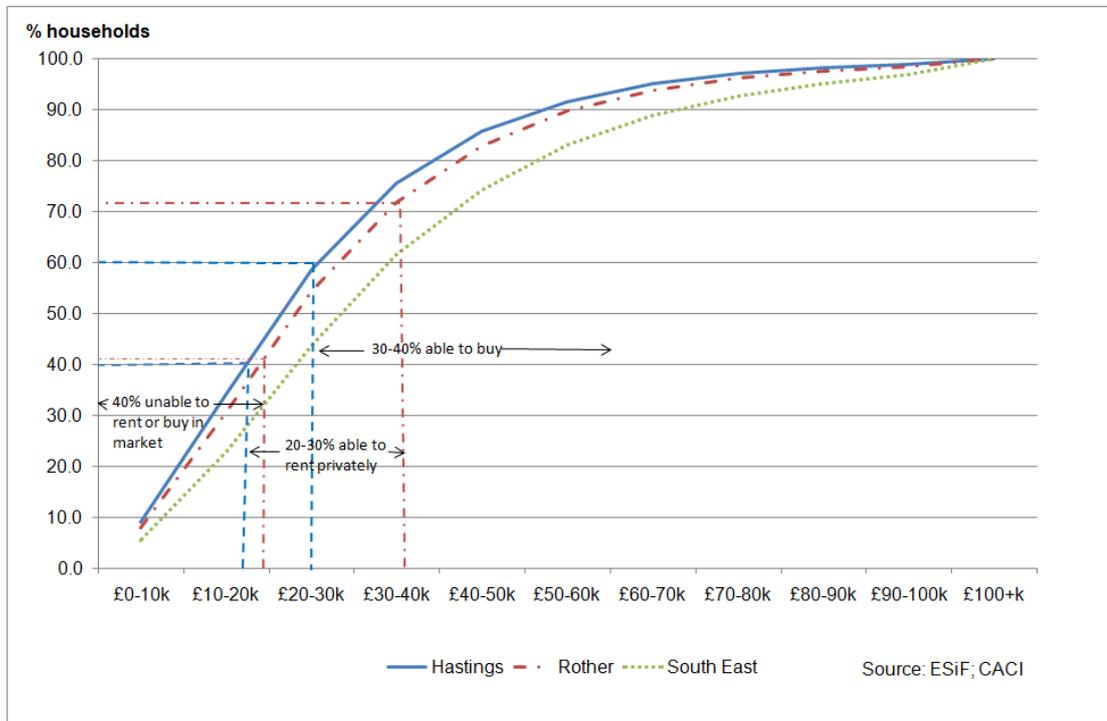


Source: ESiF; CACI

**Figure 4.5: Cumulative Income Distribution**



**Figure 4.6: Profile of Households Able to Afford Different Tenures**



4.10 The cost of renting a 2 bedroom property privately within the market area is around £120 per week or £6,100 per annum (Figure 4.7). Thus, to rent privately, assuming households spend 25-33% of their income on rental costs, would require an income of £18,400 - £24,500 per annum within the market area as a whole. On the basis that households are prepared to spend 33% of their income on housing costs, Figure 4.6 illustrates that around 20-30% of households in the market area could afford to rent privately without assistance, but could not afford to buy in the open market.

**Figure 4.7: Rental Costs and Income Thresholds for Private Renting**

	Private Rents				Housing Association Rents			
	2 Bed Property Cost Per Week	2 Bed Property Cost Per Annum	Income Required 25% of Gross Income	Income Required 33% of Gross Income	2 Bed Property Cost Per Week	2 Bed Property Cost Per Annum	Income Required 25% of Gross Income	Income Required 33% of Gross Income
<b>Hastings and Rother</b>	£117	£6,120	£24,490	£18,370	£68	£3,540	£14,170	£10,630
<b>Hastings</b>	£110	£5,730	£22,920	£17,190	£61	£3,170	£12,660	£9,490
<b>Rother</b>	£125	£6,510	£26,030	£19,520	£75	£3,910	£15,650	£11,740
<b>South East</b>	£142	£7,400	£29,580	£22,180	£80	£4,200	£16,780	£12,580

Source: Dataspring, CLG; DTZ

- 4.11 This implies that, on the basis of the incomes of existing households within the market area (Figure 4.6), approximately 30-40% would be able to access market ownership; 20-30% would be able to access the private rented sector but not market ownership (but may be able to purchase intermediate products) and 40% might require subsidised accommodation – either social rented housing or housing benefit to access the private rented sector or relatively inexpensive intermediate housing options.
- 4.12 However, there are a number of caveats with this analysis:
- The market area is subject to in-migration from outside the two authority areas. Most in-migrants are likely to be able to afford to buy or rent privately otherwise they would be unable to move.
  - Existing households within the market area may also have access to equity if they own their own home or have savings which improve their ability to access market housing.
  - In practice, many households stretch themselves further than their incomes would imply – though access to credit for purchasing a home is likely to be much more constrained in the future.
  - But larger households will need more than a 1 or 2 bedroom property or lower quartile priced property. They will therefore need access to higher incomes and deposits to be able to afford market ownership.
- 4.13 In very broad terms, the relationship between house prices and incomes in the market area suggests that around 60% could afford market housing (to buy or rent) and around 40% require assistance to access housing. However, the demand for market housing is in practice likely to be higher because of in-migration and the need for subsidised housing likely to be lower because many households (eg older people) are already adequately housed.

## **Affordable Housing**

### **Evidence of Housing Need**

- 4.14 Hastings and Rother Councils completed Housing Need Surveys in 2005 (by DCA). These assessments identified a shortfall of affordable housing in both authority areas after accounting for re-lets within the existing stock of social rented housing. The DCA study found a shortfall of 596 affordable homes per annum in Hastings and 256 in Rother. At the time, this significantly exceeded what had been delivered by way of new affordable housing in previous years. The HMA (2006) concluded that although the market area is one of the most affordable places within the South East region on the basis of house prices but when the profile of the market area is factored in it explains why the need for affordable housing still vastly outweighs the supply of affordable housing.
- 4.15 A new housing need assessment has not been undertaken as part of this SHMA update. However, there is little reason to believe the level of housing need in the area has declined over the last 4 years. This can be supported by a range of evidence:

- A significant number of households are on local authority’s housing registers of need. Figure 4.8 indicates the fluctuations in ‘demand’ for social housing, as derived from the housing register of need. However, the general trend shows persistent levels of households on the housing register of need from 1998 to 2008 ranging from 1,280 to 2,180 in Hastings and 1,010 to 2,390 in Rother. In both authority areas, the number of households registered is higher in 2008 than in 1998. This is despite reviews of housing registers of need in both authority areas since 2005 which involved applicants re-applying. In Rother, applicants are asked to re-register their current need every six months. In Hastings and Rother, Choice Based Lettings (Homemove) was introduced in 2007/08. This made the process of registering for social housing more accessible and transparent (with agencies made aware of the service), and is likely to explain the sharp increase seen after 2006.
- The number of households qualifying for and receiving housing benefit has increased markedly since 2005 (Figure 4.9). In both local authority areas, the number of households receiving housing benefit is around 20% higher at the end of 2009 compared to 2005.
- Previous analysis shows that unemployment levels have risen over the last year. They are also expected to rise even as the economy stabilises after recession. Higher levels of unemployment in the short and medium term may increase the need for affordable housing as households affected by unemployment experience a dramatic change in their income and ability to access suitable housing in the market sectors (to rent or buy).
- Rising levels of unemployment have pushed up repossessions in the owner occupied sector (Figure 4.10). Repossessions increased markedly in 2008 in Hastings, though they had been rising in both authority areas since 2006. This could lead to additional pressure on local authority housing registers of need and for temporary accommodation for homeless households in particular (though the authorities have not experienced increased number of repossessed households as yet).
- Repossession levels appear to have fallen in 2009 in both Hastings and Rother (to 60 in Rother, down from over 100 in the previous 3 years and down to 140 in Hastings from a peak of 210 possession orders in 2008 – see Figure 4.10). Levels have not reached the peaks associated with 1990-92 because interest rates have remained low, Government introduced a pre-action protocol for lenders, and banks have been reluctant to crystallise their losses. There is a risk that possession orders could rise again if these factors go into reverse as mortgage payments are pushed up.

**Figure 4.8: No. of Households on Local Authority Housing Registers of Need, 1997-2008**

		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Hastings</b>	<i>Number</i>	1,270	1,490	1,760	1,920	1,730	1,870	1,480	1,580	1,300	2,180	1,730
	<i>% of all</i>	3.4	4.0	4.7	5.1	4.2	4.5	3.6	3.9	3.1	5.3	4.1
<b>Rother</b>	<i>Number</i>	1,010	1,180	1,140	1,380	1,540	1,830	2,390	2,040	1,400	1,360	1,540
	<i>% of all</i>	2.5	2.9	2.7	3.3	3.7	4.4	5.7	4.8	3.3	3.2	3.5
<b>South East</b>	<i>% of all</i>	3.2	3.3	3.4	3.8	3.8	4.3	4.9	5.2	5.5	5.8	5.6
<b>East Sussex</b>	<i>% of all</i>	2.5	2.7	3	3.4	3.1	3.9	4.3	4.5	4.7	5.3	4.7

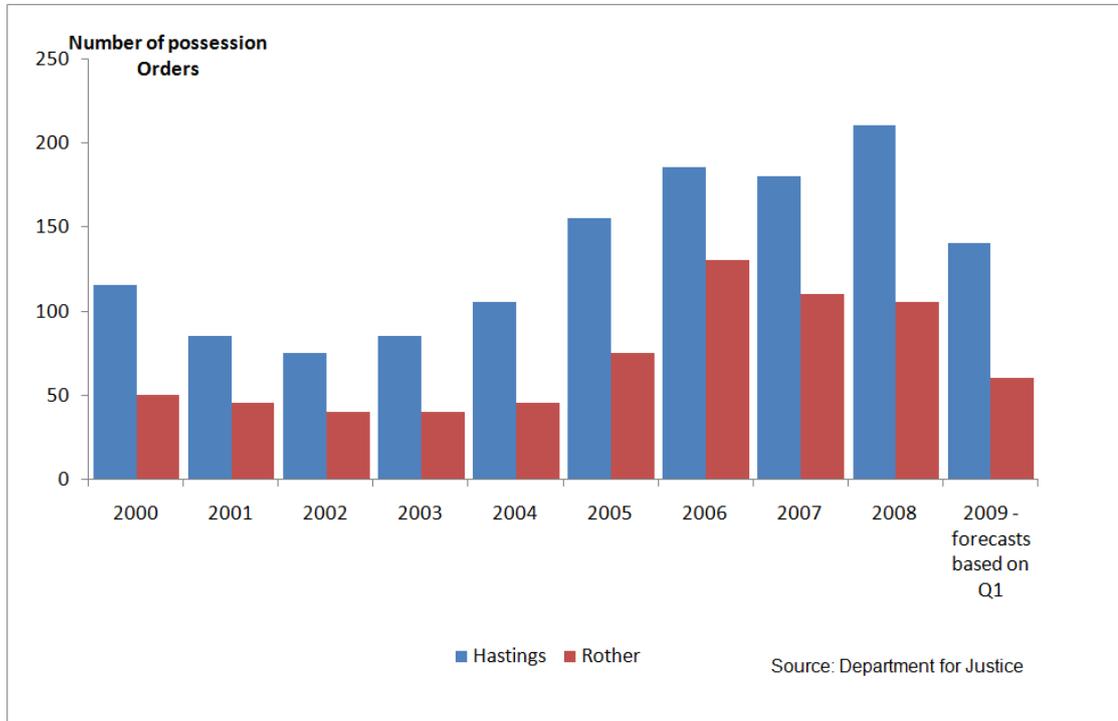
Source: ESiF, published January 2009. Notes: Updates Figure 7.19 of the HMA 2006.

**Figure 4.9: Number and % of Households Receiving Housing Benefit 2005-2009**

	Hastings	Rother
Number 2005 (May)	8,500	4,600
% of all households 2005	22.2%	12.0%
Number 2009 (May)	10,290	5,450
% of all households 2009	26.4%	13.6%
<b>% increase since 2005</b>	<b>+21%</b>	<b>+18%</b>

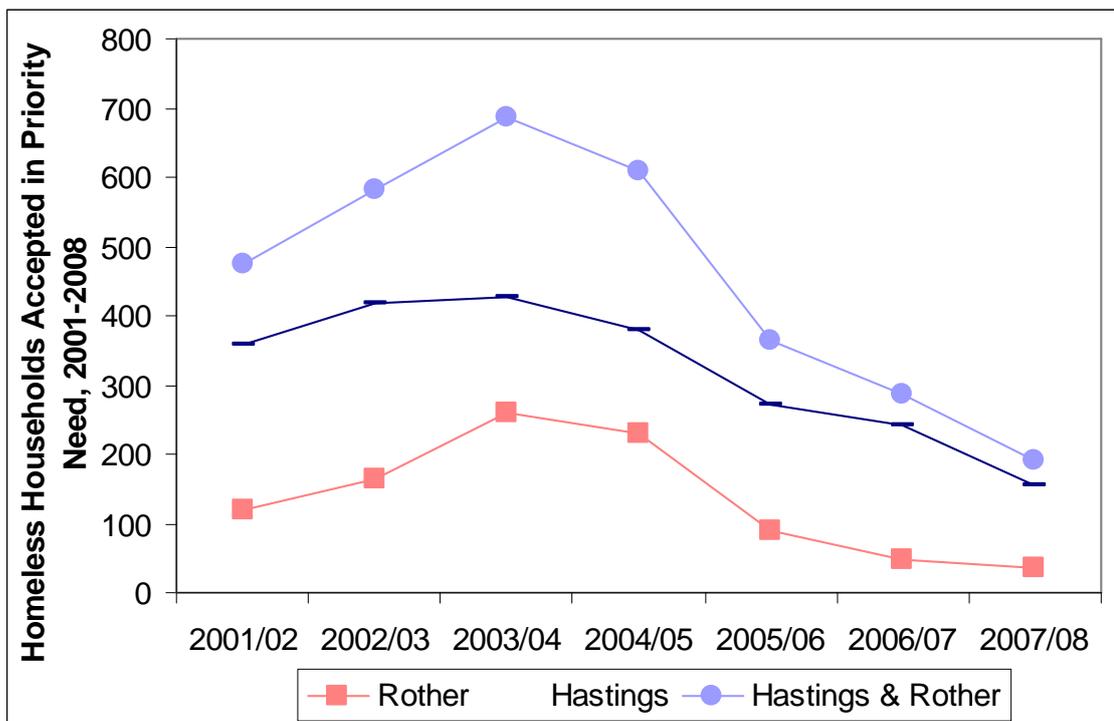
Source: Department for Work and Pensions

**Figure 4.10: Repossession Levels in Hastings and Rother 2000-2009**



Source: Department for Justice

**Figure 4.11: Homeless Households Accepted in Priority Need, 2001-2008**



Source: ESiF, January 2009. Notes: Provides additional information to HMA 2006 Figure 7.20.

4.16 Figure 4.11 shows the number of homeless households accepted in priority need from 2001 to 2008, and shows an improving trend, in contrast to other indicators of housing need. It shows that the number of homeless households accepted in priority need has decreased since 2003/04, for Hastings and Rother. However, this is common across most authorities in the South East and in England as a whole and can be attributed to a different approach within local authority housing departments (and the implementation of the current Homelessness Strategy 2008-13), which has increased homelessness prevention activities, by providing housing options and ultimately a housing solution through the local authority housing service, and contributed to a sharp decline in applications and acceptances since 2003/04. However, the effects of the recession are not yet reflected in this data (the latest being 2007/08) and this could lead to rising levels of homelessness, linked to repossessions and unemployment. The number of households approaching the housing service in both authorities has increased over the last year.

#### How the Need for Affordable Housing Varies across the Plan Area

4.17 Figure 4.12 shows the relative size of housing registers of needs in Hastings and Rother. Headline figures for different authorities cannot be directly compared since they are affected by internal processes of review and different ways of operating lists. However, in broad terms, there is relatively even 'demand' for affordable housing in the two authorities. Housing Need Surveys in the two authority areas suggest that in practice, housing need may be higher in Hastings but because the supply of cheaper rented homes in the private rented sector is greater, many of these households do not feature on the housing register of need. However, it is also the case that in rural areas such as Rother some households in housing need may not register with the Council because of the shortage of affordable accommodation and the perceived limited likelihood that they will be able to access it.

4.18 Data on housing benefit recipients in the two authorities demonstrates that 6,350 claimants in Hastings live in the private rented sector, compared to 2,550 claimants in Rother. Whilst the level of housing benefit claims is higher in Hastings this data does suggest that the private rented sector is playing a significant role in meeting housing need in both authority areas and that the number of households on the housing register of need would be likely to be higher if it were not for this supply of cheaper rented accommodation.

**Figure 4.12: Current Local Authority Housing Register Applicants**

	Number of Applicants	% of Total 'Demand'
Hastings*	2,129	53.0
Rother^	1,882	47.0
<b>TOTAL DEMAND</b>	<b>4,011</b>	<b>100.0</b>

Source: \*Hastings Borough Council Housing Register, July 2010, ^ Rother District Council Housing Register, July 2010

4.19 The Rother Housing Register can be disaggregated to show the preference of applicants to live in different areas of the District (Figure 4.13). It is important to note that this data does not provide definitive evidence on the location preference of Rother households in need of social rented accommodation. Households may constrain their preference to areas where accommodation is most likely to become available in order to give themselves a better chance

of accessing social rented housing. In other areas that DTZ has worked, preference for accommodation in rural areas often appears low on local authority housing registers of need. This is partly because households think there is little prospect of being housing locally and so either do not apply or put down their preference as another area.

- 4.20 It is interesting to observe that the preference for accommodation in ‘rural’ Rother is relatively high. This is unsurprising given the pattern of house prices, housing stock and affordability in rural areas of the District. It may also be affected by new affordable provision in rural Rother in recent years (in 2006/07 and 2007/08 – see Figure 4.18) which may have encouraged those in need to apply to housing registers of need.

**Figure 4.13: Affordable Housing Preference within Rother, 2009**

<b>Preferred Area</b>	<b>% of All Preferences Expressed</b>
Battle	8%
Bexhill	32%
Rye	11%
‘Rural’ Rother	50%

Source: Rother Housing Register, July 2010

- 4.21 Figure 4.13 does not consider the size of the area, simply the number of counts on the Housing Register for each area. However, Bexhill and ‘Rural’ Rother have roughly similar populations, and therefore it can be concluded that ‘Rural’ demand is higher than for Bexhill.
- 4.22 Bexhill received 32% of the demand for affordable housing from the registered households. The spatial demand for affordable housing must be considered in relation to the distribution of affordable housing completions and availability, in order to determine the areas which require greater affordable housing provision and development.

## Affordable Housing Completions

**Figure 4.14: Affordable Completions (Gross) 2005/06 to 2009/10 for East Sussex, Hastings and Rother**

	Hastings	Rother
<b>2005/06</b>	<b>87</b>	<b>31</b>
Social Rented	58	28
Shared Ownership	29	3
<b>2006/07</b>	<b>83</b>	<b>62</b>
Social Rented	72	60
Shared Ownership	11	2
<b>2007/08</b>	<b>96</b>	<b>53</b>
Social Rented	78	45
Shared Ownership	18	8
<b>2008/09</b>	<b>49</b>	<b>15</b>
Social Rented	44	15
Shared Ownership	5	0
<b>2009/10</b>	<b>43</b>	<b>17</b>
Social Rented	36	14
Shared Ownership	7	3

Source: Hastings and Rother Councils

- 4.23 Figure 4.14 shows affordable housing completions from 2005/06 to 2009/10. This shows that both authorities have secured very low levels of new affordable housing in the most recent years. In part this reflects relatively low levels of overall completions and more challenging development environment. In both authority areas there has been limited development of shared ownership housing, particularly within Rother. The rate of affordable completions does meet the LAA target NI155 however.
- 4.24 In net terms, Hastings has experienced a loss of affordable housing units from 2006/07 to 2007/08 due to the demolition of two social housing sites within Ore. This is in preparation for residential development, which should enable a long-term increase in the number of affordable units in Hastings Borough. Rother has also experienced loss of social rented accommodation at Woodruff Lodge and currently two more social rented schemes are closing: Auckland and Lawrence House. This will result in the loss of over 86 rented homes.

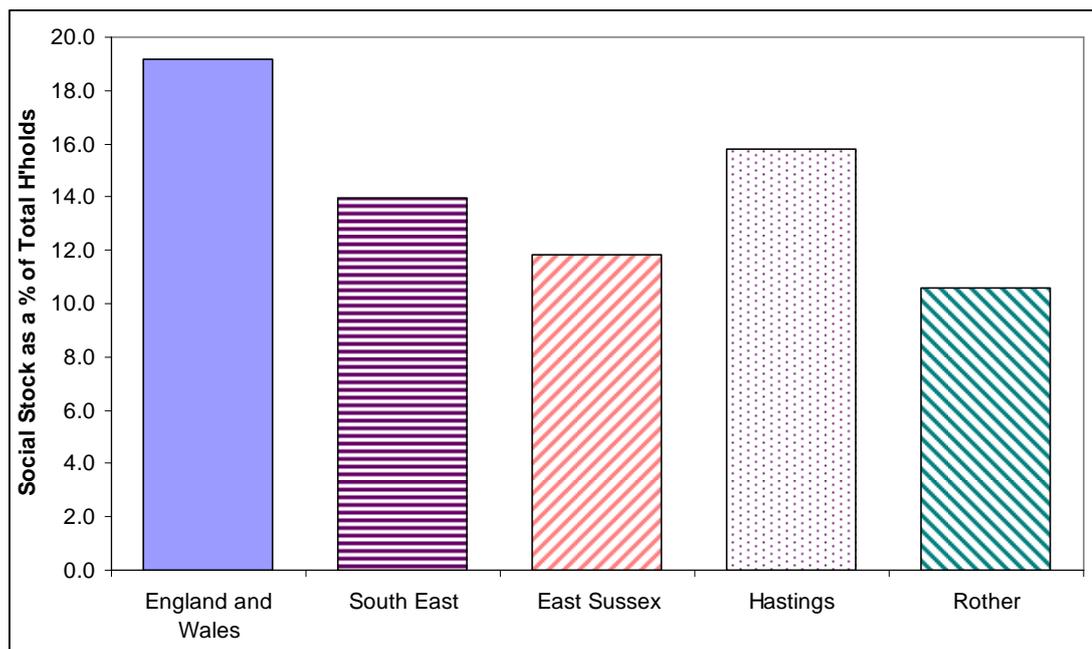
**Figure 4.15: Net Affordable Completions, 2002 to 2008, Breakdown by Ward**

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
<b>Hastings</b>	<b>40</b>	<b>10</b>	<b>28</b>	<b>50</b>	<b>-14</b>	<b>-3</b>	<b>38</b>
Ashdown	0	0	17	28	4	0	0
Baird	0	0	0	0	-84	0	0
Braybrooke	0	0	5	0	0	5	0
Castle	0	0	6	10	0	0	16
Central St Leonards	40	0	0	4	0	0	0
Conquest	0	0	0	0	0	0	0
Gensing	0	0	0	0	0	0	0
Hollington	0	0	0	0	0	0	0
Maze Hill	0	0	0	0	11	0	0
Old Hastings	0	0	0	0	0	0	23
Ore	0	0	0	0	0	-48	11
St Helens	0	0	0	0	0	0	0
Silverhill	0	0	0	2	1	0	0
Tressell	0	10	0	0	0	0	0
West St Leonards	0	0	0	0	48	0	0
Wishing Tree	0	0	0	6	6	40	-12
<b>Rother</b>	<b>22</b>	<b>61</b>	<b>20</b>	<b>3</b>	<b>95</b>	<b>46</b>	<b>15</b>
<b>Bexhill</b>	<b>22</b>	<b>52</b>	<b>0</b>	<b>3</b>	<b>29</b>	<b>38</b>	<b>15</b>
<b>Battle</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>
<b>Rye</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Rural Rother</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>57</b>	<b>8</b>	<b>0</b>
Battle Town	0	0	20	0	9	0	0
Brede Valley	0	0	0	0	0	0	0
Central (Bexhill)	0	0	0	0	9	0	15
Collington (Bexhill)	8	0	0	0	0	0	0
Crowhurst	0	0	0	0	3	0	0
Darwell	0	0	0	0	0	4	0
Eastern Rother	0	0	0	0	0	0	0
Ewhurst and Sedlescombe	0	0	0	0	0	0	0
Kewhurst (Bexhill)	0	0	0	0	0	0	0
Marsham	0	0	0	0	0	0	0
Old Town (Bexhill)	0	0	0	0	0	14	0
Rother Levels	0	9	0	0	8	4	0
Rye	0	0	0	0	0	0	0
Sackville (Bexhill)	0	0	0	0	0	0	0
St Marks (Bexhill)	0	0	0	0	0	0	0
St Michaels (Bexhill)	15	15	0	0	0	24	0
St Stephens (Bexhill)	0	17	0	0	0	0	0
Salehurst	0	0	0	0	5	0	0
Sidley (Bexhill)	-1	20	0	3	20	0	0
Ticehurst and Etchingam	0	0	0	0	41	0	0

Source: adapted from ESiF, October 2008 (metadata revised June 2009)

- 4.25 Figure 4.15 shows affordable housing completions from 2002 to 2008, broken down by ward and depicts the irregular nature of affordable housing development. The majority of affordable housing completions over the last 7 years in Rother have been delivered within Bexhill. The market towns have experienced very limited affordable housing development and Rye has not benefited from any affordable housing completions in recent years, though it has a relatively higher proportion of social rented stock than other areas of Rother. There have been just over 70 completions in the rest of Rother (rural area), equating to an average of 10 per annum, though in reality most of these were completed in 2006/07 and associated with one relatively large development.
- 4.26 However, Figures 4.14 and 4.15 do not provide the complete picture, as they only show the new affordable housing development. The proportion of existing housing stock that is social housing must also be considered to provide a background context for analysis. The current levels of affordable housing development are important in providing a basis for estimating the future requirements, alongside spatial variations in demand for affordable housing.

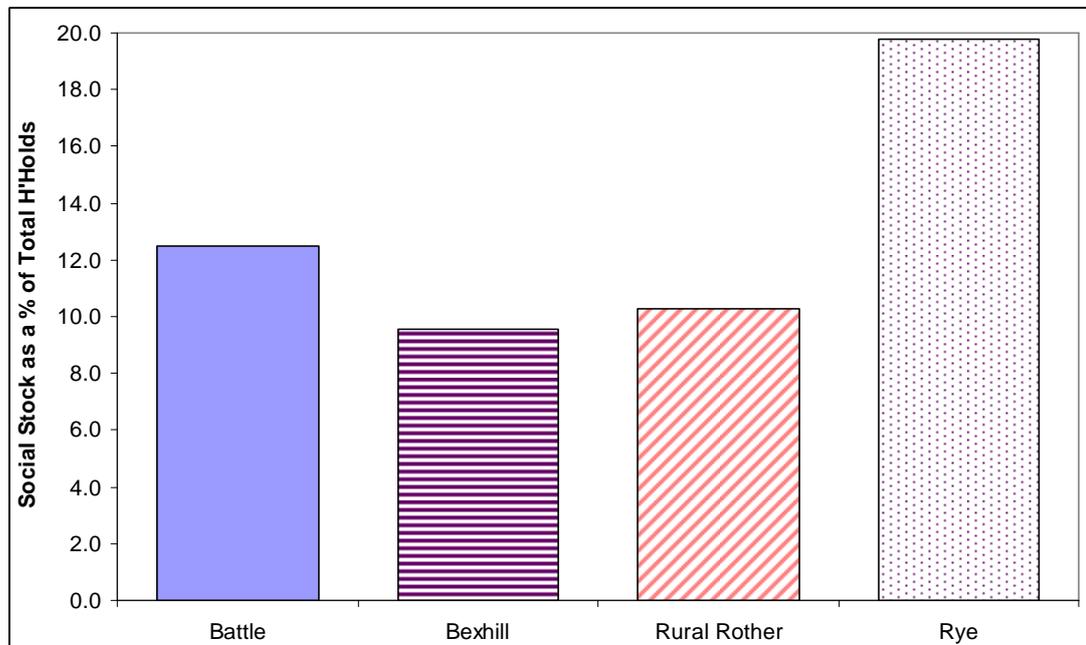
**Figure 4.16: Proportion of Existing Housing Stock Social Housing, 2001**



Source: ESiF; 2001 Census, published February 2006

- 4.27 Figure 4.16 indicates that Hastings has a relatively high proportion of social housing stock, in comparison to Rother, East Sussex and the South East, although it is still lower than the national average. Rother, however, only has approximately 11% social housing stock, which is far lower than Hastings, the county and the South East in general.

**Figure 4.17: Proportion of Existing Housing Stock that is Social Housing, Four-way Split of Rother District**



Source: Source: ESiF; 2001 Census, published February 2006

- 4.28 Figure 4.17 indicates that despite there not being any affordable housing built within Rye since 1991, the social stock as a percentage of the total housing stock is considerably higher than for the three remaining areas, at almost 20%. Battle has the second highest proportion of social housing. For an urban area, the proportion of social housing remains low in Bexhill.
- 4.29 In both authority areas, the majority of the social rented stock is concentrated in smaller dwellings. Using Census 2001 dwelling size data which records the number of rooms in a dwelling, the vast majority of social rented properties in Hastings (60%) and Rother (63%) contain just 1-4 rooms. These are broadly 1 bedroom properties (since rooms include kitchens and reception rooms) but also include some 2 bedroom properties. Around one third of social rented homes in the two authority areas (36% in Hastings, 34% in Rother) have 5-6 rooms (equating to 2-3 bedrooms) and a very small proportion have 7 or more rooms (4 bed plus) – 5% in Hastings and 3% in Rother. The social rented stock within Hastings and Rother has a small bias, which makes it more difficult to house larger family households in need.
- 4.30 Figure 4.14 shows affordable housing completions in Rother and Hastings since 2005, in terms of the proportions designated for shared ownership and social rental. For both areas the majority of affordable housing completions have been for social rent, although a limited number of shared ownership homes have been delivered in both authority areas over the last 5 years.
- 4.31 Hastings has a very small proportion, in 2007/08 only, of intermediate rental completions. However, given the low numbers of affordable housing overall, fluctuations in tenure and the

% of affordable housing overall will be affected by one or two developments in any year so it is difficult to draw firm conclusions from these figures.

### **Future Mix of Housing Required**

- 4.32 One of the key policies in PPS3 is concerned with achieving a mix of housing to support mixed communities. PPS3 describes the characteristics of a mixed community as a '*variety of housing, particularly in terms of tenure and price and a mix of different households such as families with children, single person households and older people.*' PPS3 requires local planning authorities to plan for a mix of households on the basis of different types of households that are likely to require housing over the plan period, having regard to demographic profiles and the requirements of specific groups.
- 4.33 Specifically, local planning authorities should set out in their local development documents the proportion of households requiring market and affordable housing, the profile of different household types to inform the provision of market housing and the size and type of affordable housing required. Developers are expected to bring forward proposals for market housing which reflects demand and the profile of households requiring market housing, in order to support mixed communities. This section provides evidence to support Hastings and Rother's local development documents in these policy areas.
- 4.34 However, PPS3 policy raises a number of questions. How can local planning authorities plan for a mix of households without seeking to control the type and size of market housing? When should a local planning authority turn down an application on the basis of the dwelling mix? These questions are in many respects no different to those that planners have faced in the past. Planning falls into the difficult territory between influence and control where planners are expected to influence outcomes without seeking to control the market.
- 4.35 For the avoidance of doubt, DTZ do not recommend that Hastings and Rother seek to control the size and type of dwellings provided by the private sector. However, there is a role for local planning authorities in influencing the mix of dwellings where there are gaps in the choice of dwellings available to local residents within the market area, or where there are problems with particular neighbourhoods, which might be tackled through changes to the types of dwellings available. DTZ recommend that the principles of an approach to this issue are as follows:
- Recognise that planning for a mix of housing is not a precise science and therefore setting precise targets for particular types and sizes of market dwellings is likely to present difficulties in practice
  - **The objective should be to identify and address bias and broad imbalances in the housing market and the existing stock of dwellings through new development**
  - A range of evidence needs to be considered in addition to projections of future household types, and appropriate weight needs to be given to these factors depending on the circumstances of the site and the characteristics of the existing neighbourhood.

## Considerations in the Provision of New Market Housing

- 4.36 This section considers the evidence, drawing on the 2006 HMA and additional information where available:
- Household characteristics (current and future)
  - Relationship between household size and dwelling size
  - Existing housing stock
  - Pattern of recent completions
  - Drivers in the development industry and pattern of viability
- 4.37 This provides a broad guide on the type of homes that the area would benefit from in the future. It is important to note that the evidence provided in the original HMA with regard to the mix of new housing has not fundamentally changed despite the downturn, though arguably there is now a greater need to think about how new housing will help support economic development in the market area.

### Household Characteristics

- 4.38 Section 3 demonstrated that the growth in numbers of households within Hastings and Rother and across the South East as whole will be driven by large increases in the numbers of single person households and more moderate growth in other household types.
- 4.39 Although the number of married couple households is expected to decline, there is still likely to be growth in the number of family type households (couples with children and lone parents with children). As evidenced in Section 3, these trends and the extent to which projections are borne out depend on patterns of migration as well as long run demographic trends.
- 4.40 Evidence on the age of people migrating to and from Hastings and Rother up to 2008 suggest the following trends in migration have been at work for a number of years (see Section 2, para 2.20 onwards):
- There is net in-migration of families with children to Rother from both Hastings and other adjacent authorities (Wealden and Tunbridge Wells).
  - There is net out-migration of younger people (15-29) from both authority areas
  - There is net in-migration of older households to both authority areas but particularly to Rother
- 4.41 To summarise, Hastings and Rother will experience growth in household numbers between 2006 and 2026; much of this growth will be driven by increases in smaller and non-traditional household units (single and sharing households). The proportion of family type households will decline relative to other household groups but will remain a significant proportion of the household population.

- 4.42 However, while the growth in single person households will be significant, DTZ suspect that projections may overstate the level of growth of single person households. If affordability problems remain severe, one might expect to see more households comprising of unrelated individuals (other households) rather than single person households. This trend is reflected in the demand for and availability of shared dwellings (eg, HMOs) within the towns in the sub-region.
- 4.43 A significant proportion of new single person households will be elderly. The majority of the growth in single person households is accounted for by elderly households and is the result of an ageing population. However, there is evidence of selective migration within Hastings - older households have tended to leave the town in favour of adjacent Districts - so whilst Hastings will experience growth in older households many may continue to migrate out. It is unclear how far the projections have taken this dynamic into account. The opposite pattern is true in Rother which has experienced continued net in-migration of older households.

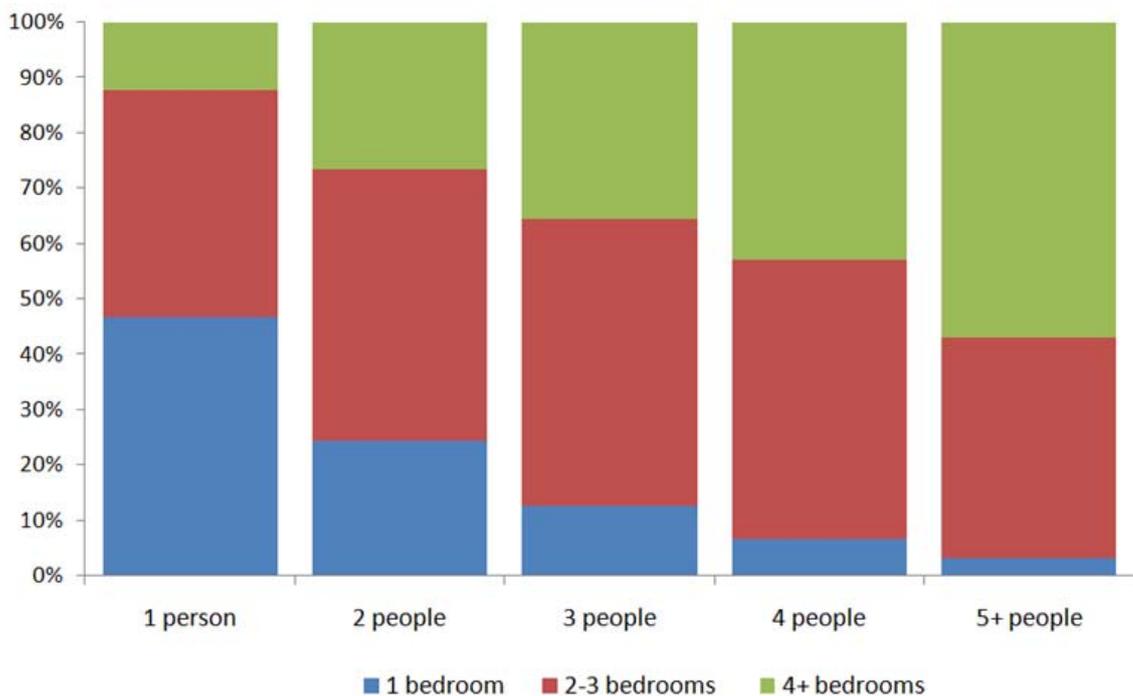
#### **Relationship between Household Size and Dwelling Size**

- 4.44 The relationship between household size & type and dwelling size & type in the market sector is not straightforward. The assumption that household size and dwelling size have a direct correlation is misleading. Research by Professor David King at Anglia University for example, highlights that dwellings with more than seven rooms are commonly bought and occupied by single or two-person households, and that these households comprise many of those living in such properties. Policy orientated towards building smaller properties for smaller households fails to understand the aspirations and needs of households today and in the future. This is discussed in more detail in the original HMA.
- 4.45 The implications are that it is very hard to translate projections of particular household types into forecasts of what the market demand will be for particular types of property. The relationship between household size, type and property size reflects a complex mix of socio-economic variables. The relatively high proportion of couples without children occupying larger properties may reflect the existence of many 'empty nesters' – those who have had children who have now left the family home, but have not downsized. Equally it may reflect the growing number of dual income households with no children, who have substantial purchasing power.
- 4.46 Figure 4.18 demonstrates the relationship between household size and dwelling size within Hastings and Rother **in the owner occupied sector**. The Census does not record the number of bedrooms in a property and so as a guide DTZ work with the following rule of thumb regarding the relationship between habitable rooms and the number of bedrooms in a property, which is the more generally understood yardstick of dwelling size:
- 1-4 room dwellings equate to a 1-2 bed property - if we assume this includes a kitchen, and could include 1 or 2 reception rooms
  - 5-6 room dwellings equate to a 2-3 bed property - if we assume a kitchen and one or two reception rooms
  - 7 plus room dwellings equate to 4 bed plus properties.

4.47 This analysis demonstrates the size of homes that households currently occupy and can be used to infer the likely demand for different dwellings in the future as the household composition changes. For example, over half of one person households occupy homes with 2 or more bedrooms in Hastings and Rother.

4.48 It is important to remember that the size of home occupied or demanded is dependent on household income and wealth rather than household size. However this does not mean that households in the future will necessarily have access to the same amount of space as households today. If affordability declines, households may be forced to occupy smaller homes than they would otherwise choose. Conversely if household income growth increases over the long term and the propensity of households to spend their growing incomes on housing continues, the size of homes occupied by future households may be larger than today.

**Figure 4.18: Relationship between Household Size and Dwelling Size in the Owner Occupied Sector in Hastings and Rother**



**Indicative Dwelling Size Estimates to Meet Future Household Growth**

4.49 Bearing in mind the lack of a linear relationship between household size & type and dwelling size, which means all projections must be treated with caution, DTZ has produced indicative estimates of the types of dwellings that might be required (Figures 4.22 and 4.23). This is based on projected household growth within Hastings and Rother as set out in Figures 4.19 and 4.20.

**Figure 4.19: Broad Household Projections for Rother**

	Single Person	Couple	Lone Parent	Other - multi person	Total
2001	12,590	21,860	1,910	1,830	38,190
2006	13,570	22,100	2,060	1,820	39,550
2026	18,850	22,160	1,880	1,930	44,820
Growth 2006 - 2026	5,280	60	-180	110	5,270

Source: CLG 2006 based Household Estimates

**Figure 4.20: Broad Household Projections for Hastings**

	Single Person	Couple	Lone Parent	Other - multi person	Total
2001	13,760	18,680	3,290	2,080	37,810
2006	15,070	18,540	3,580	2,130	39,320
2026	20,200	17,640	2,990	2,510	43,340
Growth 2006 - 2026	5,130	-900	-590	380	4,020

Source: CLG 2006 based Household Estimates

- 4.50 Figure 4.21 below is based on data from the Survey of English Housing and shows how different types of households are currently housed. DTZ have applied these proportions to the forecast change in the numbers of different households in Hastings and Rother (i.e. to Figures 4.19 and 4.20 above) to produce overall estimates for each area of the types of dwellings that might be required in future.

**Figure 4.21: Size of Home Occupied by Different Households, South East**

	Single Person	Couple	Lone Parent	Other - multi person
1 bedroom	32%	5%	1%	1%
2 bedroom	31%	19%	32%	23%
3 bedroom	29%	47%	54%	43%
4 bedroom	7%	22%	10%	25%
5 bedroom	1%	5%	3%	8%
6+ bedroom	0%	1%	0%	1%
Total	100%	99%	100%	101%

Source: Survey of English Housing

4.51 Figures 4.22 and 4.23 below set out the overall results of this analysis (converted to a percentage of the total expected future households). They show the size of property that new households are likely to occupy, by type of household, if growth in the types of households set out above is achieved as expected.

**Figure 4.22: Size of Home Future Households Likely to Occupy, Rother**

	<b>Total</b>
1 bedroom	32%
2 bedroom	31%
3 bedroom	29%
4 bedroom	7%
5 bedroom	1%
6+ bedroom	0%
Total	100%

Source: DTZ, using Figures 4.19-4.21

**Figure 4.23: Size of Home Future Households Likely to Occupy, Hastings**

	<b>Total</b>
1 bedroom	40%
2 bedroom	33%
3 bedroom	23%
4 bedroom	5%
5 bedroom	0%
6+ bedroom	0%
Total	100%

Source: DTZ, using Figures 4.19-4.21

4.52 It is interesting to note that this illustration suggests that, despite almost all of future household growth coming from single person households in both authorities, only around 30-40% of the homes these households are likely to occupy will be 1 bedroom properties. A significant factor in this is the ageing population. Many of the single households which form in the future in the two authorities will be older people living alone and frequently occupying properties larger than their basic needs require. This estimate also suggests that around one third of the growth in households 2006-2026 is likely to result in demand for 3 bedroom or larger properties. Although we present figures separately for the two authorities it is important to keep in mind that they operate as a single functional housing market. This means that any policies the two authorities adopt that attempt to influence the nature of future housing development need to consider the needs of the overall market.

4.53 It is also worth considering evidence of what households within Hastings and Rother intend to do when they move home and the size of property they would wish to occupy from the Housing Need Survey by DCA in 2005. The HNS asked households if they were intending to move home in the next 3 years (2005-08) and if so, what type and size of home they would be looking for. The results of this analysis are not strictly 'aspiration' since households are likely to have responded with an idea of the constraints they face but this is not a measurement of

demand either since it does not tell us what households actually did or indeed whether they could really afford the type of house they said they would move to.

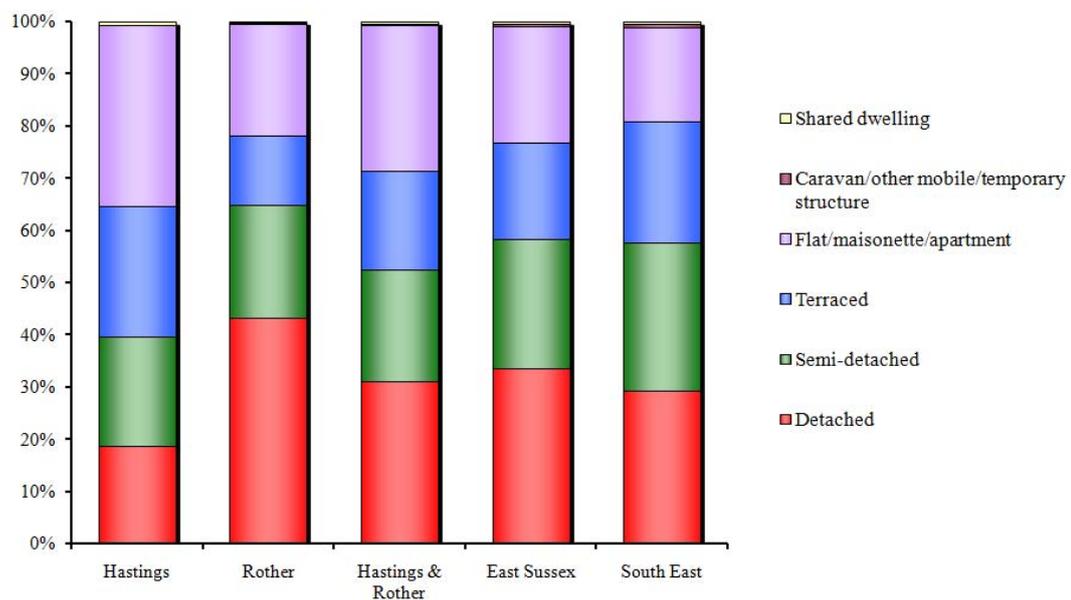
- 4.54 Nevertheless, the HNS provides a useful distinction between the type of homes likely to be required by different households – newly forming households, existing households moving home and in-migrant households.
- 4.55 Around 44% of newly forming households in Rother needed a 1 bedroom property, suggesting significant requirement for smaller properties, although only 9% would prefer a 1 bed property. However, the vast majority (over 90%) of these households would not be able to afford to buy in the open market according to the incomes recorded in the Survey and thus would account for only a small proportion of demand for new market housing for purchase. Around half could afford to rent in the open market however.
- 4.56 Around 13% of *existing* households who intended to move required a 1 bed property, 35% required 2 bedrooms, 37% required 3 bedrooms and 15% required 4 or more bedrooms. In contrast, the majority (70%) felt they could afford to move. The majority of demand for new market housing therefore is likely to be from existing households (as well as in-migrants) and evidence from the HNS suggests that more than half of existing households will require 3 or more bedrooms, which contrasts with a perceived need for smaller properties arising from analysis of household characteristics and population projections.
- 4.57 A similar pattern was observed in the Hastings HNS (2005) although amongst newly forming households a much greater proportion (38%) were theoretically able to afford to buy within the open market. Again, the majority of these households needed 1 or 2 bedroom properties but the preference was for 2 bedrooms or more. Whether those that are able to afford to buy decide to purchase something smaller than they would prefer (and therefore the demand for 1 bedroom properties is expressed) or whether they choose not to buy until they can afford what they prefer will depend on individual circumstances.
- 4.58 Amongst existing households intending to move within Hastings, 9% required a 1 bed property, 41% required 2 bedrooms, 33% 3 bedrooms and 18% 4+ bedrooms.
- 4.59 It is not possible to find out whether these households did move into the type of homes they intended. However, DTZ would speculate that, given the rapid rise in house prices and decline in affordability within Hastings and Rother that continued in this period it is likely that for a proportion of these households their choices became more constrained – some may have opted to move into a smaller home, decided not to move or moved out to access cheaper accommodation elsewhere.

### **Existing Housing Stock**

- 4.60 An important factor in considering the mix of dwellings within Hastings and Rother is the stock of existing dwellings within each of the authorities. Dwellings that have already been built will house 90% of the population of households in 2026 including the majority of new households. New completions will add around 0.5-1% to the stock of dwellings each year and whilst this is significant over long periods of time it is important to consider future housing demand within the context of the existing stock.

4.61 The original HMA 2006 considered the stock of dwellings within Hastings and Rother in detail. Figures 4.24 – 4.26 below are based on Census data and were included in the HMA 2006. Broadly, the housing stock within the market area is similar to the profile of the stock in the South East but with a smaller bias. Only 22% of homes have 7 or more rooms (equivalent to around 4 or more bedrooms), a lower proportion than the South East as a whole and around 28% of the stock in 2001 was flats or apartments (compared to 18% in the South East as a whole) – Figure 4.24. This is largely due to the small bias in the stock in Hastings but it is important to consider that the two authorities operate as a single functional housing market.

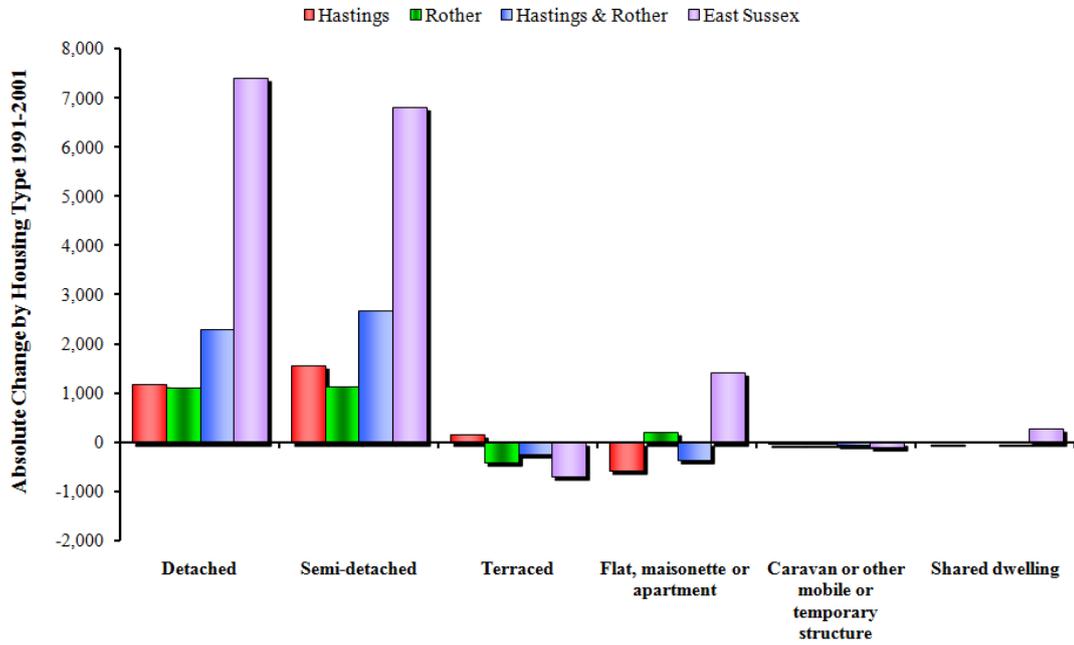
**Figure 4.24: Dwelling Stock by Type (Source: Census 2001)**



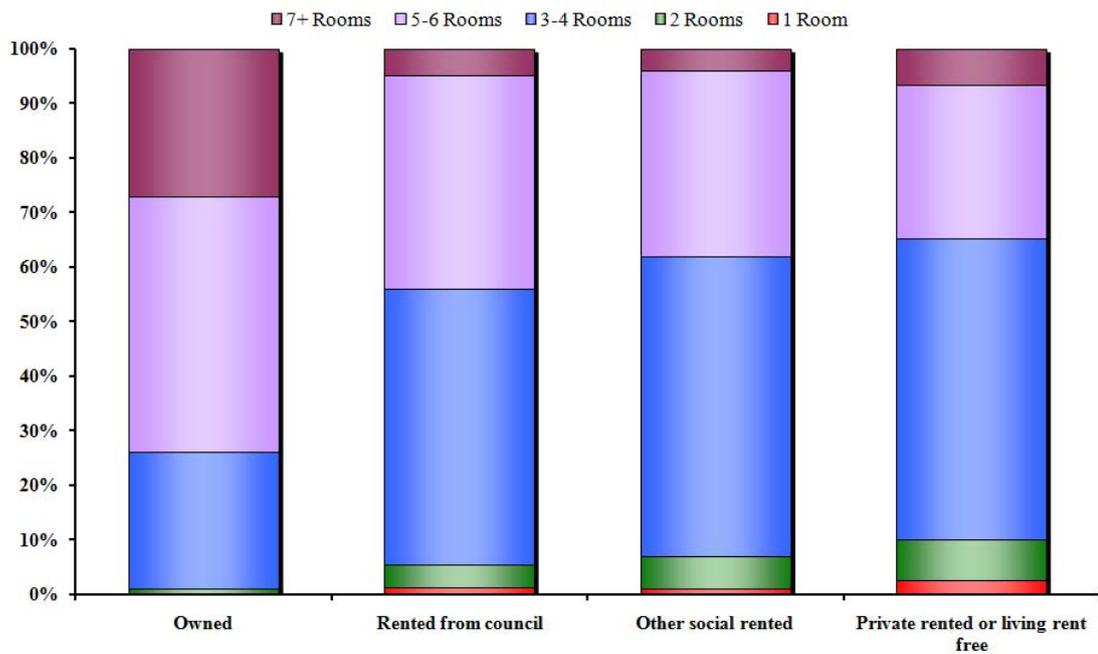
4.62 Figure 4.25 below presents the absolute change in housing type from 1991-2001 and highlights absolute increases in detached and semi-detached dwellings in both Rother and Hastings over this period. While Hastings saw a small absolute increase in terraced houses and a small decrease in flats and apartments, Rother experienced the reverse. Overall, across the two authorities, there was a net decrease in both terraced houses and flats and apartments, with net increases in stock driven by growth in detached and semi-detached dwellings.

4.63 Across the market areas there are also considerable differences in the size of dwellings in different tenures. Figure 4.26 shows that only 27% of owner-occupied dwellings have fewer than 5 rooms, compared to around 60% for social rented homes and 65% of private rented dwellings.

**Figure 4.25: Absolute Change in Dwellings by Type 1991-2001 (Source: Census, 2001)**



**Figure 4.26: Size of Stock by Tenure (Source: Census, 2001)**



### **Pattern of Recent Completions**

- 4.64 The third factor in considering the mix of dwellings is what is being delivered at present. What would this mean for the overall stock of dwellings if this pattern of completions continued into the future? To what extent should the two Councils intervene in order to influence a change in the mix of completions?
- 4.65 It is difficult to obtain completion figures by type and size of dwelling. However, discussion with both authorities suggests that the pattern of completions in recent years has tended to reinforce the pattern of dwellings in the existing stock, with predominately houses built in Rother and flats and smaller homes completed in Hastings. NHBC data suggests there has been an increase in the proportion of flats built in both authority areas since 2001, which is in line with trends across the South East as a whole, but the pattern of completions in the sub-region has not mirrored the South East to the same extent with the majority of homes completed being houses rather than flats.

### **Development Industry and Viability**

- 4.66 It is worth considering some of the drivers behind this pattern of development. To some extent the pattern of recent completions is likely to have been driven by declining affordability, which means that households (as a whole) can afford less space. Declining affordability has also meant that households have delayed purchasing properties, which, in turn, has created additional demand for private rented dwellings and, in turn, facilitated the growth of the private rented sector. The emphasis in national planning policies on delivering development within town centres on brownfield and at higher densities has supported and reinforced this pattern.
- 4.67 A further factor that has led to the growing emphasis on provision of flats and smaller units is competition for land. Potential purchasers of land bid up the price of land by assuming ever more dense levels of development, with local authorities keen to meet their housing targets, deliver more affordable housing and make efficient use of land there is often pressure to deliver high density developments on certain sites. Conversely, however, affordable housing policies have led to lower density development on smaller sites than might otherwise have been the case so that developers avoid providing affordable housing by building below affordable housing thresholds.
- 4.68 It is also useful to understand the type and size of dwellings that developers propose on sites and what is driving these decisions. DTZ understand that this is likely to relate to the following:
- The type and size of dwelling they have succeeded in selling in either the local area or in other similar locations (and therefore for which there is a known market)
  - The scale of demand or pressure on particular dwellings in the existing stock – through discussion with local estate agents
  - Related to the above, the return on capital invested i.e. the mix of dwellings that will provide a quick sale once completed. The sales values per m sq and amount of ‘coverage’ on site (ie, how to maximise the use of the space on the site)
  - The value of the land once affordable housing and other obligations have been factored in.

- 4.69 The latter two points deserve further explanation. First, developers are likely to propose a mix of dwellings that will provide the most rapid return on the capital they have invested in the development. On large sites (particularly urban extensions and major development areas where development is phased over a number of years) this is likely to encourage the provision of a broad mix of dwelling type and sizes in order to appeal to different segments of the market and maximize sales. Developers will also be attracted to developing products that appeal to investors (e.g. small apartments) as this could provide another source of buyers – many of whom have been willing to buy multiple units off plan (until the recent market downturn).
- 4.70 Secondly, decisions about what is delivered in the market sector will relate to the proportion and type of affordable housing that is required or negotiated by the Councils. Affordable housing and other contributions will impact upon the land value and so developers will seek to maximise returns from the mix of market dwellings on site. Sometimes this leads to the need to increase the number of market dwellings on site by increasing densities and/or reducing the size of the units. Viability assessments undertaken by both Councils help to shed light on this issue<sup>23</sup>.
- 4.71 It is important to note that in most cases the mix of dwellings proposed by developers will not be driven first and foremost by an analysis of population and households in the local area. As evidence presented earlier in this section demonstrates, focusing on the demographic characteristics of households is unhelpful if those households cannot afford to purchase a new home on the open market or, conversely, they are able to afford more living space than their household size might indicate. Local authorities and developers have therefore tended to arrive at the issue of housing mix from very different perspectives.

### **Considerations in the Provision of New Affordable Housing**

- 4.72 Whilst PPS3 does not encourage local planning authorities to prescribe the type and size of market dwellings to meet the profile of different household types, it does expect them to set out the requirements for affordable housing. This is because there are fundamentally different drivers operating in the affordable housing sector. In the social rented sector the type and size of dwellings available to particular households are determined through the allocation policies of local authorities, in contrast to the open market (and intermediate market) where household income rather than household size determines the type and size of dwelling that households can afford to occupy. This means that local authorities can use evidence from their housing register of needs or HNS on the type and size of households and evidence on the pattern of re-lets within the existing stock to determine the type and size of homes required to address housing need.

### **The Need for Social Rented Homes**

- 4.73 In considering the likely requirements of those households in housing need and those likely to fall into housing need in the future, it is useful to consider the profile of households who have

<sup>2</sup> Hastings Borough Council Study of Housing Sites Viability and the Impact of Affordable Housing July 2007 (Adams Integra)

<sup>3</sup> Rother District Council Affordable Housing Viability Assessment 2010 (DTZ)

applied for housing through the Council's housing register of need. Analysis of housing register of need data can provide useful indicators of the relative pressures on different property types and sizes and therefore the broad requirement for different dwellings.

- 4.74 However, it is important to note that the preferences expressed by applicants are often influenced by local policy and circumstances, in particular:
- Size criteria set out in local allocations policy can restrict the size and type of property for which households can apply. For example, it is often the case that single and two person households may only apply for bed sit and 1 bedroom flatted accommodation while given a 'free choice' they may prefer 2 bedroom accommodation. In Hastings, applicants are only able to bid for properties which meet their assessed bedroom need. They would not be allocated a property which they would under-occupy, rather it would be offered to suitable applicants from neighbouring Boroughs through cross boundary working.
  - Priorities and point systems set out in allocation policies will determine which category of applicants are most likely to access the available stock and often applicants will tailor their expressed choices to maximise their chances of being re-housed. For example, a household with one child may prefer 3 bedroom property but know that the allocation policy prioritises households who would fully occupy the available 3 bed accommodation before smaller households would be considered. Therefore although the allocation policy may not overtly restrict applicant choice, it will indirectly impact on household preferences.
  - The supply of particular property sizes and types will also affect applicants' choices according to their own circumstances and their ability to wait. Households may express a preference for a particular location, type or size of property because they know that these properties become available more often, even though it may not be their real preference.

**Figure 4.27: Desired Size and Location of Affordable Housing as a Percentage of Total Housing Register Demand in Rother**

Area	Number of Bedrooms					Total
	1	2	3	4	5	
Battle	51%	33%	13%	2%	1%	100%
Bexhill	54%	31%	13%	2%	1%	100%
Rye	53%	35%	11%	2%	0%	100%
'Rural' Rother	47%	34%	17%	2%	0%	100%
<b>Rother District</b>	<b>50%</b>	<b>33%</b>	<b>15%</b>	<b>2%</b>	<b>0%</b>	<b>100%</b>

Source: Rother Housing Register, July 2010

- 4.75 Figure 4.27 indicates that one-bedroom homes account for the largest requirement on the Rother Housing Register at 50%, with two-bedroom houses accounting for 33%. It is important to note that the 'need' for one bedroom properties reflects the entitlement of households on the housing register of need, not what they would prefer or indeed what they might need as their family circumstances change.

- 4.76 Figure 4.27 also allows a comparison of social rented need by bedroom type between the four defined areas of Rother District. This breakdown of need indicates that for all areas within Rother the greatest overall requirement is for one-bedroom accommodation, and again the level of need decreases with increasing bedroom number.
- 4.77 A serious caveat in this analysis is that the need for different sized properties, reflected in the housing register, relates to the requirements of **all** households on the list, not just those in priority need and at the 'top of the list' for accommodation. It is likely that when priority households' requirements are analysed, there may be greater need for larger properties, since households with children will take priority in most circumstances and these households are likely to need more space.

**Figure 4.28: Desired Size of Affordable Housing from current Housing Register for Hastings, given as absolute numbers and as percentages of total requirement**

		Number of Bedrooms							Total Demand
		1	2	3	4	5	6	7	
Hastings	Number	1,163	583	286	75	21	0	1	2,129
	Percentage	55	27	13	4	1	0	0	100.0

Source: Hastings Housing Register, July 2010

- 4.78 Figure 4.28 indicates that in Hastings the greatest requirement on the current housing register is for one-bedroom homes (55%), and need decreases with increasing bedroom size, following the same trend as seen in Rother, though the same caveats apply.
- 4.79 The Hastings Housing Register does however show that a small number of homes with 5 or more bedrooms are required by applicants. Although this is a low percentage of overall need, it is unlikely that these properties become available for re-let regularly and so these larger households are likely to face a longer wait for suitable housing whilst living in unsuitable (often overcrowded) accommodation.
- 4.80 Figure 4.29 provides information on the housing registers of need from 2001 to 2008, broken down by size requirements, as a percentage of the total requirement for each area. The data indicates that the pattern of need for smaller-sized accommodation has remained consistent over time, though in both authorities around 20% of applicants need a home with 3 or more bedrooms and it is likely that these households will have to wait long periods to be housed.

**Figure 4.29: Breakdown of Housing Register Demand (%), by Bedroom Number**

	<i>Households Requiring:</i>	2001	2002	2003	2004	2005	2006	2007	2008
<b>Rother</b>	up to 2 bedrooms	82.4	81.9	82.6	80.1	79.8	81.8	80.1	84.1
	3 bedrooms	15.1	15.3	13.8	16.3	15.4	14.7	14.8	12.5
	>3 bedrooms	2.5	2.9	3.6	3.6	4.8	3.5	5.1	3.4
	<b>Total</b>	<b>1,383</b>	<b>1,539</b>	<b>1,825</b>	<b>2,387</b>	<b>2,037</b>	<b>13,98</b>	<b>1,362</b>	<b>1,542</b>
<b>Hastings</b>	to 2 bedrooms	74.7	77.2	78.4	80.4	81.5	79.8	80.2	79.5
	3 bedrooms	19.6	17.6	16.1	14.2	13.8	16.3	15.8	15.4
	>3 bedrooms	5.7	5.2	5.5	5.5	4.6	3.9	4	5.1
	<b>Total</b>	<b>1,921</b>	<b>1,734</b>	<b>1,866</b>	<b>1,482</b>	<b>1,575</b>	<b>1,296</b>	<b>2,175</b>	<b>1,730</b>
<b>Hastings &amp; Rother</b>	up to 2 bedrooms	77.9	79.4	80.5	80.2	80.6	80.8	80.2	81.7
	3 bedrooms	17.7	16.5	15.0	15.5	14.7	15.4	15.4	14.0
	>3 bedrooms	4.4	4.1	4.5	4.3	4.7	3.7	4.4	4.3
	<b>Total</b>	<b>3,304</b>	<b>3,273</b>	<b>3,691</b>	<b>3,869</b>	<b>3,612</b>	<b>2,694</b>	<b>3,537</b>	<b>3,272</b>

Source: ESiF, published January 2009

Notes: Provides additional information to that given in Figure 7.19 of the 2006 HMA

- 4.81 However, it is important to stress that the size requirement of those in **priority** need may differ from the requirements of applicants as a whole.
- 4.82 Even where the majority of households in need require one bedroom properties it is important to consider the pattern of re-lets within the stock of social rented homes in Hastings and Rother in order to assess the prospect of meeting the need for different sized affordable homes. One bedroom properties become available for re-let most frequently within Hastings and Rother and are most numerous within the existing stock. As an illustration, in the 2 years to June 2010, just 13% of lettings within Rother were 3 and 4 bedroom properties. Properties with 3 or more bedrooms account for a small proportion of all lettings and are least numerous within the existing stock. **This means that there is greater pressure on larger social rented properties than implied by the size requirement of those on housing registers of need.** For this reason, DTZ would advise the authorities to prioritise the provision of these larger affordable homes where possible (this is discussed further in Section 6).

#### **The Demand for Intermediate Homes**

- 4.83 The original HMA 2006 and the HNS for both Councils in 2005 examined potential demand for intermediate products to meet the requirements of households who could not afford to purchase on the open market but could afford more than a social or private rent.
- 4.84 Further information is now available from the Local HomeBuy Agent (Moat) which has been responsible for marketing and facilitating access to intermediate products in the area over recent years. This data (presented in Figures 4.30-4.33) is up to date and reflects the level of interest and the characteristics of applicants in July 2010. Moat regularly review their data by writing to applicant households. Their data suggests that there are 96 households actively looking for an intermediate home, though this does not mean that all of these households will actually take up intermediate options – some may be testing the water or keeping their options

open. This is a relatively limited level of interest compared to other areas of the South East and this is likely to reflect the availability of relatively affordable open market housing within Hastings. In Rother in particular this reflects the limited supply of intermediate properties in recent years (and therefore households' lack of awareness in the area) though demand and interest for shared ownership houses remains higher than for flats. There is also anecdotal evidence of relatively long void periods for shared ownership properties in Hastings.

- 4.85 In addition to those registered with Moat, both the Rother and Hastings Housing Registers indicate that, collectively over 200 applicants are interested in shared ownership, with the largest proportion of these households in Rother District, which demonstrates the variability in interest across the two authority areas. However, the Housing Registers do not test applicants' eligibility at the time of application for shared ownership, and therefore is representative of aspiration. Nevertheless, this suggests there are additional households interested in intermediate housing in the sub-region when the three lists are compared.

**Figure 4.30: Intermediate Households – Household Type**

Household type	Number	%
Single - no children	18	19%
Single - with children	14	15%
Couple - no children	28	29%
Couple - with children	36	38%
Total	96	100%

Source: Moat (HomeBuy Agent) data for households interested in intermediate housing in Hastings and Rother (July 2010)

- 4.86 Figure 4.30 shows that the largest proportion of those interested in intermediate housing in the market area are couples with children – family households. It is likely that these households are struggling to afford a home of sufficient size for their family in the open market. There is also significant interest from single people and couples without children which are the household groups typically associated with take up of intermediate housing.

**Figure 4.31: Current Tenure of Intermediate Households**

Tenure	Number	%
Owners	5	5%
Friends/Family	29	30%
Social renting	11	11%
Other (inc tied)	5	5%
Shared owners	1	1%
Private renting	45	47%
Total	96	100%

Source: Moat (HomeBuy Agent) data for households interested in intermediate housing in Hastings and Rother (July 2010)

- 4.87 There is increasing acknowledgement at the national level (within CLG and HCA) of the overlap between the intermediate sector and private rented sector. The characteristics of households accessing both tenures are similar (eg younger households) and the income required to access private renting or intermediate products also tends to be similar. Figure 4.32 shows that over half of those households actively looking at intermediate products have incomes between £10,000 - £30,000, which broadly matches the income required to access the private rented sector (see Section 3). It is therefore unsurprising that the majority of households interested in intermediate options are currently living within the private rented sector (Figure 4.31).
- 4.88 There are also 11 households interested in intermediate housing who are currently occupying social rented accommodation (see Figure 4.31). This suggests that there is a proportion (albeit small) of social rented households who may be willing and able to move up into intermediate housing if the appropriate product is in place. Such movement would also benefit those in housing need by creating opportunities to re-let homes within the social rented sector.

**Figure 4.32: Household Income of Intermediate Households**

Household Income	Number	%
£10-20k	19	20%
£20-30k	34	35%
£30-40k	28	29%
£40-50k	12	13%
£50-60k	3	3%
Total	96	100%

Source: Moat (HomeBuy Agent) data for households interested in intermediate housing in Hastings and Rother (July 2010)

- 4.89 It is also worth noting that around 40% of households actively looking at intermediate products could afford to purchase a home in the open market within Hastings and Rother. However, as noted earlier in this discussion, there are a significant proportion of family households interested in intermediate homes and they may be unable to afford a home of sufficient size, even though they could afford to purchase one of the cheapest homes in the open market. This could also suggest that to a small extent, households are choosing intermediate homes because they are more suited to their household need than they would be able to access in the open market – not because they are priced out of the market per se.

**Figure 4.33: Size of Home Required by Intermediate Households**

<b>Size of Home Required (Minimum Number of Bedrooms Needed)</b>	<b>Number</b>	<b>%</b>
1 bed	45	47%
2 bed	28	29%
3 bed	22	23%
4 bed	1	1%
<b>Total</b>	<b>96</b>	<b>100%</b>

Source: Moat (HomeBuy Agent) data for households interested in intermediate housing in Hastings and Rother (July 2010)

- 4.90 Figure 4.33 shows the size of home required by those actively looking for intermediate housing. Although around half are looking to buy a 1 bedroom homes, this preference is expressed as the minimum number of bedrooms they are looking for and, in practice, many would prefer a larger home if they were able to afford it.
- 4.91 It is important to note that the intermediate sector is driven by demand – households actively looking at intermediate homes do have a choice. Most could rent privately and some could access home ownership in the open market if they were prepared to compromise on the size or property or location.

## 5. Households with Particular Housing Requirements

- 5.1 This section examines the housing implications of specific groups within the housing market. Certain groups may have specific housing requirements that differ from households as a whole, and these need to be examined and taken into consideration in policy.
- 5.2 We have considered first those groups that have a relatively high incidence within the population as a whole, within Hastings and Rother and/or the other benchmark areas. These are:
- Older people
  - Disabled people
- 5.3 We have also considered other specific groups that are relatively small in number or concentrated in specific areas but they merit consideration since they may have very different requirements to the population as a whole, or may also have a significant impact on the rest of the housing market or in specific locations. These are:
- Black and Minority Ethnic households and recent migrants
  - Key workers
- 5.4 The requirements of households within specific groups can be broadly divided into two categories:
- Households who require specially adapted housing e.g. elderly people and disabled people.
  - Households who are limited by their ability to access the housing market or require accommodation that is beyond their means, e.g. BME households on low incomes, and migrant workers.

### Older People

- 5.5 Research has shown that by 2051, people over 65 are likely to represent over 25% of the population in England. The ageing population is a national phenomenon and so the pattern in Hastings and Rother is not dissimilar to trends across the country.
- 5.6 Although this analysis focuses on people in the population over the age of 65 it is important to note that there can be no formal definition of when people are deemed old. In terms of individual circumstances and public policy, significant changes arise when people retire from work, become incapacitated in some way, and linked to this lose the ability to live independently. Entitlement to benefits 'kicks in' at particular ages, but in reality there are different stages of old age. Consider the difference in personal circumstances of those who may be of the same age but:
- Remain in good health and have a high level of independence
  - Are able to draw on their savings to fund later life

- Experience acute health problems and whose health may suddenly decline
  - Have chronic health problems and poor quality of life
- 5.7 In terms of their impact within the housing market, much depends on whether older people decide to move and if so, where they move to and what they move in to. Many people will wish to retain their independence in their existing home by arranging adaptations. Some may emigrate, though this is limited at present. Those who decide to move home tend to do so in earlier old age. However, the Survey of English Housing (2005/06) demonstrates that those in the 65-74 age group and those aged 75 or older are the least likely of all age groups to move home. In England as a whole these age groups accounted for 2% of all household moves each. 51% of moves were 16-24 year olds, 23% were 25-34 year olds, 9% were 35-44 year olds and 4% were 45-64 year olds. Older households are less likely to move house than younger ones.
- 5.8 Section 2 illustrates that in Hastings and Rother the proportion of the population over the age of 65 is larger than the average for the South East as a whole. Around half of those aged over 65 are in advanced old age (75+).
- 5.9 It is clear that some of the locations are popular places to retire to – Section 2 also demonstrates that Rother, and East Sussex as a whole has recorded positive in migration of pensioner households, whilst in Hastings there has been net out migration of those over the age of 65.
- 5.10 The propensity for older households to retire to Rother is likely to reinforce social and economic polarisation over time as areas become less mixed, with implications for housing pressures, rising prices and declining economic activity rates. However there are also significant benefits with the stability, social capital and cohesion that older households bring to local neighbourhoods.
- 5.11 There are a number of implications arising from the ageing population in the sub-region and in particular within Rother:
- The housing requirements of older people are often wider than their basic need for accommodation. Demand or need for housing amongst older people is often strongly influenced by health issues (and disability is strongly linked to age). There is likely to be a growing need for wider care, integrated with housing provision, which has implications for the cost to those households and the public sector. There are uncertainties around who will provide care alongside housing – whether this is the public or private sector. There are also issues for mixed communities related to the location and nature of specialised provision for older people.
  - The majority of households in both authority areas are owner occupiers and this is particularly true amongst older households<sup>1</sup>. This raises implications about how far older households will wish to (or be forced to) draw upon their housing equity as an asset to fund their wider care needs. Disposable incomes are also lower amongst older

<sup>1</sup> Owner occupation rates are higher in both authorities amongst those aged 50-85 years than those in younger age cohorts (Census 2001). Owner occupation rates drop off amongst those aged 85 and older which is likely to reflect lower home ownership rates in the past and that as people reach advanced old age they are more likely to need to move into residential or nursing care.

households, even those in owner occupation, with implications for care and repair needs. Previous research and surveys suggest that by far the highest average basic repair costs are found in dwellings occupied by lone older households (often in excess of £1,000).

- Older people are often unaware of the full range and potential housing and support options available to them and owner occupiers may be particularly disadvantaged, as they are less aware of the availability of services i.e. those provided by the public sector, including the availability of social housing and support services. Some research has suggested that older people often receive the ‘wrong advice’ from non-independent or emotionally attached people, e.g. family members. Older people can also be reluctant to complain about issues, which may prevent them from improving their circumstances.
- Increased numbers of older households will also impact upon the rest of the housing market. Older households are less likely to move house, even though they may appear to have far more space than they ‘need’. The implication is that, in the future, many of the larger homes in the housing stock in each authority area may be occupied by older people who choose not to downsize, which may create pressure on (and rising demand for) larger homes amongst more mobile households, including younger families. However, there are also notable benefits with the tendency for older households to remain in their homes in terms of community stability and cohesion. These issues are discussed further on in this section

5.12 PPS3 recognises the need to provide accommodation for the older people as part of achieving a good mix of housing. But there is limited advice on what this accommodation should look like which makes the effective development of planning and housing policies more difficult. The Housing and Older People Development Group (HOPDEV) Conference (2006) identified three key criteria – choice, community and quality – and concluded that these are essential ingredients for successful housing options for the older people:

- Older people need choice and a framework for ‘active ageing’ (i.e. physical and mental stimulation) to maximise independence and well-being.
- Independence at home should be maintained as long as possible with supporting services so that the community (including older people) can enjoy greater stability.
- As needs change and vulnerability increases, elderly people need to live in a safe, warm and quality home that is right for them – either private accommodation or a community home.

5.13 The housing options for older people within Hastings and Rother now and in the future can be divided into those within the mainstream housing stock and those within specialist accommodation. It is also useful to distinguish between owner-occupiers and those in social rented accommodation since the options available to them and the impact of their choices on other households will be different.

5.14 Moving home is a major ‘life’ decision, entailing important financial and personal decisions. On the financial side key issues include consideration of whether to use the value in the property to support an existing lifestyle, provide for care costs, or to assist the next generation to study or to enter the housing market. On the personal side, moving home raises issues about proximity to family and friends, formal and informal caring networks etc. Attitudes to these issues are in part culturally determined so people from differing backgrounds may be inclined to place different priorities on different aspects of their decisions.

- 5.15 Most older people currently live in mainstream housing. Some will remain in the home they have lived in for some time, some will choose to move house when they retire which may mean long distance migration and not necessarily with the purpose of down sizing. Others will move locally and perhaps down size in order to release equity from their property and/or to move into a more manageable property.
- 5.16 There are a range of options within the mainstream housing market for older people, each presenting different issues:
- Research confirms that the majority of older people wish to remain in their homes as long as possible. There are a number of issues raised by this preference:
    - Growing maintenance and adaptations required by older people living in their own homes in both the owner occupied and social rented sectors
    - Wider support and service requirements of older people which have implications for how older people will access such services or whether there will be a growing expectation that their wider needs will be delivered to them (for example, home care at the one extreme or demand for improved local services at the other)
- 5.17 There are likely to be growing impacts on the wider housing market if older households are reluctant to move – the housing market overall may become less fluid, particularly in locations with the highest proportions of older households. This is likely to push up demand (and prices) for certain types and location of dwellings which will impact on the accessibility of the housing market for those less able to compete. It is likely to have more serious implications for the social rented sector where older households occupy large social rented dwellings, which need to be freed for other priority households on local housing registers
- 5.18 However, there are also significant positive implications associated with older households remaining in their own homes. Research suggests that this can help to develop and maintain community stability and cohesion. It is also positive in terms of mixed communities to have a range of households of different ages living within a neighbourhood
- 5.19 Those older households that do move home are most likely to do so on retirement or when they develop extra care needs. Although most household moves are local, those moving on retirement may migrate longer distances and there is a well established pattern of retirement migration to parts of East Sussex including Rother but notably to places like Eastbourne. There are a number of issues associated with these moves:
- Retirement migration tends to be concentrated in particular locations because of the attractiveness of those places for their character, the services on offer and the social networks they provide
  - On the one hand, this allows service providers to secure efficiencies and offers the opportunity to provide for the wider needs of older households within particular locations
  - On the other hand, this pattern works against mixed communities by pushing out younger households who may not be able to compete in the market and it is unlikely to do much to improve economic development since most in-migrants are retired (although there is a growing trend to work in some form beyond retirement age) with impacts on the local economy and therefore the availability of jobs for other (younger) households: although

the counter balance is that there may be growing demands for certain services from the retired population and the knock on demand for labour to serve the 'grey economy'

- There is also an impact on those communities that older households choose to leave – the loss of the older generation from some areas – with older households often providing stability and social capital to a neighbourhood

5.20 Some older households may choose to down size, moving either locally or to a different location, though this is not a significant trend at present. There are a wide range of issues raised by this choice:

- Downsizing households in the owner occupied sector may be able to release equity from their homes either to fund their wider needs and activities or even to provide financial support for other younger family members, including helping them onto the housing ladder – with issues around the division of housing wealth and opportunities between younger households – some of whom have considerable family support and others who have none
- Downsizing also releases a larger home onto the market or into the letting pool in the social rented sector – providing the opportunity for other households to trade up or access the space that they might need
- The implication of increased down-sizing amongst older households in an ageing society is that there ought to be increased demand for smaller homes that are more manageable and/or cheaper to down size into. There is little evidence that this is happening on any scale yet. There is little desire or incentive for older households to move into small flats and those who do move (including in the social rented sector) may still demand or prefer additional space. Furthermore, some research predicts that the 'baby boom' generation (currently the 45-64 age group) will demand more spacious homes and shun sheltered housing in favour of 'mainstream' properties. For many older people, their activities and social patterns require as much space as earlier in their lives
- Given that the majority of older households that do downsize will wish to remain in their local community, there is an issue around whether there are suitable alternative options locally so that people can move within their local neighbourhood as their life stage and needs change without the need to move away

5.21 At present, the majority of elderly people do not live in specialised housing and do not necessarily desire to, most wishing to remain in their current homes or within the mainstream housing market if possible. However, there is growing demand for specialist housing provision for older people – evident from the increasing numbers of specialised schemes for elderly people being brought forward by the private sector in most of the authority areas – though perhaps not at the scale and rate that might be expected given the scale and rate of the ageing population.

5.22 More recently, there has been downward pressure on the provision of institutional care with emphasis on keeping older people in their own homes, though many properties are not suited to the requirements of older people as they age and their needs change. On the one hand, it may be more desirable for older people to move, freeing up accommodation for other households and promoting flexibility in the housing market. Though this requires suitable properties for older people to move in to – properties that are capable of meeting or adapting to their needs as they age. Alternatively, in the longer term, it would be desirable for the housing stock to be sufficiently flexible to accommodate all types of households and thus not

requiring people to move as their needs change. This is the objective with Lifetime Homes standards which can be applied to new build homes.

- 5.23 There is a range of specialised accommodation available to older households; each presenting different issues for the households who live there, policy makers and the wider community.
- 5.24 There was significant emphasis on the provision of sheltered housing in the 1970s and 1980s which was regarded as providing safe and secure care for elderly people so that they would not have to move to retirement homes for wider care, which was seen as an expensive option.
- 5.25 The advantages cited for sheltered accommodation for older households are the benefits in terms of security, maintenance and the ability of older people to maintain their independence whilst being able to access a level of support (for example, warden or other neighbours) if required
- 5.26 However, sheltered accommodation can be costly, particularly in terms of the service charges and is beyond the means of some older households, particularly the most popular developments, even though they may be owner-occupiers. Evidence from the housing registers of each of the local authorities suggests that there are significant numbers of elderly households registered for accommodation with the local authority. Many of these are owner occupiers and as a result are afforded limited priority for re-housing
- 5.27 Sheltered housing is not necessarily a long-term solution for all older households. Most sheltered housing schemes provide only limited support for elderly people – the intention being to support independence but not to provide extra care, which would invariably require a move to a residential or nursing home
- 5.28 There is a growing issue around the implications for wider communities associated with provision of sheltered housing. Sheltered housing schemes are also often accused of taking older households out of the wider community and preventing them from remaining active within their neighbourhood – though this is likely to vary hugely since much depends on location and access to local facilities
- 5.29 Residential care homes provide extra care for older people who require it. It is health rather than age that determines whether older people need extra care though research suggests that, other than retirement moves, which are taken earlier, most people, wait until their care needs are such that they are forced to move, often in advanced old age. The demand for homes that provide extra care (up to nursing care) for older people is likely to increase over time in all of the authorities. This raises a number of challenges:
- 5.30 Who will meet the cost of rising care needs? There is an expectation that owner occupiers will fund their own care through the sale of their homes although increasing numbers are likely to take financial decisions earlier in their lives e.g., equity release which may impact on their ability to do this. The public purse will need to support those without the financial means, at a growing cost.
- 5.31 There is the added implication that within East Sussex where the current need for extra care is likely to be in locations where it is more expensive to provide it; development costs may be higher and it is likely to become increasingly difficult to source labour in the care sector

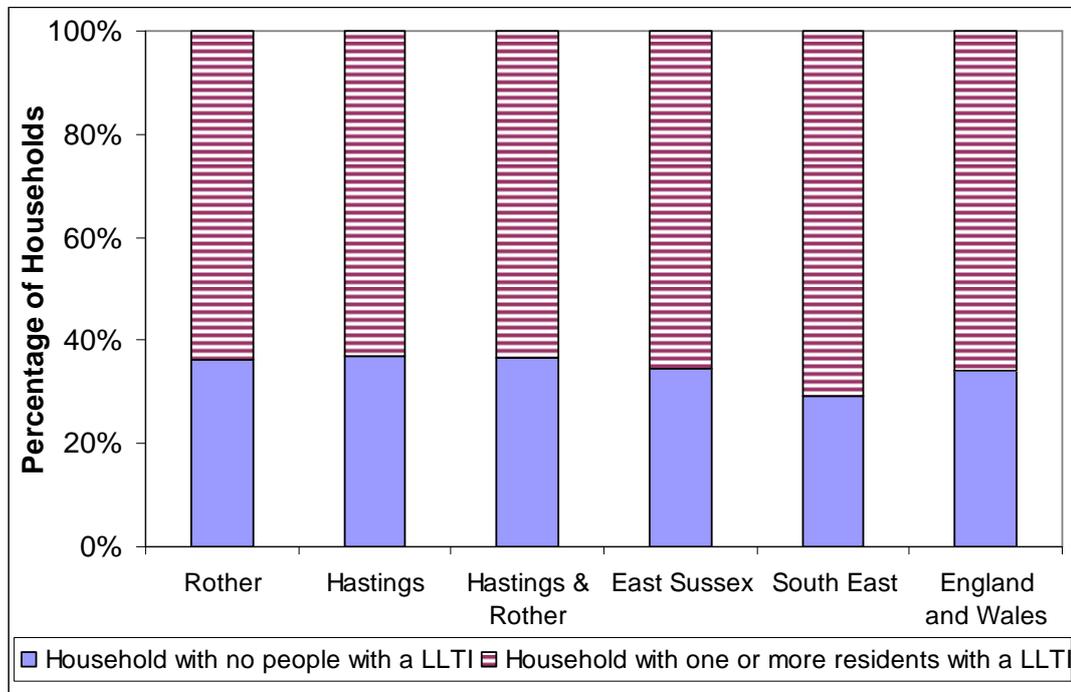
because of house prices and affordability problems (though migrant labour including from the EU has supported this sector and may do so even more in the future)

- 5.32 Retirement communities are a relatively new option for accommodation in the UK. As a result, little is known what it is actually like to live in such communities and whether they adequately cater for the needs of the older age groups. The conclusion of recent research into retirement villages concluded that the viability of providing accommodation and care for a mix of 'fit' and 'frail' residents in retirement villages needs to be examined further before the model becomes more widely used. The research also highlighted that people want to live differently in their old age, which needs to be recognised in policy and by developers of retirement accommodation.

### **Disabled People**

- 5.33 Disabled people are also a significant group within the population of Hastings and Rother and some may have specific housing requirements that differ to the population as a whole, including the need for specific adaptations to dwellings in some cases. The definition of disability included in the Disability Discrimination Act is 'a physical or mental impairment which has a substantial and long-term adverse effect on his/her ability to carry out normal day-to-day activities.' There are various indicators of the level of disability within the population, though none specifically state the extent to which this affects people's housing requirements.
- 5.34 The Census provides an indicator of the incidence of disability within the population by measuring long term limiting illness amongst the population. The 2001 Census defines 'limiting long-term illness' as the variable which records whether a person perceives that they have a limiting long-term illness, health problem or disability which limits their daily activities or the work they can do, including problems that are due to old age.
- 5.35 Figure 5.1 indicates that in Hastings and Rother the percentage of households with at least one person with a limiting long-term illness is higher than for East Sussex, and for England and Wales. Levels are therefore likely to increase over time in the sub-region, but more so in Rother which experiences in migration of older households.

**Figure 5.1: Households with people with a limiting long-term illness (LLTI), 2001**



Source: ESiF, data from Census 2001

Notes: Provides additional information to that given in the 2006 HMA

- 5.36 A significant proportion of those with long term limiting illness within Hastings and Rother are aged 65 and over. In Rother, 58% of those with a long term limiting illness are 65+, in Hastings the figure is 40%. Figure 5.2 shows that the vast majority of these older people with limiting long term illness live in their own homes. As the size of the older population grows within the sub-region the number of people with long term limiting illness is also likely to grow and these people will largely be accommodated in the owner occupied sector. The NHS Information Centre Health Survey for England has information showing that disability increases with age. Therefore lifetime, easy to adapt, homes and proper solutions for later life need to be planned now for our ageing population.

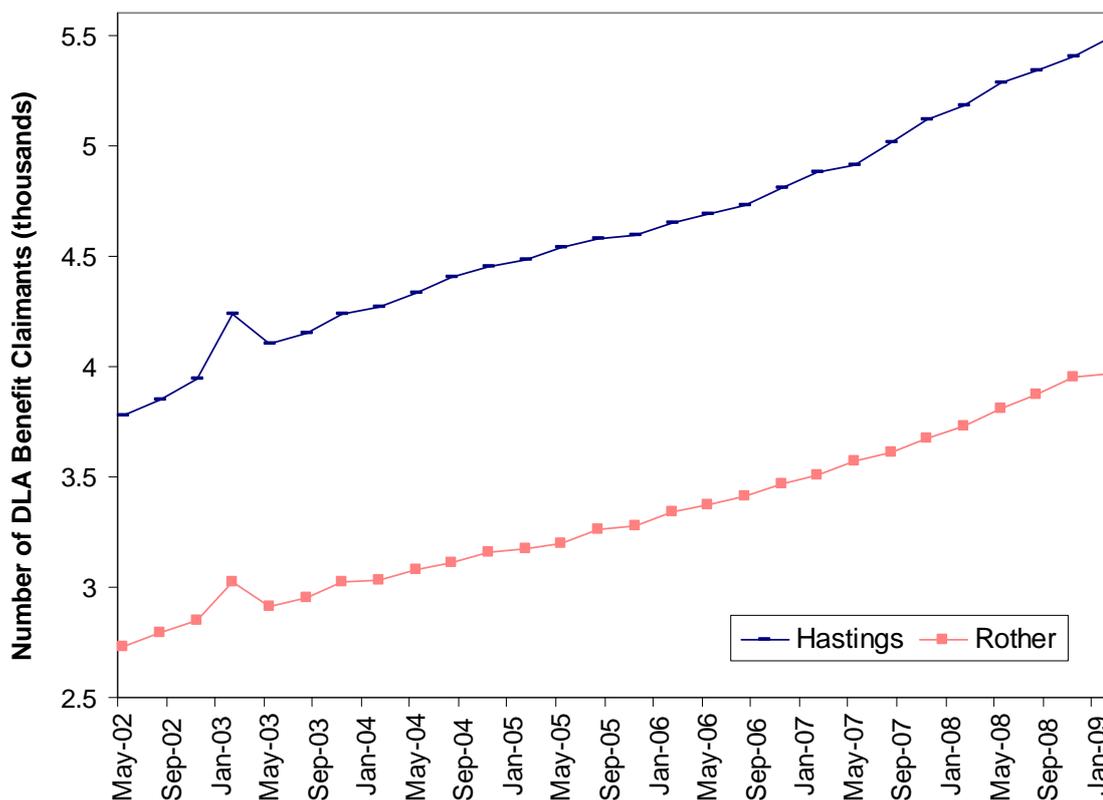
**Figure 5.2: Limiting Long Term Illness, Age and Tenure**

	All People with LLI	Aged 65+ with LLI	In Own Home	In Social Renting	In Private Rented
Hastings	16,700	6,780	4,550	1,470	760
%		100%	67%	22%	11%
Rother	16,900	9,750	7,830	1,180	740
%		100%	80%	12%	8%
East Sussex	89,000	46,440	36,000	6,720	3,730
%		100%	78%	14%	8%
South East	1,160,000	547,700	393,000	114,500	40,140
%		100%	72%	21%	7%

Source: Census 2001

- 5.37 Another measure which can be used to indicate the scale of the disability within the population is the number of Disability Living Allowance (DLA) claimants. DLA is a non-contributory, non means-tested and tax-free contribution towards the disability-related extra costs of severely disabled people who claim help with those costs before the age of 65. DLA therefore provides an indication of the number of people in the younger, working age groups, who are disabled and who have personal care needs, mobility needs or both. In 2009, 5,560 people in Hastings and 4,030 in Rother claimed Disability Living Allowance.
- 5.38 As Figure 5.3 demonstrates, both Rother and Hastings have seen an increase in the number of DLA claimants over time. In Hastings, more than 5% of households include someone claiming DLA benefit.

**Figure 5.3: Change over time in the number of Disability Living Allowance Benefit Claimants, 2002 to 2009**



Source: Department of Work and Pensions, accessed August 2009

Notes: Data for 'All Entitled Cases'

- 5.39 The Housing Need Survey carried out by DCA for Hastings and Rother in 2005 also provides information on the incidence of disability within the population and the impact on housing needs. The Survey found that 25% of households in Hastings and 21% in Rother (8,020 households) contained somebody with a disability. Of these households, 31% of respondents in Rother and 20% in Hastings indicated the need for care or support. However, most of these felt they were getting enough support, with around 470 in Rother with outstanding support needs. Help in looking after the home was the most required form of support, followed by help

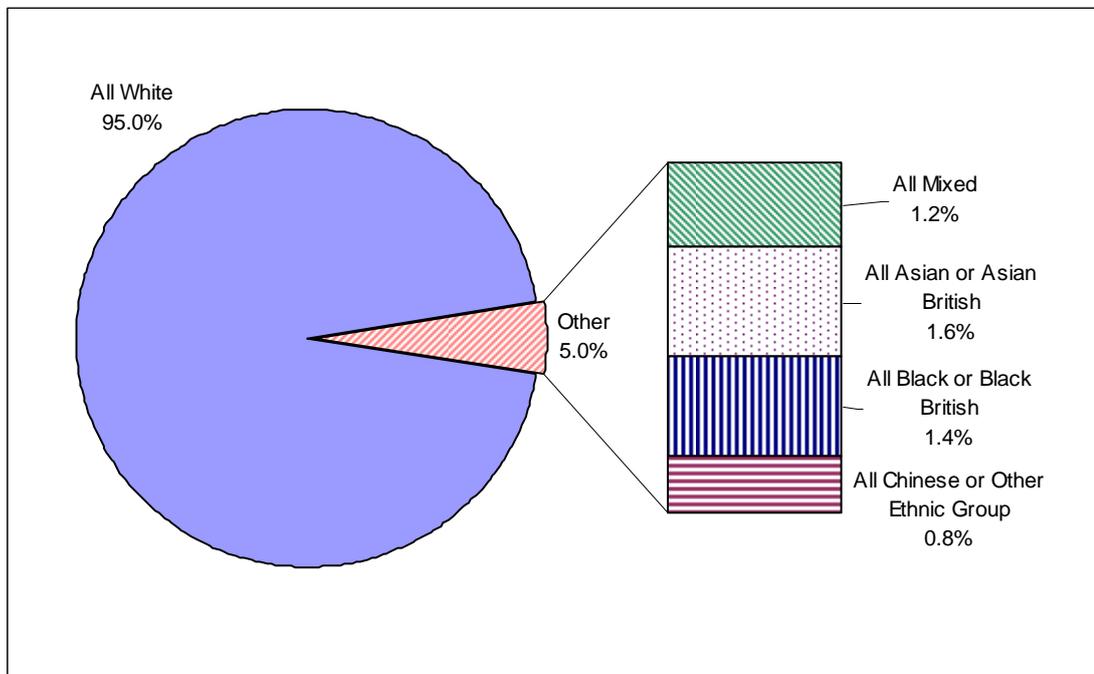
claiming welfare benefits / managing finances, the need for personal care and consistent with levels usually found in DCA other surveys.

- 5.40 Research by the Disabled Persons Accommodation Agency (DPAA) claims that there is currently a lack of information on the specific housing requirements of disabled people. However, the research highlights a number of common housing 'barriers' that disabled people may face:
- Market barriers – the private housing market does not adequately provide for disabled people, significantly reducing the options available. Comparatively lower incomes also restrict disabled people from accessing the market to the same extent as the population as a whole and are also likely to restrict their ability to ensure that their additional needs in relation to their homes are met
  - Financial barriers – disabled people are less likely than the population as a whole to be in full time employment where they can access higher incomes
  - Practical and attitudinal barriers – research showed that people seeking special accommodation preferred to do so themselves and did not register their housing need with a local authority. They were not always aware of the options available to them. Two thirds of survey respondents were unlikely to be accepted onto special needs waiting lists despite having a physical disability, because they were not permanent wheelchair users. Furthermore, 36% of wheelchair users live in houses (not bungalows) and the majority do not want to move but would rather have adaptations carried out to the property
- 5.41 In addition, the Survey of English Housing (2004/05 and 2005/06) estimates that nationally there are around 500,000 disabled people using wheelchairs who require specially adapted accommodation (around 1% of the population of England or 2% of households). The figures are higher in the social rented sector where 230,000 disabled people are using wheelchairs and require specially adapted properties – equivalent to around 6% of social rented households. However, around 25% of these households are living in properties that are unsuitable for their needs. This suggests there is a case for securing a proportion of specifically adapted social rented properties through new development in order to boost the availability of these properties and meet the needs of the social rented population going forward.
- 5.42 Part M to the Building Regulations (which has been in place since 1992), requires all new buildings to make reasonable provision for people to gain access to and use the building and its facilities: although this by no means facilitates full independent living for all people with disabilities. There is a prospect that the Lifetime Homes standards for accessibility will be incorporated into the Buildings Regulations in the future. The Disabled Facilities Grant is also available for carrying out adaptations to the home of a disabled person and is allocated to those who can least afford the cost of adapting their property. However, strict criteria apply and funds are limited.

## Black and Minority Ethnic Households

- 5.43 Hastings and Rother do not have a high proportion of ethnic minorities, having a predominately white population accounting for 95% of the population. BME households tend to be concentrated in the inner areas of larger towns and cities. As would be expected therefore, Hastings (6.4% of the population) has a slightly higher proportion of BME people than Rother, the most prominent set of BME people in Hastings are Black African (1% of population) and Asian (Indian) origin (0.9% of the population).
- 5.44 DTZ would suggest that, apart from perhaps the barriers associated with communicating information and options to ethnic minority households, the key issues faced by these households are not dissimilar to households as a whole. Nationally, research carried about by CLG suggests that the barriers to their preferred housing and the issues they appear to face are more related to income, house prices and affordability rather than the fact that they belong to a certain ethnic group or hold a particular national or religious identity. Whilst levels of owner occupation amongst households are above 60% in Hastings and Rother, this may varies considerably between ethnic groups, as illustrated by tenure at the South East level (see Figure 5.5):
- On average, Indian households generally have highest levels of owner occupation among all BME groups. Very limited numbers of households live in the social rented sector, though evidence at the national level suggests many of these households occupy their homes relatively intensively, sometimes with more than one generation under one roof.
  - Bangladeshi households have the lowest levels of owner occupation among all BME groups, though their numbers are very small within the sub-region, accounting for around 300 people in total.
  - Black African households tend to occupy the highest level of private rented accommodation, which is likely to reflect often lower household incomes within these households and therefore an inability to access owner occupation in many cases; it may also reflect a lack of awareness about options within the social rented sector.

**Figure 5.4: Household Ethnicity Composition within Hastings and Rother 2007**



Source: ESiF, April 2009 (Experimental statistics).

Notes: Updates Figure 4.11 of the 2006 HMA, with different data source and 2009 update

It should be noted that these statistics have been assigned experimental status, as they have not yet met the high quality standards required of National Statistics and will thus undergo further development.

**Figure 5.5: Tenure by ethnic group - South East**

	Owned	Social Rented	Private rented	Living Rent Free
White	74%	14%	10%	2%
Mixed White	59%	19%	19%	2%
Other Mixed	60%	15%	23%	3%
Asian	71%	12%	15%	2%
Black	52%	23%	22%	2%
Chinese	52%	23%	22%	2%
Total Population	74%	14%	10%	2%

Source: 2001 Census

- 5.45 The other key dimension that will influence the pace of housing growth and potentially the type of housing in demand, including the scale of need, is the pattern of migration. Migration at the regional and sub-regional level is particularly influenced primarily by changing patterns of employment, house price differentials between areas, and the lifestyle offer of different areas, particularly those within the same broad regional labour catchments area. But migration is inherently difficult to predict. Patterns of movement can change quite significantly at different stages of the economic and housing market cycles.

- 5.46 Moreover, international migration can be particularly hard to predict. Since the expansion of the European Union in 2004 the number of EU citizens migrating to the UK has increased five-fold. In 2003 the inflow of EU citizens was around 14,000. In 2004 this rose to around 74,000 – 80% of this increase is attributed to migrants from the 10 accession states. Government figures states that around 447,000 migrants from these states registered for work in the UK between May 2004 and the end of June 2006, of which 265,000 were Polish migrants. A survey by the Centre for Research on Nationalism, Ethnicity and Multiculturalism indicates that these figures may understate the true level of migration.
- 5.47 International migration is now the main driver of population growth within the UK as a whole. Prior to 2004, more UK residents left the UK for Europe than entered the UK from Europe – the main destination of UK migrants to Europe was Spain.
- 5.48 The Audit Commission's Report 'Crossing Borders' identifies the key reasons for relatively significant levels of international migration to the UK. The UK is a prime location for study and UK institutions are now dependent on international migration. International migration figures include those who come to the UK to study.
- 5.49 However the recent increase in migration between countries within the expanded EU is not counted within the Government's population figures. The free labour market within the EU means that it is now difficult to keep track of movements. The available statistics on in-migration since 2004 are also not net – they record the number of arrivals but not those who leave.
- 5.50 Current figures (2008) for the number of non-UK nationals with National Insurance registration show Hastings and Rother received 490 and 190 people respectively, the majority arriving from the EU Accession countries.
- 5.51 The Audit Commission suggests that the key drivers of this migration are the number and type of hard to fill jobs and the availability of cheap housing. These workers are also prepared to travel long distances for work – whilst they may work within Hastings and Rother they may not necessarily live in the area unless their job provides tied accommodation.
- 5.52 Workers from the EU accession countries have been prepared to move faster than any other migrant workers in the past and the geographical spread of these workers was not as expected – with relatively large numbers ending up in rural location. The main sectors of the economy for migrant workers to enter have been construction and hospitality.
- 5.53 The Audit Commission suggests that migration had been very positive and estimates that it contributes £500 million per day to the UK economy (although some of the wealth generated goes overseas). The Commission conclude that there is significant value in the attraction of young migrants and they are necessary for the future prosperity of economies, which are experiencing close to full employment.
- 5.54 There are a number of issues associated with recent migration which have been raised at the national level. There are some concerns about the exploitation of migrant workers both in local labour and housing markets. The concern on the competition for jobs gravitates towards the lower end of the labour market.

- 5.55 Competition for housing, particularly in the private rented sector may be more of an issue and there is a concern that migrant workers may displace poorer households from the private rented sector. Anecdotally, there are concerns about the intensive occupation of some properties, with the most visible impact being the amount of rubbish generated. The Audit Commission suggests that the impact on healthcare is limited since most of the migrant workers are young and fit and unlikely to place demands on care services.
- 5.56 There is a key role for local authorities in dealing with these issues and 'heading off tensions' by ensuring that local employers and landlords are complying with the law and other services may need to be modified to ensure that recent migrants are both aware of available services and can access them. The Audit Commission raised the question as to whether private sector housing teams were adequately resourced since much of the impact would be on HMOs, the private rented sector and even caravan sites.

### **Key Workers**

- 5.57 There are two aspects of housing policy with respect to key workers that need consideration:
- The first relates to key workers as defined in national policy. These are public sector workers delivering essential public services in areas with recruitment and retention problems.
  - The second relates to the identification of key workers in local policy documents, related to specific local circumstances. Rother District Council has identified a specific category of key workers relating to rural sustainability and conservation.

Issues relating to these two categories of key worker are discussed separately since different issues arise in relation to both, and because while the former is relevant to both Hastings and Rother, the latter is relevant to Rother District only.

### **Nationally Defined Key Workers**

- 5.58 A key worker is defined in national policy as someone employed by the public sector in a frontline role delivering an essential public service in the areas of health, education and community safety, where there are serious recruitment and retention problems.<sup>2</sup> Declining affordability of home ownership has led in the past to problems in recruiting and retaining key workers in many parts of the South East and led to specific initiatives to support key workers into home ownership.
- 5.59 In order for key workers to access specific home ownership products, subsidised by Government, they usually need to register with the Local HomeBuy Agent and/or local authority to ensure they meet eligibility criteria and to receive information about available products. Moat Housing, the government appointed Local HomeBuy Agent in Sussex, has provided information on the number of key workers registered in Rother and Hastings, as well as the numbers of key worker specific completions since 2001 when the scheme was initiated.
- 5.60 Figure 5.6 indicates the current numbers (August 2009) of key workers who are registered on the HomeBuy waiting lists; 25 in Rother and 54 in Hastings. The number of registered key workers is limited, despite the relatively large public sector workforce in the sub-region.

<sup>2</sup> <http://www.communities.gov.uk/housing/buyingselling/ownershipschemes/homebuy/keyworkerliving/>

However the numbers registered is typical with other areas and reflects the fact that key workers often have a range of housing choices, and may not want to live in new build shared ownership or shared equity homes. They may have other ownership options or prefer to rent in the private sector. Only a small number of homes have been sold to key worker since 2001; 8 homes in Rother and 21 homes in Hastings.

5.61 In general where intermediate housing is planned in future, these units should be planned for all those eligible for intermediate housing, rather than specifically with key workers in mind. There are a number of reasons for this:

- First, from a policy perspective, key workers are not necessarily financially worse off than other groups that would be eligible for intermediate housing. For reasons of equity, intermediate housing should be offered to all who are eligible, though if there is excess demand, some additional criteria can be applied.
- Second, it is important to recognise that many eligible key workers may not wish to live in 'key worker' accommodation. They may not wish to live in a new build property, or the idea of living in the same development as other key workers may not appeal. They may have other housing options. So demand purely from key workers may be limited.
- The third consideration is that it is important to the housing associations offering intermediate housing for sale that homes do not remain unsold. It makes sense therefore to market new intermediate homes to all eligible households rather than restrict certain developments to particular households, such as those in key worker occupations.
- Lastly, it is worth noting that at the time of writing access to mortgages for buyers of shared ownership or shared equity homes is problematic; with some lenders being reluctant to lend to shared owners, or only willing to do so at premium rates. This reflects general constraint in the mortgage market. This limits the demand for intermediate homes, which makes it doubly important to be able to market homes to as large a group of eligible households as possible.

5.62 In the current (2010) context it may make sense, if demand for intermediate sale products is limited, for the authorities to consider the option of supporting intermediate rent or rent to buy developments, which are less grant hungry than social housing development, and attractive to many eligible households, since they are let at 80-90% of prevailing private sector rents.

### **Locally Defined Key Workers**

5.63 Rother District Council is exploring the adoption of a policy that would entail adoption of a local definition of key workers. The specific objective of this is to support the sustainability of rural communities, by recognising the need for affordable housing of a range of working people who contribute to sustaining rural services and the rural environment.

5.64 The definition that RDC propose to adopt is as follows: *'Someone who lives or works in Rother who is employed in a post that provides an essential service to the local and wider community. This may comprise those persons whose work is paramount to sustaining rural communities at a local level, including care workers, postal workers, milk deliverers, shop workers and those who work in the tourism industry, but also extremely localised workers such as farmers and other land-based workers.'*

- 5.65 Land based key workers are to be defined as those who *'directly manage and conserve the countryside, most importantly the special character of the High Weald AONB. They may include:*
- *Forestry and coppice workers and manufacturers of local coppice or timber products such as chestnut fencing*
  - *Agricultural workers such as farm labourers, machinery operators, shepherds and stockmen*
  - *Specialist rural-based, land management related service providers e.g. specialist wildflower seed merchants, sawmills processing local timber*
  - *Contractors and advisors providing technical and specialist land management services*
  - *Rural craft workers and skilled 'artisans*
- 5.66 In DTZ's assessment, the proposals by Rother District Council to develop a locally definition of key workers is very much in line with the principle of localism advocated by the Coalition government. The Council has been encouraged to develop such a policy embracing land based employment important to maintaining the character of the High Weald Area of Outstanding Natural Beauty by the High Weald AONB Unit.
- 5.67 DTZ would also comment that the current national definition of key workers, which identifies particular public sector employees as key workers, would seem to discriminate against low paid private sector employees or those who are self employed. DTZ would see a strong policy justification for policies that determine access to intermediate housing on income, and other specific criteria such as contribution to local communities.
- 5.68 It is worth noting that nationally a number of housing authorities are using new freedoms to apply local priorities in the allocation of social homes, including taking into consideration whether applicants are in work or training.



**Figure 5.6: Key Worker Data for HomeBuy Scheme, 2001 to 2009**

	<b>Key Worker Completions (since 2001, Moat Housing)*</b>	<b>Purchases in each LA*</b>	<b>Number of Key Workers on August 2009 HomeBuy Waiting List</b>	<b>Number of Housing Register Applicants who are interested in Shared Ownership</b>
<b>Rother</b>	8	4	24	231
<b>Hastings</b>	21	12	54	55

Source: \*Moat Housing, 2009 and Hastings Borough Council Housing Register and Rother District Council Housing Register

Notes: Provides additional information to that given in HMA 2006

## 6. Conclusions, Implications and Recommendations

### Key Policy Themes

- 6.1 The following policy themes follow from the evidence presented in the original HMA 2006 and the SHMA Update 2009. These also relate to the key requirements of PPS3:
- The need for affordable housing and the requirement in PPS3 that local authorities set out a target for the provision of affordable homes.
  - Influencing the housing mix (type and size of market and affordable homes) and the requirements in PPS3 to set out the profile of households likely to require market homes.
  - Ensuring the delivery of housing allocations and the PPS3 requirement to allocate sufficient sites to deliver new homes and to ensure that these sites are achievable within the plan period.
- 6.2 There are also a common set of principles that DTZ suggest should inform the development of policy across Hastings and Rother, which have been brought more sharply into focus following the housing market downturn:
- The need to be flexible to changes in the housing market, changes in the nature of demand and need and the need to meet delivery targets.
  - The need to make the most of scarce resources, particularly in relation to affordable housing and given likely public sector funding constraints in the future.
  - The need to consider site specific circumstances, including patterns of tenure, type and size of dwelling stock and local characteristics, including the character of neighbourhoods.

### Housing Delivery

- 6.3 To influence the level, type and size of affordable housing, Hastings and Rother need to secure the delivery of housing development within the sub-region. The housing market downturn has demonstrated the global and national influences on the housing market and development industry; local authorities are unable to *control* the delivery of new homes in their areas.
- 6.4 However, the two authorities do need to ensure that sufficient land is allocated to allow housing delivery and that these sites are achievable within the plan period. This includes the allocation of sites in rural areas and market towns within Rother.
- 6.5 DTZ suggest that development in the rural villages of Rother should do more to deliver affordable housing given the lack of supply of affordable homes in rural areas and that development economics is often more robust (this has been examined by the Rother Viability Assessment to establish whether rural sites could support 50% affordable housing)<sup>1</sup>. National planning policy also allows for the allocation or release of sites in rural areas (where

<sup>1</sup> Rother District Council Affordable Housing Viability Assessment (DTZ 2010)

development is otherwise constrained) for affordable housing only. Rother should consider the merit of allocating or releasing sites for 100% affordable housing.

- 6.6 The local authorities also need to bear in mind that the mix of sites allocated in development plan documents will influence the mix of new housing developed – market and affordable. DTZ recommend that Hastings and Rother ensure a range of sites are allocated to allow the delivery of houses as well as flats and different sized properties. This will be important to delivery in the downturn when developers may need to change the mix on sites in order to secure their viability and whilst the market for apartments remains challenging, as a result of the drop in buy-to-let investors and off plan sales.

### **Affordable Housing**

- 6.7 The conclusions of the HMA 2006 (Section 11) in relation to the level of affordable housing required in Hastings and Rother can be summarised as follows:
- Housing need identified by the Housing Need Survey 2005 far exceeds what will be delivered by way of affordable housing through new development given the targets for overall housing development adopted in the South East Plan.<sup>2</sup>
  - The two Councils need to secure as much affordable housing as possible without impacting adversely on overall housing supply, since this is the main mechanism through which new affordable housing is delivered.
  - Given the need to achieve regeneration within Hastings and the likelihood that much of the development delivered in the Borough would be associated with key regeneration sites DTZ recommended Hastings seek to secure 25% affordable housing through new development (30% on greenfield sites in the Borough). Hastings has since undertaken a viability assessment which suggests that the 25% affordable housing target should be retained on brownfield sites but up to 40% could be achieved on greenfield sites.
  - The HMA suggested that it would be justifiable to secure 40% affordable housing from new development within Rother, including within Bexhill and given the robust nature of the market within rural areas, the HMA considered that 50% might be achievable within these parts of the District. The HMA qualified these recommendations with a need to better understand the economics of development. The Rother Affordable Housing Viability Assessment tests these proportions and concludes that they can be delivered in the majority of development scenarios and are therefore suitable as targets to be included in the District's Local Development Framework.
- 6.8 In practice, the actual level of affordable housing delivery in each authority area is unlikely to reach these proportions (25% in Hastings, 40% in Rother) because not all development sites will provide affordable housing – some will fall below the threshold at which affordable housing quotas kick in. Both authorities have therefore identified targets for affordable housing delivery from new development and through the acquisition of existing properties (see Figures 6.1 and

<sup>2</sup> At the time of writing, the new Government has set out its intention to abolish Regional Spatial Strategies. At present there is no replacement for the housing allocations set out in the South East Plan so these figures have been retained in this report until further guidance is made available by the CLG.

6.2). The latter has been an important way of achieving additional affordable housing within Hastings and can also allow authorities to secure larger properties cost effectively, which are often more difficult to achieve through new development. In the case of Hastings, other sources of affordable housing will be necessary to achieve the target of 72 new affordable homes per annum since the maximum that might be achieved through new development (as a proportion of overall housing targets) is 53 units (see Figure 6.2).

- 6.9 The implication is that the majority of new housing within Hastings and Rother will be built for open market sale.

**Figure 6.1: Implications of Housing Targets within Rother**

<b>Rother</b>	
Total New Housing Target (South East Plan) <sup>3</sup>	5,600
Per Annum	280
<b>40% Affordable Housing</b>	
Maximum Affordable Housing Delivery through New Development	112
Actual Affordable Housing Target**	63 <sup>4</sup>
Implied Market Housing Delivery*	168

Source: Delivering Housing solutions: A Housing Strategy for Rother, 2007-12, South East Plan 2009 \*If all affordable housing delivered through new development \*\*Set out in Affordable Housing Solutions: A Housing Strategy for Rother

**Figure 6.2: Plan-wide target for Affordable Housing Provision in Hastings**

<b>Hastings</b>	
Total New Housing Target (South East Plan) <sup>5</sup>	4,200
Per Annum	210
<b>25% Affordable Housing</b>	
Maximum Affordable Housing Delivery through New Development	53
Actual Affordable Housing Target**	70
Implied Market Housing Delivery*	157

Source: Hastings Borough Council Housing Strategy 2009-2013, South East Plan 2009 \*If maximum affordable housing delivered through new development \*\*Hastings Borough Council Housing Strategy – includes street acquisitions and direct development of affordable housing

- 6.10 The downturn in the housing market is unlikely to reduce the need for affordable housing, particularly given the increased difficulty for households accessing mortgage finance. Rising levels of unemployment and reductions in household incomes in the short term also have the potential to add to the number of households on Council housing registers of need. On this basis, the level of affordable housing recommended in the HMA 2006 should not be amended as a result of changing patterns of housing need. However, whether the level of affordable

<sup>3</sup> South East Plan 2009 – New Housing Target for the period 2006-2026

<sup>4</sup> The 2010/11 target is 63 new affordable homes. From 2011/12 onwards this target is 70 new affordable homes.

<sup>5</sup> ibid

housing can be supported viably through new housing development is being examined through Viability Assessments.

- 6.11 Analysis in the SHMA update demonstrates that an estimated 60% of households within both authority areas would be able to afford market housing (to rent or buy). This estimate does not take account of the fact that some households will require larger (and more expensive) properties than available at lower quartile prices – it is merely an estimate based on the relationship between household incomes in each authority and lower quartile house prices. This estimate did not include in-migrants and, in practice, the requirements of households moving within and to the area will be different. In Rother, the proportion of households able to access market housing is likely to be higher because of the in-migration of older, more affluent households and families (see Section 2). The broad proportion of households able to afford different tenures, examined in Section 4, is consistent with the affordable housing targets proposed above.
- 6.12 However, given the challenging development environment, the short term collapse in the take up of intermediate shared ownership homes, and that the viability of development has been severely affected in the short term, Hastings and Rother will need to take into account the following:
- The imperative to deliver new development and affordable housing as part of this may mean that the two authorities need to be flexible about the level and nature of affordable housing secured. Rother Local Plan Policy HG1 allows for flexibility where the applicant can demonstrate that 40% affordable housing provision would make the development uneconomic. This flexibility should be retained.
  - Given that the totality of need for affordable is unlikely to be met, the two authorities need to consider priority housing needs and the tenure, type and size of homes required to deliver this. Although the majority of households on housing registers of need in Hastings and Rother require small homes, there is a relatively significant proportion (20%) who need 3 bedrooms or more and there are limited opportunities through re-lets, particularly of 4 and 5 bedroom homes, within the existing stock to meet this need. This suggests that the development or acquisition of larger (family sized) homes should be a priority for the two authorities.
  - In recent years both authorities have secured relatively limited additional affordable housing and given the challenging development environment both authorities need to consider how this could be increased in the future without constraining overall development. One option would be to reduce the affordable housing threshold so that smaller sites are captured and required to contribute to affordable housing delivery. This has been considered through a Viability Assessment for Rother and is currently being considered by an update to Hastings' Viability Assessment. This is unlikely to have a dramatic impact on affordable housing delivery but could make an important contribution to delivery in the market towns and rural areas of Rother. Another option includes direct procurement of new build affordable housing by the local authority or RSL, though for authorities without their own housing stock including Rother there are unlikely to be the resources or assets in place to make this possible. The acquisition of existing properties should also continue to make a contribution where funding is

available, particularly in order to boost the number of larger affordable homes available to those in need.

### **Recommendation 1: Overall Affordable Housing Quotas**

- 6.13 In making recommendations regarding the overall affordable housing quota, DTZ have drawn upon the evidence in the 2006 HMA, the 2010 SHMA Update and viability assessments undertaken in both authorities. Given high levels of housing need in both Hastings and Rother, the objective has to be to secure the maximum level of affordable housing consistent with ensuring the viability of new housing development. Consideration needs to be given to how viability may change over the plan period.
- 6.14 In the light of this objective, DTZ make the following policy recommendations with respect to different areas:
- In Hastings policy should aim to secure a 25% affordable housing quota on brownfield sites and 40% on greenfield sites. These proposals are consistent with what can be viably secured according to the Hastings Affordable Housing Viability Assessment.
  - In Rother it is recommended that policy should aim to secure a 40% affordable housing quota in Bexhill, Battle and Rye; and a 50% affordable housing quota in the rural areas of the District – in line with the results from the Rother Affordable Housing Viability Assessment. As also discussed in the viability assessment, in the rural areas the authority should allocate or release land for 100% affordable housing where residential development would not otherwise be permitted.
- 6.15 With respect to the site threshold at which affordable housing policies should come into effect, the Rother Affordable Housing Viability Assessment concludes that there is no evidence that suggests applying affordable housing quotas to sites smaller than 10 units in Battle and Rye would be any less viable than those above 10 units. The same applies to the introduction of affordable housing quotas to sites of 3 or more homes in the Rural Villages. Reducing the threshold at which affordable housing policies apply would increase the opportunity to secure more affordable housing. The Hastings Affordable Housing Viability Update, currently being undertaken, will examine whether it is possible to reduce the thresholds at which affordable housing policies apply in Hastings without an adverse effect on viability.
- 6.16 In terms of the tenure, type and size of new affordable housing provision that each authority should seek to facilitate, DTZ recommend that priority should continue to be given to securing social rented accommodation, given the scale of housing need. DTZ recommend that the two authorities give priority to securing homes which meet priority need and help to address the strategic gaps in the existing stock – specifically larger family sized accommodation. Considerations regarding the tenure split of affordable housing are explored in depth below.

## **Recommendation 2: The Tenure Split of Affordable Housing**

- 6.17 The local authorities are also required to set out in their core strategies the proposed split between social rented housing and intermediate housing. A range of considerations come into play in deciding what is an appropriate split between provision of social rented homes and intermediate homes. The key considerations are:
- The scale of housing need, and the balance between the need for social rented homes, and the demand for intermediate homes
  - The relative weight that local councils place on meeting two different types of housing need – that arising from those who cannot afford to buy or rent in the open market, and that associated with people who cannot afford to buy
  - The desirability of fostering mixed and balanced communities, comprised of households with different income levels, different employment experiences etc.
  - The impact that a differential mix of affordable housing tenures has on scheme viability. In general higher proportions of intermediate housing can make schemes more viable – providing there is sufficient demand
- 6.18 DTZ acknowledge that for policy reasons it is necessary to provide an indicative split between social rented housing and intermediate housing, but advise that there needs to be flexibility in the application of this split. This is to reflect issues including whether there is a demand for intermediate homes in the location proposed, and the overall deliverability of the market and affordable housing elements of the scheme given both the market environment and the funding environment for affordable housing.
- 6.19 In the Rother Affordable Housing Viability Assessment, DTZ has tested a range of social to intermediate housing mixes. The baseline test has been run on a 65%:35% social to intermediate mix, but sensitivities have been run on the basis of a 50%:50% mix and a 75%:25% social to intermediate mix.
- 6.20 In examining these options DTZ had regard to the indicative mixes identified in the emerging core strategy for Rother which presents the following indicative ranges:
- In Bexhill a 20-25%/15-20% social housing to intermediate mix. This translates in terms of the total dwelling percentages from a maximum of 50%:50% social to intermediate mix (with 20% social housing and 20% intermediate), to 62.5%:37.5% social to intermediate mix (with 25% social rent and 15% intermediate)
  - In Battle & Rye, a 20-30%/10-20% social housing to intermediate mix. This translates in terms of the total dwelling percentages from a maximum of 50%:50% social to intermediate mix (with 20% social housing and 20% intermediate), to a 75%:25% social to intermediate mix (with 30% social housing and 10% intermediate).
  - In the rural areas a 20-30%/10-20% social housing to intermediate mix. This translates in terms of the total dwelling percentages from a maximum of 50%:50% social to intermediate mix (with 20% social housing and 20% intermediate), to a 75%:25% social to intermediate mix (with 30% social housing and 10% intermediate).

- The 65%:35% social housing to intermediate mix reflects a central position within the options indicated by Rother District Council and the two sensitivities test the wider bounds that would be possible within these options. Although the South East Plan no longer has any policy standing, the split proposed in the Plan was close to a 70%:30% social to intermediate housing mix across the South East as a whole.

6.21 The 65%:35% social to intermediate housing mix is broadly consistent with viability at the overall affordable housing quotas recommended for Rother. A 70%:30% mix of social to intermediate housing would also be consistent with viability in Rother. DTZ would recommend that Rother District Council adopt this broad 65%:35% split of social rented to intermediate provision for policy purposes while indicating that there is flexibility in this split, to ensure that the particular market and funding context can be taken into account at the time a planning application comes forward. Recommendations for Hastings need to await the completion of the Affordable Housing Viability Study that is being undertaken for the Borough.

6.22 The 2006 HMA identified some specific circumstances where the authorities might wish to adopt a significantly different policy in terms of the social to intermediate housing mix, and these circumstances still have validity. The two special circumstances are:

- Some rural areas in Rother, where the District Council may wish to seek all affordable housing as social rented accommodation given the shortage of social rented homes in these areas and acute housing needs. With its new locally determined draft key worker policy, there is scope though to seek some element of intermediate housing to meet these specific locally defined needs. It would be necessary however to quantify demand for such key worker housing.
- Some regeneration areas in Hastings, where concentrations of social renting are very high already and the Borough Council may wish to focus on diversifying the tenure by including higher proportions of open market homes and intermediate products. If development economics allows, and given the priority in securing social rented accommodation, it may be more appropriate to seek commuted sums from such developments and provide social rented affordable housing elsewhere in the Borough.

6.23 It is also important that both Councils take into account the considerable uncertainty over the funding of affordable housing and the demand for intermediate housing products, which could call for considerable flexibility regarding tenure mix. The range of considerations emerging from this SHMA update and that reflect DTZ's recommendations to Rother District, and which should inform policy decisions for Hastings, are set out below.

6.24 **First** it is important to note the difference between Rother and Hastings with respect to the likely demand for intermediate housing. The HMA 2006 indicated that there was likely to be a limited role for intermediate products within Hastings, given that home ownership was relatively affordable in the town and households on intermediate incomes are also able to access a cheap private rented sector, though it could play an important role in re-balancing communities dominated by social renting. In contrast the HMA 2006 considered that there was greater scope to provide intermediate housing within Rother because of higher house prices and acute affordability problems in the rural areas. The report noted however that intermediate housing provided the opportunity in both authorities for flexibility in delivering the

affordable housing quota, particularly where viability of development was an issue and the scope to secure additional resources for affordable housing. These considerations still apply.

- 6.25 **Second**, there is increased uncertainty about the future demand for intermediate housing. Data provided by Moat appears to show that the market for intermediate products and the delivery of intermediate homes is fairly limited in the two authorities, though there is additional interest on each authority's housing register of need and the relationship between house prices and incomes in Rother District suggests there is a large potential market for these products. Fundamental changes in the mortgage market (larger deposits required and stricter lending criteria) mean that households on the margins of home ownership will find it more difficult to access mortgages in the future – whether for purchase in the open market or for shared ownership products. This highlights a need to review the role of intermediate affordable housing products within the market area.
- 6.26 However, the size of the intermediate market, as measured by the relationship between household incomes and house prices, is likely to expand given the new deposit requirements and increased difficulty in accessing home ownership. At the national level the policy response to this growing intermediate market is unclear. Will the government following the Comprehensive Spending Review support the growth of intermediate housing to fill the void created by the contraction of mortgage availability? Or will it leave these households to find their own housing solutions in the private rented sector? There is more potential for households to be accommodated within the private rented sector in Hastings than Rother. Hastings and Rother already have a relatively developed strategy and relationship with the private landlords, including a Landlords Forum, Accreditation Scheme, Letstart (Hastings) and Rother Landlord Link scheme.
- 6.27 **The Funding Environment:** As indicated above the policy and funding environment for intermediate housing is uncertain. The HCA's suite of HomeBuy products, including Rent to HomeBuy, are under review by the Agency. It is possible that new products may be developed, perhaps including rental as well as sales products. Key considerations are as follows: :
- HCA / Government resources for affordable housing will be more constrained in the future which will inevitably mean that all Councils need to prioritise their use of resources, particularly grant funding. DTZ expects HCA funding to be reduced by between 25% and 40% nationally.
  - Changes in the mortgage market has reduced the number and variety of mortgages available to intermediate households and for intermediate products, with most lenders now requiring a deposit of at least 10% and often more.
  - Similarly, bank funding available to housing associations has become more constrained and this constrained credit environment will make it more difficult for associations to fund new development.
- 6.28 Given the uncertain funding environment for intermediate housing development, the range of intermediate housing products, and issues of development viability, DTZ believe that while the authorities need to have policies for the split between social rent and intermediate housing, they need to be willing to be flexible when it comes to implementation. In the emerging

financial environment the key will be to find ways to deliver development in what is likely to be a more challenging financial and development market. The focus on delivery will call for more flexibility, not less.

### **Recommendation 3: Intermediate Housing Target Groups and Products**

- 6.29 Given the limited role that intermediate housing has played within the sub-region to date and the constraints implied by a more constrained funding environment and challenging development context, DTZ recommend that the two authorities focus on the priority households that require intermediate housing. The councils then need to ensure that the products available through new development are tailored and targeted appropriately.
- 6.30 The SHMA update identifies a range of households who are interested in intermediate products, some of whom may be able to afford to rent or even buy in the open market. However, DTZ suggest that there are two groups that the Councils might consider high priority:
- Family households who are unable to afford accommodation suitable for the size of their household. This would apply to both authority areas – in Hastings this approach could encourage families to remain within the town, given the pattern of net out-migration in recent years. In rural Rother, this approach could enable lower income families to remain within the rural villages, given the pattern of selective migration of older affluent households into these areas. Rother might also wish to focus on providing intermediate housing for those who are important to the sustainability of rural communities and the rural environment and are identified as key workers under Rother’s draft local key workers policy.
  - The small proportion of households on Moat’s lists who are interested and able to afford intermediate products (to rent or buy) and are currently occupying social rented accommodation (see Section 4). The two local authorities have also indicated that there are households on their housing registers of need interested in accessing intermediate housing (predominately shared ownership). A targeted approach to accommodating these households in new intermediate homes could free up social rented accommodation and meet the needs of priority households on the housing register of need. The challenge with this approach will be tailoring products to households with limited equity (or deposit) who may require smaller equity stakes or a period of renting (at intermediate levels) as they build up a deposit.
- 6.31 With respect to both these groups, Intermediate Rent or Rent to HomeBuy (RtHB) products may be relevant, given the difficulties households now face in obtaining mortgage finance. Intermediate Rent products make new build homes available for rent to eligible groups at between 80% and 90% of market rent. Intermediate rent homes can be developed with lower grant requirements than social homes, and may be the appropriate housing solution for a number of target groups, including perhaps the rural key workers being identified under Rother’s draft local key worker policies.
- 6.32 Rent to HomeBuy is a new form of intermediate housing introduced by the HCA in 2008 in response to the short term collapse in take up of low cost home ownership. RtHB allows households to rent at a subsidised level for up to 5 years whilst they save for a deposit. They

have the option to purchase their home within the 5 year period. Assuming this product is available longer term, it could prove an attractive option for households within the sub-region. Individual housing associations, including Orbit, which operates within the housing market areas, have also been developing and adopting their own flexible tenure models.

- 6.33 Both Intermediate Rent and Rent to Homebuy Products may be of relevance in enabling households in social rented accommodation to move out and release accommodation for priority households. The key in helping these households realise their aspirations however it to provide a really attractive alternative to their existing home (eg more space, a better neighbourhood etc) in order that there is an incentive to pay a higher rent. Products which allow households to purchase a small initial share may also be attractive.
- 6.34 The role that Intermediate Rent or RtHB provision can play in regeneration also requires consideration. These products could be used as a means of securing those households who would have purchased LCHO within regeneration developments but are unable to do so in the short term. This would help to ensure mixed communities are established, even though homeownership may be out of the reach of households on modest incomes in the short term. This illustrates the need to tailor the balance between market and affordable housing provision to ensure that new development does not reinforce existing concentrations of a particular tenure (if this is perceived to be a problem).

## Housing Mix

### Market Housing

- 6.35 PPS3 states that local authorities should plan for market housing by setting out the **profile** of households likely to require market housing. Developers are then expected to respond by bringing forward developments that meet these broad requirements. Drawing on the evidence presented in previous sections of this report and the HMA 2006, the following points can be made about the profile of households requiring market housing:
- In Hastings and Rother, around 60% of households could afford to access market housing (to rent or buy) based on their current incomes (see Section 4)<sup>6</sup>. Within this, we estimate that 30-40% could access home ownership and 20-30% could access the private rented sector (and by implication some of these could afford intermediate rent and sale products) without assistance.
  - This is necessarily an estimate since some additional households may benefit from financial support from their families to access home ownership. Furthermore, in-migration to Rother of older households is likely to boost the demand for market housing since these households tend to be more affluent, or have access to equity having downsized from other areas of the South East. However, the distribution of incomes within the economy tends to become more uneven over time (see HMA 2006) which suggests that low income groups will grow. Given these two opposing

<sup>6</sup> As discussed previously this estimate does not take into account that some households will require larger properties and, although may be able to afford a lower quartile priced property, they would be unable to access the size of property required to meet their needs.

forces, it seems reasonable to estimate that the proportion of households in the future able to access market housing based on their income will remain at around 60%.

- In both authorities, the growth in population and households is concentrated amongst the older age groups:
  - In Hastings, population forecasts to 2026 suggest that the majority of population growth will occur amongst those in the 65+ age group.
  - In Rother, growth is anticipated in most age groups (as a result of in-migration) but is concentrated amongst the older age groups – 45-64 and 65+.
- Summarising the evidence from Section 2, the profile of households in both authority areas in 2026 is set out in Figure 6.3. This suggests that the majority of households in 2026 will contain 2 or more people (couples, lone parents and sharers) despite the growth in single households. Taking these projections together with the household projections by age of head of households, which suggest that 38.6% of Hastings and 51.6% of Rother’s households will be aged 65 or over, the implication is that around half of couple and single households will be older (65+).

**Figure 6.3: Profile of Households – Current and Future**

	Hastings 2006	Hastings 2026	Rother 2006	Rother 2026
Couples	47%	41%	56%	50%
Lone Parents	9%	7%	5%	4%
Single People	38%	47%	34%	42%
Multi-person (sharers)	5%	6%	5%	4%

Source: Summary of Section 2 analysis (figures may not sum due to rounding)

- The implication of this for the provision of market housing is that, although the proportion of single person households is projected to increase significantly in both authority areas, the largest proportion of households in 2026 will be households with 2 or more people in them. These will include families with children and couples, including those whose children have recently left home.
- Single households will make up a significant group within the household population, as they do already. The majority of growth within this group however will occur amongst older households – single elderly people living alone.
- The implication of projected household growth in Hastings and Rother suggests that these new households are likely to occupy broadly equal proportions of 1, 2 and 3+ bedroom homes.

6.36 Evidence presented in the HMA 2006 and SHMA update suggests that the relationship between households and dwellings in the market sector is complex. Demographic factors alone do not drive demand for the type and size of housing required and in fact household incomes and life stage are more important determinants in the market. For example, the

majority of single person households in the market sector occupy homes with 2 or more bedrooms. This is particularly the case amongst older households as downsizing is relatively limited at present.

- 6.37 As a result, the HMA 2006 recommended that the two authorities do not seek to prescribe the type and size of homes that the market provides. This seems to be the message in PPS3, which puts the onus on developers to respond to market demand, though this needs to be consistent with the profile of households the local authority identifies.

#### **Recommendation 4: Mix of Market Housing**

- 6.38 DTZ recommend that the two authorities focus on addressing broad imbalances in the housing stock of the sub-region, where biases are perceived to be an issue in terms of housing choice, and as an opportunity to deliver long term policy objectives around economic development. Evidence from the 2006 HMA and 2009 update suggests:
- In Hastings the authority may wish to encourage or seek opportunities to develop larger homes given the bias in the stock towards smaller dwellings and flats. This would provide the opportunity for families to live within the town in the longer term, although the authority cannot control occupancy of the homes themselves. It is likely that greenfield sites and developments within existing suburban areas will provide the best opportunities to deliver larger homes where relatively lower density development might be appropriate. The Council may wish to identify the sites it considers suitable for delivering larger family homes and set out expectations early on over mix and density. Given the strong bias towards smaller dwellings in the existing stock in the town and a relative bias towards smaller homes in the market area as a whole there may be justification in the authority challenging applications from developers which focus on the provision of small flats and houses when the site or location would be suitable for the provision of larger homes.
  - In Rother, the authority has a planning policy which requires developers to provide 30% smaller homes as part of new developments (1 and 2 bed homes) and 40% in the rural areas<sup>7</sup>. DTZ suggest that the Council do not seek to enforce this strictly across the District but focus on a modest target of 30% in rural areas where there is limited choice in the housing stock. We would also suggest that the focus be on 2 bed homes rather than 1 bed. This could be achieved within the existing policy since it does not specify the proportion of 1 or 2 beds to be provided. This would provide the opportunity to deliver these smaller units as houses rather than relying on the need to deliver flats to meet this policy requirement, particularly given the nature of the market downturn which has affected flats to a greater extent. These properties also offer more flexibility in terms of occupation in the long term, appealing to a wider range of households – young and old. Such a policy can be justified by the limited number of smaller homes in the rural areas of the District which serves to restrict choice. Given the strong bias of larger properties in the rural areas there may be justification in the authority challenging applications from developers which focus on the provision of large houses when the site or location would be suitable for the provision of a proportion of smaller homes.

<sup>7</sup> Rother District Council Core Strategy: Consultation on Strategy Directions November 2008

- In influencing the mix of market homes, both authorities need to keep in mind that they act together to deliver a complementary mix of homes. It is important to acknowledge that it is difficult to work against the market forces which tend to focus smaller homes in Hastings and Bexhill and larger properties in the rural areas, but improving choice locally within the housing stock can contribute to improving quality of life in the two authority areas and quality of life is a key determinant of economic performance.

#### **Recommendation 5: Considerations in Influencing Housing Mix**

- 6.39 It is also important that the nature of development on specific sites need to be considered within the context of the surrounding neighbourhood. These considerations should include the following:
- local tenure mix and whether there is a concentration of a particular tenure of housing that would benefit from diversification or greater choice.
  - local household characteristics and whether there is a bias towards younger or older households, families or sharers and how the new development will fit into this context
  - local economic performance and whether there are any issues around deprivation and regeneration which need to be taken into account in terms of the type of housing that is developed
  - site specific viability and development context and whether a particular mix of housing is important to ensure the development ‘stacks up’
- 6.40 Delivery of a different housing mix will be challenging unless sufficient development sites are identified and that these include a mix of types, sizes and locations (see paragraphs 6.3-6.6). To some extent, site types, sizes and locations will determine the type of product that can be developed – small, urban sites for example being more suitable for higher density development and therefore smaller homes.

## Specific Groups

- 6.41 Hastings and Rother both face the challenge (and opportunity) of an ageing population. The housing requirements of older people are diverse and the majority are likely to wish to remain in their homes or within the general housing stock for as long as possible. However, specific provision for older people could make a valuable contribution to the housing market by encouraging some older people who are under occupying large properties to down size and release larger family homes. Specialised provision also provides the opportunity to add support for those who need health and other services as they age.
- 6.42 However, the majority of older households will not wish to move out of the mainstream housing stock. It is useful therefore to consider whether future mainstream housing provision will meet the requirements of older households, particularly as disability is also strongly linked to age. This might involve increasing the proportion of new homes built to Lifetime Homes standards, in order to ensure that whoever occupies the dwelling in the future is able to remain mobile and independent around the home. The location of new development will also be important in ensuring older households have access to local services, shops etc. This is good practice in planning whoever a development is targeted at but it is likely that the development of mainstream market housing in the future will increasingly need to keep the needs of older people in mind.
- 6.43 The SHMA Update has considered the incidence of Black and Minority Ethnic groups in the population and their housing requirements (Section 5). However, there is no evidence to suggest that the needs and aspirations of these groups differ from the population as a whole. The key barrier amongst BME groups in meeting their housing requirements is household income and there is some evidence that household incomes are lower amongst BME households on average. The policy implications are no different to those affecting the household population as a whole but, DTZ would suggest, the two authorities need to ensure that information about accessing social rented or intermediate housing is sensitive to the different client groups that are likely to need such accommodation.
- 6.44 The other specific group that the SHMA Update has considered are key workers. There are two categories of key workers that differ in definition and implications for housing:
- The first relates to key workers as defined in national policy i.e. public sector workers delivering essential public services in areas with recruitment and retention problems.
  - The second relates to the identification of key workers in local policy documents, related to specific local circumstances. Rother District Council has identified a specific category of key workers relating to rural sustainability and conservation.
- 6.45 In terms of national policy, declining affordability of home ownership has led to problems in recruiting and retaining key workers in many parts of the South East and led to specific initiatives to support key workers into home ownership. In order for key workers to access specific home ownership products, subsidised by Government, they usually need to register with the Local HomeBuy Agent and/or local authority to ensure they meet eligibility criteria and to receive information about available products.

- 6.46 Locally, Rother District Council is exploring the adoption of a policy that would entail adoption of a local definition of key workers. The specific objective of this is to support the sustainability of rural communities, by recognising the need for affordable housing of a range of working people who contribute to sustaining rural services and the rural environment.

**Recommendation 6: Specific Groups**

- 6.47 In addition to ensuring that the mainstream housing stock is capable of meeting the needs and demands of older households there are three areas where the two authorities may wish to consider intervention:

- Identifying suitable locations for the provision of specific accommodation by the market for older people eg sheltered housing, extra care or hubs which provide a range of accommodation choices.
- Addressing under-occupation of properties amongst older households by providing or encouraging the provision of attractive alternatives (which may be smaller mainstream homes well located for local services or sheltered accommodation in attractive locations). The two authorities will have greater influence over those older households in the social rented stock but it is likely that any initiatives to address under occupation will need to provide attractive incentives.
- Increasing the proportion of homes built to Lifetime Homes Standards. In doing this, the authorities will need to be mindful of the affect this will have on the viability of schemes, at least in the short term until developers/ build costs adjust to the additional requirements.

- 6.48 In considering housing provision for key workers, DTZ would recommend the following:

- In terms of key workers defined through national policy, where intermediate housing is planned in future, these units should be planned for all those eligible for intermediate housing, rather than specifically with key workers in mind. There are a number of reasons for this:
  - First, from a policy perspective, key workers are not necessarily financially worse off than other groups that would be eligible for intermediate housing. For reasons of equity, intermediate housing should be offered to all who are eligible, though if there is excess demand, some additional criteria can be applied.
  - Second, it is important to recognise that many eligible key workers may not wish to live in 'key worker' accommodation. They may not wish to live in a new build property, or the idea of living in the same development as other key workers may not appeal. So demand purely from key workers may be limited.
  - Thirdly, it is important to the housing associations offering intermediate housing for sale that homes do not remain unsold. It makes sense therefore to market new intermediate homes to all eligible households rather than restrict certain developments to particular households, such as those in key worker occupations.

- Lastly, it is worth noting that at present access to mortgages for buyers of shared ownership or shared equity homes is problematic; with some lenders being reluctant to lend to shared owners, or only willing to do so at premium rates. This limits the demand for intermediate homes, which makes it doubly important to be able to market homes to as large a group of eligible households as possible.
  - In the current (2010) context, if demand for intermediate sale products is limited, the authorities should consider the option of supporting intermediate rent or rent to buy developments, which are less grant hungry than social housing development, and attractive to many eligible households, since they are let at 80-90% of prevailing private sector rents.
- 6.49 Rother's specific proposals to develop a local definition of key workers are very much in line with the principle of localism advocated by the Coalition government. DTZ note that the current national definition of key workers, which identifies particular public sector employees as key workers, would seem to discriminate against low paid private sector employees or those who are self employed. With a number of housing authorities now using new freedoms to apply local priorities in the allocation of social homes, DTZ would see a strong policy justification for the development of policies that determine access to intermediate housing on income, and other specific criteria such as contribution to local communities in Rother.

### **The Size and Type of Affordable Housing**

#### ***Size and Type of Social Rented Homes***

- 6.50 Local authorities have greater leverage over the type and size of homes households in the social rented sector can access. For this reason, PPS3 asks local authorities to set out the size of affordable homes required in their local development documents.
- 6.51 There are three key factors that need to inform the type and size of affordable homes that the authorities seek through new housing development:
- The overall scale of housing need within the two authorities exceeds what could be delivered through new development which means that the allocation of homes in the social rented stock is likely to continue to be focused on those in priority need.
  - The stock of social rented accommodation is biased towards smaller properties (when compared to the market sector) and the pattern of re-lets is biased towards the smallest properties where turnover is greatest.
  - The majority of affordable housing delivered is dependent on the delivery of market homes. Thus, the success of affordable housing delivery is inherently tied to market development and this includes the mix of homes delivered. If the majority of market housing developed is small flats and houses then the authorities are only likely to secure small affordable homes.
- 6.52 There are larger numbers of smaller households on both authority's housing registers of need (see Section 4 for detail), but these lists include households who are unlikely to be a high priority for housing as well as those in priority need and so DTZ would therefore advise against reading headline housing registers of need as indicators of the size and type of

affordable homes required. The profile of all applicants on each authority's housing register of need does not reflect the profile of applicants in priority housing need.

- 6.53 Furthermore, the social rented stock is biased towards smaller dwellings, with only 40% of the stock concentrated having 2 bedrooms or more. Relets within the stock are biased to smaller homes which means that those households needing larger homes (and many of these may be in higher priority need as families with children) will face a longer wait to be housed. In Rother, just 13% of lettings over the 2 years to June 2010 were 3 and 4 bedroom properties.<sup>8</sup> This suggests that the two authorities should prioritise the provision of larger social rented dwellings in the future, to help address this bias. Though it needs to be acknowledged that such a policy is dependent on appropriate sites coming forward.
- 6.54 For these reasons, DTZ suggest the authorities avoid focusing on the provision of 1 bed social rented accommodation (for general needs purposes) and focus on 2 bed or larger homes.

#### **Recommendation 7: Size of Social Rented Accommodation**

- 6.55 Based on housing need by size, the size of the existing stock and pattern of relets, DTZ suggest that both authorities aim for:
- 10-30% 1 bed properties: reflecting continued need for smaller properties but that the existing stock is biased towards smaller accommodation so these needs can be met more easily. These properties can only be delivered as flats and therefore do not give much flexibility to cope with the changing development climate. Higher proportions (eg 20-30%) might be justified in the rural parts of the market area but the urban areas of both authorities have considerable supply of 1 bed properties in the social and private rented stock so it would not make sense to add significantly to this.
  - 30-50% 2 bed properties: reflecting that a significant proportion of households in need require 2 beds and these properties provide more flexible accommodation, being able to meet the needs of a wider range of households. They can also be provided as houses or flats, giving more flexibility to cope with the changing development climate.
  - 20-30% 3 bed properties: although there are more limited numbers of households needing larger properties they often wait longer to be household because of the limited supply. Increasing the proportion of larger properties would help to rebalance the social rented stock and allow the authorities to meet housing need more effectively in the future.
  - 20-30% 4, 5+ bed properties: although there are limited numbers of households needing larger properties they face the prospect of never having their needs met because of the limited supply of these properties, furthermore, these households are often living in overcrowded conditions and are usually higher priority cases for the two Councils.

<sup>8</sup> Data provided by housing associations operating within Rother District (includes general needs and housing for older people). Data suggests there were no lettings of properties with more than 4 bedrooms.

- 6.56 However, the authorities may wish to stipulate that the larger properties are the priority. This will require some consideration within both authorities since it may mean that fewer affordable homes are delivered on some sites than if the focus was on smaller dwellings. But the **provision of larger dwellings may allow the authorities to create a chain of lettings within the social rented stock so the overall impact on housing need might be greater than the number of dwellings suggests.**
- 6.57 Clearly these indicative proportions need to be balanced against the viability of development, site specific circumstances and the availability of public subsidy, but would have the following benefits:
- It gives the authorities the potential to create a chain of lettings within the social rented stock by allowing those occupying smaller properties to move up, allowing the authorities to accommodate more households
  - It would promote more flexible accommodation in longer term, capable of housing a range of different households and not just the smallest households
  - The affordable housing stock is biased towards smaller properties and securing a larger mix of new affordable homes would help to diversify the stock

**Recommendation 8: Additional Criteria to Consider in Agreeing Size and Type of Affordable Homes on New Development Sites**

- 6.58 DTZ recommend that the authorities also set out criteria in their affordable housing policies alongside any specific targets for different types and size of social rented homes. Fixed targets are less capable of being reviewed in response to changing circumstances so these criteria will provide the authority with the ability to respond to changing circumstances and site specific factors. Criteria set out in policy, which reflect the approach taken by the Councils on a site by site basis, could include:
- The characteristics of priority households on the authority's housing register of need
  - The size of homes in the existing social rented stock
  - The pattern of re-lets in the social rented stock
  - The type and size of recent completions and losses through demolition or Right to Buy

- 6.59 Such a policy approach would need to be accompanied by engagement with developers, as well as RSLs, in advance of applications being submitted for development. Discussion with the Hastings and Rother Housing Market Partnership in November 2009 suggests that a range of stakeholders would be broadly supportive of this set of criteria alongside policies on the overall level and type of affordable housing required in each authority's plan policies.

***Intermediate Housing***

- 6.60 In considering the type and size of homes required in the intermediate sector, it is important to keep in mind that this sector shares many characteristics with the market sector. Households

interested in, or taking up low cost home ownership products, generally have a choice about their housing option. Many could afford to access the private rented sector; some could access home ownership though they may not be able to afford a house of the type or size that they would choose.

- 6.61 Intermediate households registered as interested in intermediate housing products generally wish to purchase a home with more than 1 bedroom. As in the market sector, occupancy is driven by income and life stage not household size, though some households will compromise and take up smaller homes as they make a trade off between being able to buy a smaller home or being able to rent a larger property.
- 6.62 At the strategic level, the two authorities should consider the type of products (eg Low Cost Home Ownership or intermediate rental products) which are needed as a priority within the sub-region and the type and size of properties suitable to meet the preferences of priority households.
- 6.63 DTZ has suggested that a useful focus for both authorities might be on family housing in Hastings and the rural areas of Rother, which could play a role in encouraging or facilitating these households to remain in the area. Suitable products might include intermediate rent, with the option to buy at a later date, as well as low cost home ownership, since these are likely to be lower cost to the household. An additional target group might be households able and willing to access intermediate products who are currently living within social rented accommodation and/or on the local authority housing register of need (discussed in Section 4). This may have a limited but beneficial impact on the local authority's ability to house priority households by freeing up dwellings in the social rented stock.
- 6.64 Local RSLs will also play a part in advising on the mix of intermediate homes suitable within different developments and should access Moat's intermediate list for information on the type of households interested in accessing these homes and for marketing properties when they become available.