

Rochdale Borough

Strategic Housing Market Assessment 2010

Executive Summary

INTRODUCTION

Local Councils in England and Wales have a duty placed upon them from central Government to “***consider the housing conditions within their district and the needs of the district with respect to further housing accommodation***” – Housing Act 1985.

In 2007, the Department for Communities & Local Government published a practical guidance manual (March 2007) which requires the assessment of both the needs and demand for all housing along with the identification of housing markets. This guidance manual explains the purpose and required content for Strategic Housing Market Assessments (SHMA) and sets out a framework for how Councils and their partners can better develop a good understanding of how the local housing market operates. This guidance and methodology now replaces all previous advice.

The 2010 Rochdale Borough Strategic Housing Market Assessment is a major research study which will help to shape the future planning and housing policies. The research will help inform the production of the Council’s Local Development Framework and Housing Strategy. This research will also provide an up-to-date analysis of the social, economic, housing and demographic situation across Rochdale Borough.

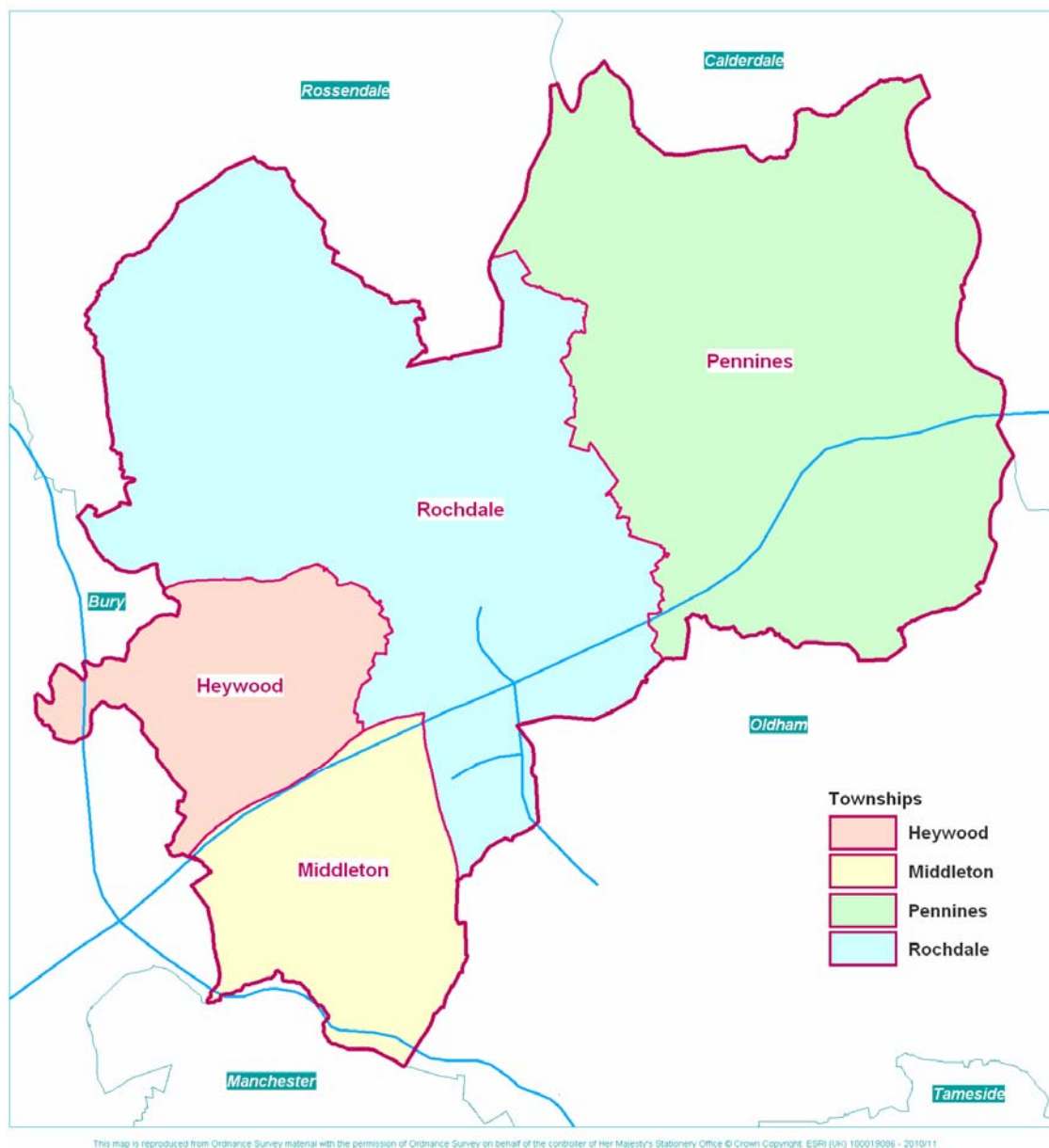
Data for the 2010 SHMA has been prepared for the four Rochdale Borough Townships (Map ES1) and for the Borough as a whole. The study has been carried out by arc4 Ltd and has included:

- A household survey (February and March 2010);
- Interviews with stakeholders and key partners;
- Reviews of existing data;
- Focus group discussions; and
- An Economic Viability Appraisal.

Additionally a Housing Market Partnership was established to oversee the assessment comprising local authority, RSL and private developer/builder representatives.

The findings from the study provide a robust and defensible evidence base for future policy development and fully conform to the Government’s Strategic Housing Market Assessment guidance. Unless otherwise stated, data presented in this document is based on the 2010 SHMA household survey.

Map ES1 Rochdale Borough and constituent Townships



HOUSING MARKET CONTEXT

Rochdale Borough is located in the North West of England and has a population of around 208,800¹. The Borough includes the main towns of Rochdale, Heywood and Middleton; and a network of smaller towns particularly in the Pennine area of the Borough.

Rochdale Borough is an integral component of the Manchester city-region and this SHMA provides a useful opportunity to review interactions between Rochdale Borough and other areas, most notably the neighbouring Greater Manchester Districts of Oldham and Bury; Rossendale in Lancashire; and Calderdale and Kirklees in West Yorkshire.

¹ ONS Population estimates

As one of the ten local authority areas making up the Manchester City Region, Rochdale Borough has a significant role to play in the growth and development of the Region. Through the Association of Greater Manchester Authorities (AGMA) sub-regional working to develop a vision and strategy for the City Region is well developed. The sub-regional strategy 'Sharing the Vision', establishes a vision for 'a world class city-region at the heart of a thriving north west, capable of successfully competing internationally for investment, jobs and visitors. Greater Manchester will provide a vibrant, attractive, safe and healthy environment in which to live, work and learn, in a cohesive manner that enables people in all communities and of all ages, regardless of disabilities and cultural backgrounds, to reach their full potential.'

One of the Vision's key themes is creating sustainable communities, which aims to meet the challenge not just of urban renewal but of 'providing attractive, popular and healthy sustainable communities across the [Greater Manchester] conurbation as a whole.'

HOUSE PRICES

Median prices² across Rochdale Borough increased from £42,000 in Q1 2000 and peaked in Q4 2007 at £115,000, an increase of 174%. However, the median price across Rochdale is consistently lower than those for Greater Manchester and the North West. Following their peak, median prices have fallen by around 10% and by Q3 2009 they were £104,500.

The income to lower quartile house price ratio for Rochdale Borough is 4.9 (lower quartile prices are 4.9 times lower quartile incomes)

Lower Quartile house prices are usually associated with entry-level property types and are therefore a useful indicator of affordability. Across Rochdale Borough lower quartile price vary between £75,000 in Middleton and £89,000 in the Pennine Townships.

DWELLING STOCK

A majority of households across Rochdale Borough live in owner occupied dwellings (68.5%). A further 23.9% rent from a social landlord, 7.4% rent privately and 0.2% are intermediate tenure (e.g. shared ownership).

79.2% of all occupied properties are houses, 13.6% are flats/maisonettes, 6.5% are bungalows and 0.7% are other property types (e.g. caravans).

35.3% of properties were built before 1945, a further 22.6% were built between 1945 and 1964, 23.7% between 1965 and 1984 and 18.2% have been built since 1985.

² Land Registry House Price data

DEMOGRAPHIC DRIVERS

ONS Population projections³ predict that the population of Rochdale Borough will increase by 3.9% from 204,400 in 2008 to 212,300 by 2033. The number of households in Rochdale Borough is expected to increase by 20% from 85,000 in 2006 to 102,000 in 2031. This represents an annual increase of around 650 households.

ECONOMIC DRIVERS

Household survey suggests that 53.1% of all residents aged 16 and over are economically active and are in employment according to the 2010 household survey; a further 16.1% are in training or full-time education; 12.2% are retired; 6.0% are unemployed and available for work; 7.6% are permanently sick/disabled; and 4.6% are either looking after the home or provide full-time care.

Household survey data also suggests that 4.3% of employees work from home, a further 48.7% work elsewhere within Rochdale Borough and 47% commute to other areas, particularly Manchester and other districts in Greater Manchester.

According to the 2009 ONS Annual Survey of Hours and Earnings data, lower quartile earnings in 2009 were £17,618 which compares with £17,355 for the region and £18,516 for England. Median incomes are £23,754, compared with a regional median of £24,000 and national median of £26,148.

The 2009 ONS Annual Population Survey reports that residents in employment in Rochdale Borough were proportionately more likely to be engaged in 'process, plant and machine operative' and 'elementary occupations' and less likely to be employed as 'managers/senior officials, professional occupations and associate professional and technical occupations'

HOUSING MARKET AREAS

The Department of Communities and Local Government (CLG) suggests that a housing market is self-contained if upwards of 70% of moves (migration and travel to work) take place within a defined area. An analysis of migration data suggests that 79% of households move within the Borough. In terms of travel to work patterns, 52% of residents work in the Borough and 48% commute out to work. There are strong migration and travel to work linkages with Greater Manchester (Manchester in particular) which are particularly apparent in Middleton and Heywood.

³ Office for National Statistics 2008-based sub-national projections

No individual township can be described as a self-contained housing market, although 66% of households moving within Rochdale Township originated from the same area.

On balance, Rochdale Borough can be described as a self-contained housing market in terms of the movement of households but has strong economic linkages with elsewhere in Greater Manchester.

HOUSING NEED

Affordable housing is defined as either social rented or intermediate housing which is provided and made available to eligible households (i.e. those who lack their own housing or live in unsuitable housing) who cannot afford to meet their needs through the market. Intermediate affordable housing is housing at prices and rents above those of social rents, but below market prices or rents.

Affordability is therefore determined according to local income and house prices with housing costs low enough for eligible households to be able to afford them.

A detailed analysis of the following factors determines overall affordable housing requirements:

- Households currently in housing which is unsuitable for their use and who are unable to afford to buy or rent in the market (backlog need);
- New households forming who cannot afford to buy or rent in the market;
- Existing households expected to fall into need;
- The supply of affordable housing through social renting and intermediate tenure stock.

In addition to establishing the overall affordable housing requirement, analysis breaks this requirement down by township, property designation (i.e. general purpose and older person) and property size (number of bedrooms) as shown in Table ES1.

In summary, data suggests a gross requirement of 514 general needs affordable dwellings and a net requirement of 128. The substantial difference in the net and gross figures is due to the considerable mismatch between supply and demand. The annual net shortfalls in general needs affordable dwellings can be summarised as:

- 44 smaller dwellings (two bedroom);
- 84 larger dwellings (three and four bedroom)

Analysis suggests there was sufficient affordable older persons' accommodation but note analysis only relates to affordable dwellings and not to general market or specialist provision for older people.

An analysis of the property type preferences of households in need and newly-forming households would suggest the following profile of property types:

- 68.6% houses;
- 31.4% flats.

TableES1 Annual affordable housing requirement 2010/11-2014/15

General Needs Net requirements					
No.Beds	Heywood	Middleton	Pennines	Rochdale	TOTAL
1	33	-16	-110	-133	-226
2	11	-29	210	79	270
3	-45	-11	50	-42	-48
4	4	62	17	48	132
Total	3	6	167	-48	128
General Needs Gross requirements					
No.Beds	Heywood	Middleton	Pennines	Rochdale	TOTAL
1	33				33
2	11		210	79	300
3			50		50
4	4	62	17	48	131
Total	48	62	277	127	514
Older Person Net and Gross requirements					
No.Beds	Heywood	Middleton	Pennines	Rochdale	TOTAL
1/2	-10	-23	-12	-47	-92
1/2					0

Source: 2010 Household Survey

AFFORDABLE HOUSING TENURE

On the basis of tenure preferences of existing households in need and newly-forming households, a tenure split of **78.8% social rented** and **21.2% intermediate tenure** is recommended across Rochdale Borough

Further analysis of the income profiles of existing households and newly-forming households would suggest that there is further scope for the development of intermediate tenure products.

AFFORDABLE HOUSING POLICY

On the basis of the measure of shortfall identified (128 net requirement each year) there is clear justification for an affordable housing policy across Rochdale Borough. Any targets need to be determined with regard to evidence in this SHMA and also take account of:

- Past trends in delivering housing; and
- The economic viability of delivering affordable housing based on different tenure splits (intermediate/social rented) and site size.

MARKET DEMAND

PPS3 requires Local Planning Authorities to identify how it can achieve the right mix of properties through planned development.

Households intending to move in the open market were asked what type and size of property they would like and expect to move to and this is summarised in Table ES2. Of households moving, most would like to move to a house (79.4%), 14.7% would like to move to a bungalow and 5.8% to a flat. This compares with 82% who expect to move to a house, 12.7% a bungalow and 5.3% a flat.

In terms of property size, the majority of respondents expect to move to a property with two (33.7%), three (35%) or four or more (25.1%) bedrooms. A higher proportion of households would like a property with four or more bedrooms (34.1%).

Table ES2 Market preferences of existing households planning to move

What households moving would like

No. Bedrooms	Property type						Total
	Detached house	Semi-detached house	Large terraced house	Small terraced house	Flat	Bungalow	
One	1.3				1.2	0.1	2.6
Two	5.0	0.8	1.3	5.5	3.6	10.9	27.0
Three	14.0	15.9	1.9	1.2	1.1	2.2	36.4
Four	23.1	2.9	0.5		0.0	1.5	28.0
Five or more	4.5	1.6			0.0	0.0	6.1
Total	47.9	21.2	3.6	6.7	5.8	14.7	100.0

Base: 10,720 households

Source: 2010 Household Survey

What households moving expect to move to

No. Bedrooms	Property type						Total
	Detached house	Semi-detached house	Large terraced house	Small terraced house	Flat	Bungalow	
One	1.3			1.5	2.2	1.3	6.3
Two		6.0	5.7	10.6	3.1	8.3	33.7
Three	8.0	17.5	3.5	3.2	0.0	2.7	35.0
Four	13.7	7.6	1.0		0.0	0.4	22.7
Five or more	2.4				0.0	0.0	2.4
Total	25.4	31.1	10.2	15.3	5.3	12.7	100.0

Base: 10,720 households

Source: 2010 Household Survey

Table ES3 considers the expectations of newly-forming households by considering the range of dwellings newly-forming households have moved to in the past five years. This shows a particular flow of newly-forming

households in to terraced houses and flats; and two and three bedroom dwellings in particular.

Table ES3 Household expectations (newly-forming households)

Property type	Newly-forming H'holds (%)
Detached house	2.1
Semi-detached house	18.1
Terraced house	40.2
Flat	37.0
Bungalow	2.5
Total	100.0
Base	611
Property size	Newly-forming H'holds (%)
One/Studio	22.4
Two	50.5
Three or more	27.1
Total	100.0
Base	611

Source: 2010 Household Survey

Using household survey data, it is possible to ascertain market demand (as measured by the aspirations from existing households, newly-forming households and in-migrant households). This can then be reconciled with the likely supply based on turnover rates in the preceding five years.

This analysis helps to identify areas where there are imbalances in the provision of general market accommodation relative to expectations, and is illustrated in Table ES4.

In summary, analysis of general market supply and demand suggests that:

- Across Rochdale, demand for open market accommodation exceeds supply, particularly for owner occupied dwellings, with generally sufficient private rented capacity across the Borough;
- Demand exceeds supply for detached and semi-detached dwellings in particular, followed by flats and bungalows;
- There is a degree of demand for flats/apartments evidenced in the analysis, particularly from newly-forming households;
- Analysis shows sufficient supply of terraced houses relative to demand in all townships with the exception of Middleton;
- Regarding property size, the strongest demand is for properties with four or more bedrooms. There is also strong demand for one bedroom properties but this reflects a relatively small number of people looking for a limited number of properties; demand

exceeds supply for two bedroom properties in all townships with the exception of Heywood; and demand exceeds supply for three bedroom properties in all townships with the exception of the Pennines Township.

Table ES4 Review of general market supply and demand

		Heywood	Middleton	Pennines	Rochdale	Total
Tenure	Total	1.0	0.7	0.8	0.7	0.7
	Owner Occupied	0.7	0.6	0.7	0.5	0.6
	Private Rented	1.5	0.8	1.2	1.2	1.1
Property size	One	0.3	0.4	0.7	0.2	0.4
	Two	1.3	0.7	0.9	0.9	0.9
	Three	0.8	0.9	1.0	0.8	0.9
	Four or more	0.5	0.3	0.4	0.3	0.4
Property type	Detached Hse	0.7	0.3	0.5	0.8	0.6
	Semi Det Hse	0.6	0.9	0.5	0.5	0.6
	Terraced Hse	1.4	0.7	1.5	1.0	1.1
	Flat (inc bedsits)	0.6	0.6	0.8	0.6	0.6
	Bungalow	0.7	0.7	0.7	0.3	0.5
	<0.5	Demand exceeds supply and particular pressure on stock				
	0.5 - <1	Demand exceeds supply and some pressure on stock				
	1 >	Demand equals supply; demand likely to be satisfied				

Source: 2010 Household Survey

Overall, this analysis confirms that across Rochdale Borough, demand for open market accommodation exceeds supply, with need to maintain the delivery of a variety of dwelling types and sizes to reflect the range of demand for open market dwellings. Note that because of the general market downturn, this is limiting the range of dwellings coming available which is exacerbating the pressure evidenced in Table ES4.

THE SCALE OF FUTURE HOUSING DEVELOPMENT

The Coalition Government is keen to devolve planning decision making down to Local Authorities. The abolition of the Regional Spatial Strategy means that Rochdale Council will need to put forward future plans for development based on local evidence.

The former RSS suggested a net annual target of 400. Past house-building rates have been running at an average of 284 over the period 2006/7, 2007/08 and 2008/9. The Strategic Housing Land Availability Assessment for Rochdale suggests capacity for 10,500 dwellings.

Evidence from the 2010 household survey indicates that there is open market demand across Rochdale Borough and a need to deliver affordable housing. Analysis suggests net shortfall of 396 open market (assuming a 20% increase in open market capacity) and 128 affordable dwellings each year.

Taken together, market demand and net affordable requirements result in an annual dwelling requirement of 524, with around 76% of new development for open market sale and 24% for affordable housing.

Achieving a delivery rate of 524 would require a considerable step-change in development practices. However, future development should help to address the identified shortfalls of open market dwellings, in particular larger detached and semi-detached properties for the general population and also specific groups such as BAME households; and the specific shortfalls of affordable dwellings, in particular two and four bedroom dwellings across the Borough.

OLDER PEOPLE

The number of people aged 60 or over is projected to increase by 36.5% from 43,000 in 2010 to 58,700 by 2031. The number of people aged 75 and over is expected to increase by 9,000.

The majority of older people want to stay in their own homes with help and support when needed and the vast majority are owner occupiers. Particularly noted is the need for help with repair/maintenance; with help needed for dealing with general repairs, bigger home improvements, improving energy efficiency and improving safety and security. Stairlifts and downstairs toilets are specific requirements identified by around one-fifth of older people. Resources for aids and adaptations remain tight, particularly for households in the private sector. Alternative sources of funding, such as equity loans, should be considered seriously to finance remedial measures required by older person households.

There is a degree of interest in new forms of older persons' accommodation, for instance extra care schemes, as well as traditional sheltered housing and open market provision. Providing a wider range of older persons' accommodation has the potential to free-up larger family accommodation.

BLACK AND ASIAN MINORITY ETHNIC HOUSEHOLDS

The 2010 household survey indicates that 81.7% of the population describe themselves as 'White British' and 18.3% describe themselves as other ethnicities. These include Asian/Asian British Pakistani (6.9%), other Asian/Asian British groups (4.3%), other White groups (3.2%), Black groups (1.5%) and mixed/other ethnic groups (2.3%). In Rochdale Township, 31.7% of the population identify with an ethnicity other than White British.

There are strong market preferences amongst BAME households for houses (95.4%), particularly detached (35.3%) and semi-detached (47.5%). A majority (59.8%) are expecting to move to larger properties, with 47.3% expecting to move to a four bedroom and 12.5% a five or more bedroom property.

Around 880 (9.2%) of Black & Minority Ethnic (BAME) households are in some form of housing need which compares with 6.0% for the overall population. Overcrowding, harassment and needing properties more suitable

for a person with an illness/disability are most likely to be cited as reasons for being in need.

GYPSIES AND TRAVELLERS

The 2008 Greater Manchester Gypsy and Traveller Accommodation and Related Services identified a shortfall of 51 pitches to 2015.

STRATEGIC MESSAGES

The Strategic Housing Market Assessment has provided a wealth of up-to-date social, economic, demographic and housing data for Rochdale Borough.

The material will help inform the preparation of the Local Development Framework and has highlighted some strategic challenges which include:

- Delivering 396 open market and 128 affordable dwellings to reflect evidenced demand and housing need;
- addressing the requirements of an increasingly elderly population;
- ensuring that future housing development supports future economic growth;
- ensuring a better balance between the supply and demand for market housing and in particular of larger dwellings households aspire towards;
- diversifying the range of affordable tenures available to local residents.