

Key Findings from Strategic Housing Market Assessments

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Aim to cover:



- How we prepared SHMA in Dorset
- Some key findings of SHMA and Viability Studies
- How policy has developed
- Some practical lessons
- Where next? - Issues for Dorset that may apply elsewhere in SW.



Preparing the SHMA



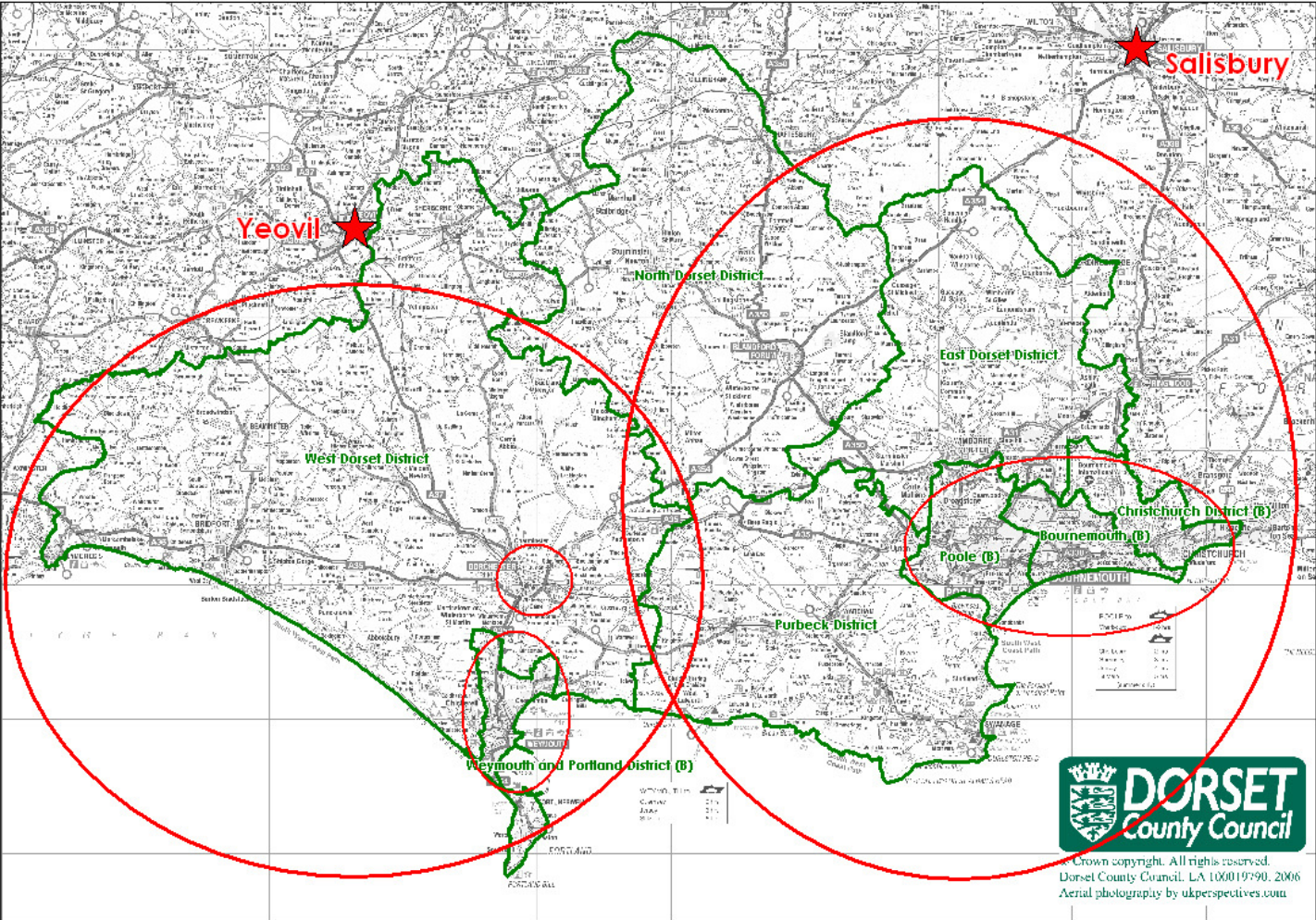
Partnership approach -

Bournemouth, Dorset and Poole SHMA
Partnership

- In-house research (BDP R and I teams)
- Housing Need Survey (Fordham Research)
- Stakeholder events (wider audience)
- Economic Viability Studies (Three Dragons)



Dorset Strategic Housing Market Areas

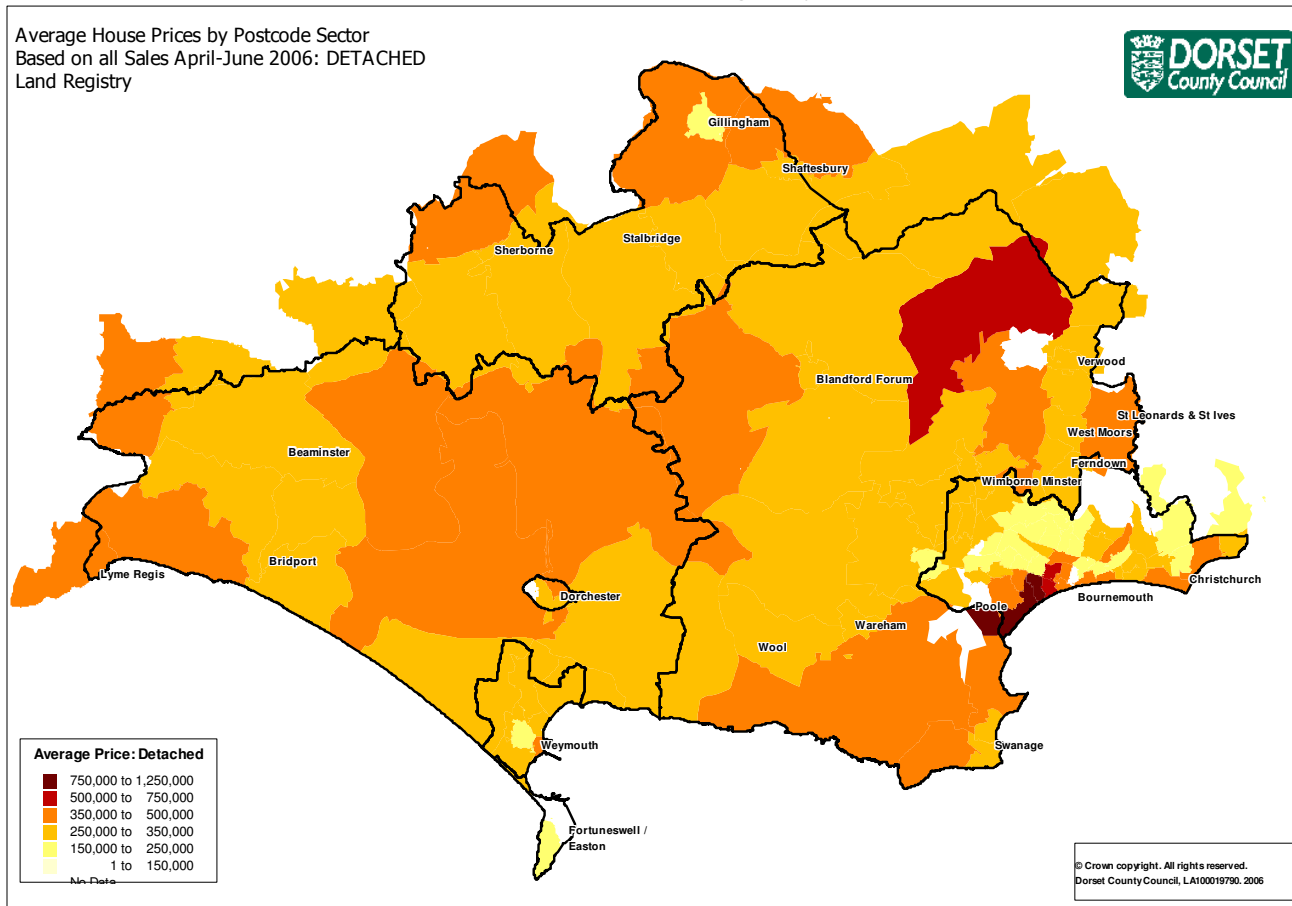


Key Findings of SHMA



Price and Availability of Detached Houses.

Source Land Registry Q2 2006

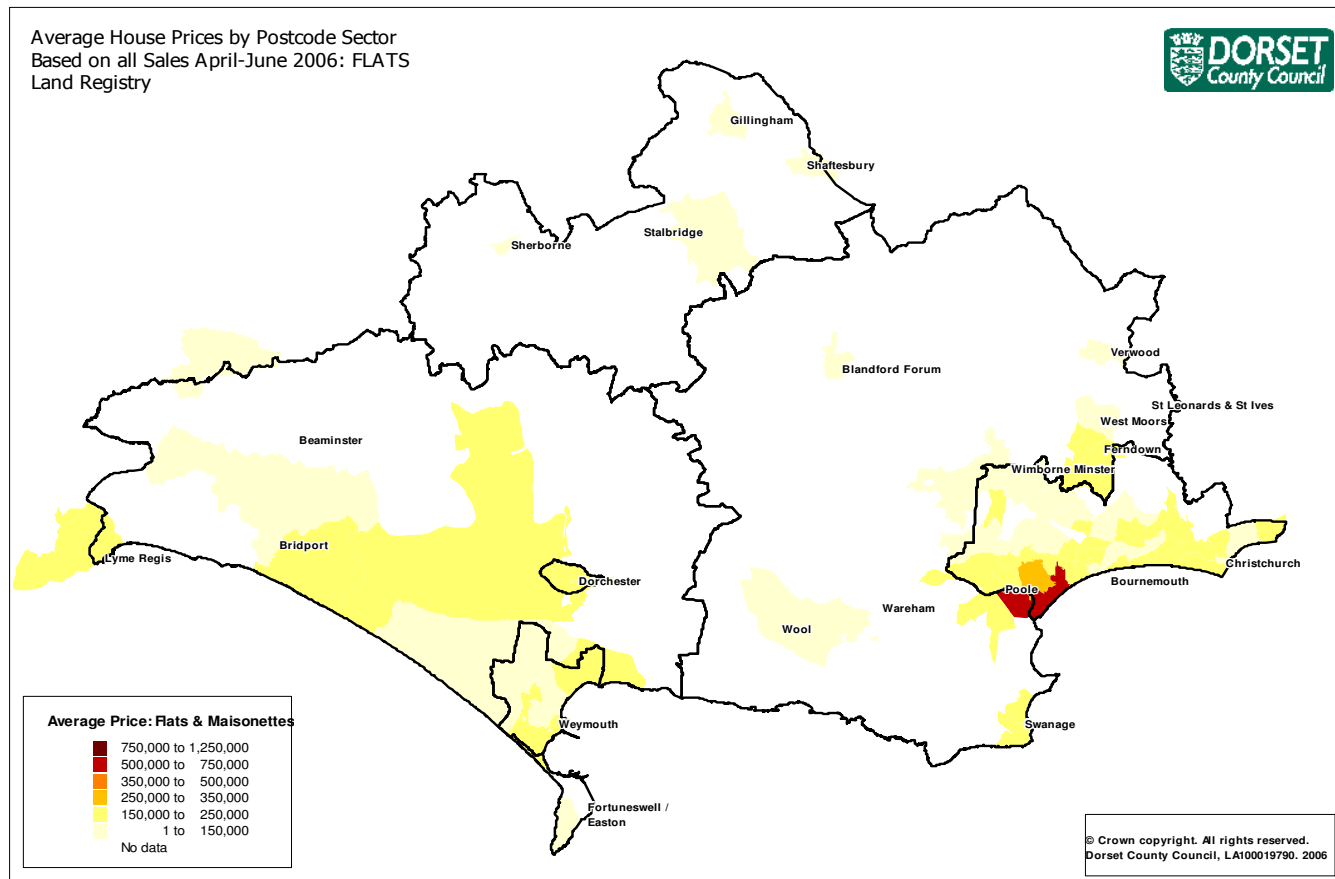


Key Findings of SHMA



Price and Availability of Flats

Source Land Registry Q2 2006



Key Findings – Survey of Housing Need



Tenure of households likely to move in next 2 years – Bournemouth / Poole HMA

(Fordham Research 2007)

Tenure	Number who are likely to move	Total number of households	% likely to move
Owner-occupied (no mortgage)	10,545	98,289	10.70%
Owner-occupied (with mortgage)	16,235	89,773	18.10%
Social rented	6,329	26,782	23.60%
Private rented	16,208	29,456	55.00%
Total	49,317	244,300	20.20%



Key Findings - Survey of Housing Need



Income and Tenure: Bournemouth/Poole HMA

(Fordham Research 2007)

Tenure	Average annual gross household income	Average savings	Average equity
Owner-occupied (no mortgage)	£25,386	£72,462	£284,793
Owner-occupied (with mortgage)	£40,593	£16,149	£152,265
Social rented	£10,341	£3,474	n/a
Private rented	£21,715	£12,538	n/a
All tenures	£28,882	£36,981	£221,530

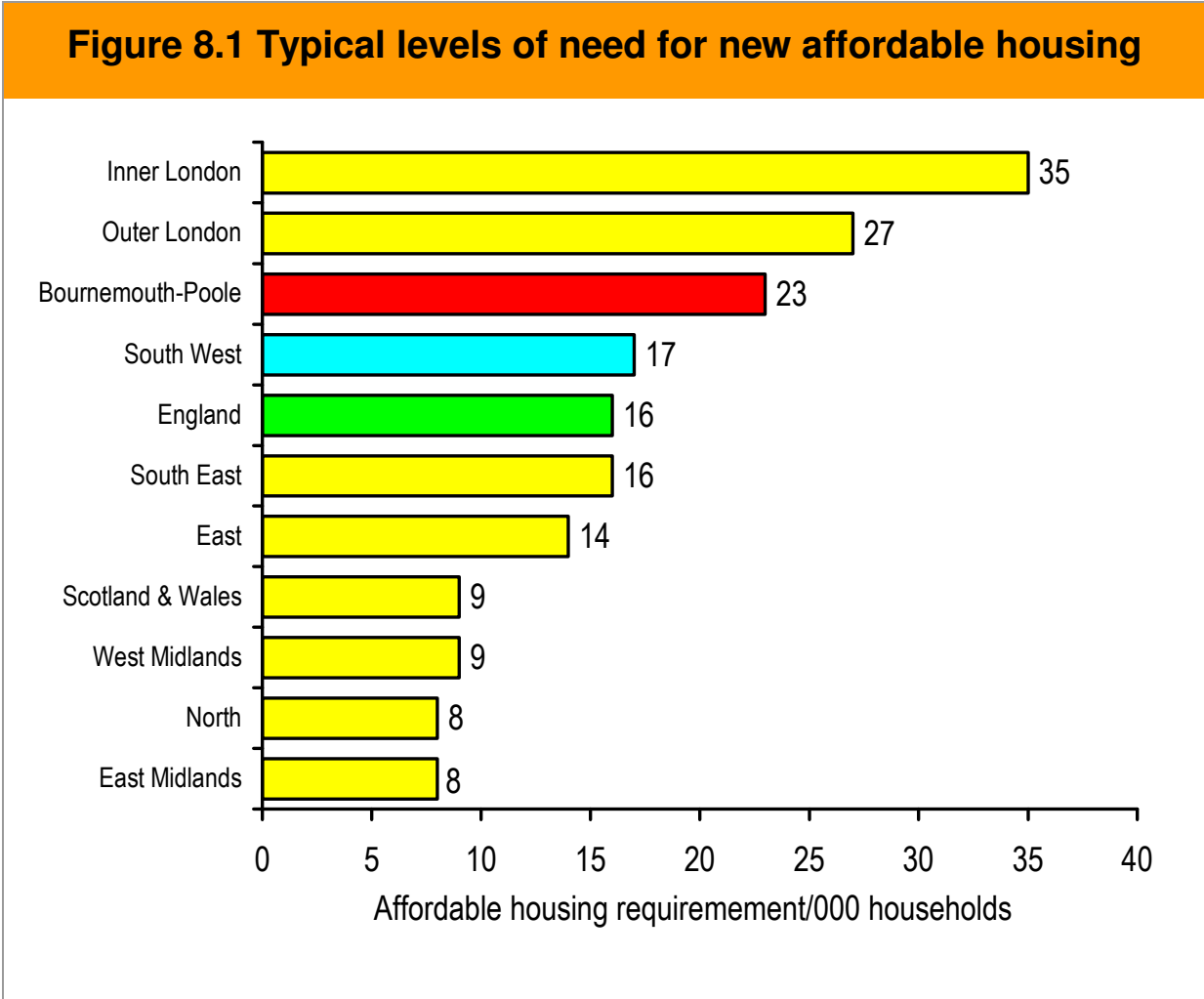


Evidence of huge affordable need

- Bournemouth / Poole – 5,700 adpa
- Dorchester / Weym'th – 1,500 adpa.
- Need = 2 x total proposed in RSS
- Viability the key factor



Key Findings – Survey of Housing Need



Appointment of Three Dragons Ltd

- Studies for Bournemouth/Poole and all Dorset Districts
- Well recognised methodology
- Consistency of approach across Dorset > more joined up policy.
- “Toolkit” to be used by each authority to assess development viability.



Viability – Three Dragons study



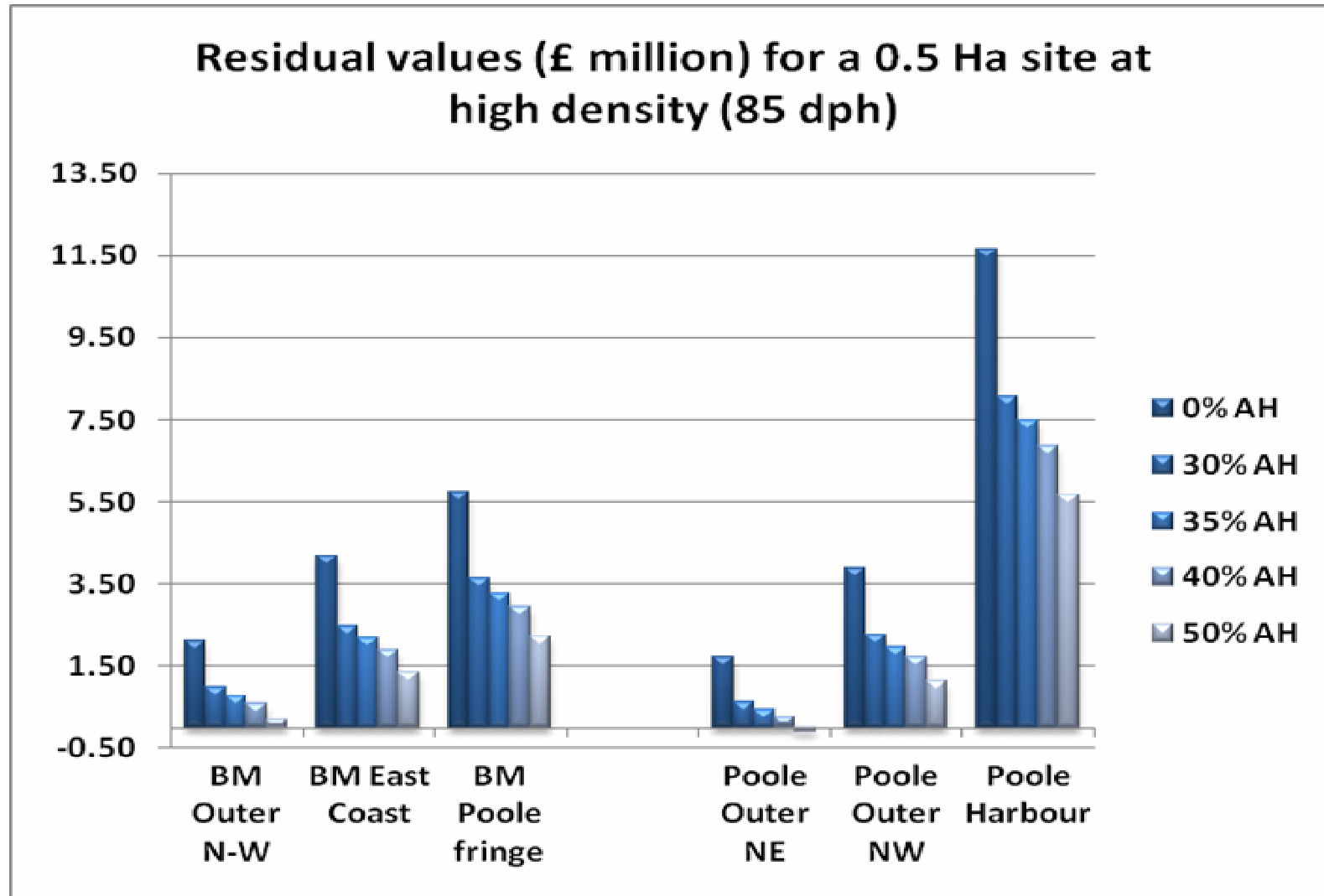
Approach in a nut shell –

- Identify areas of common land value (Market Value Areas)
- Workshop with the development industry

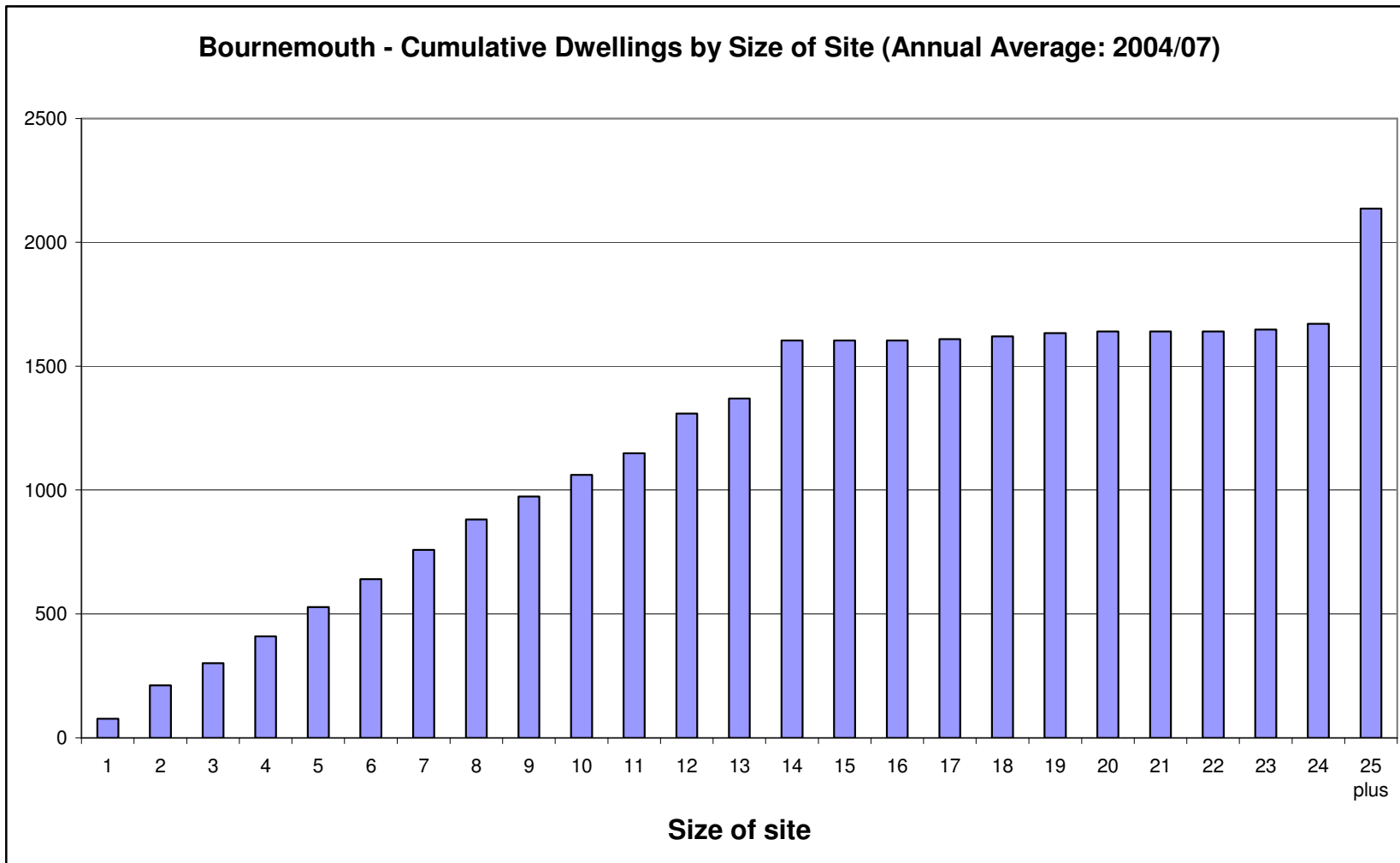
- 2 types of testing
- 1 hectare theoretical site – for each MVA:
 - alternative densities
 - different % affordable housing (30% to 50%)
 - different types of AH
 - with/without grant
 - s106 package
 - development costs assumptions
- Examination of characteristics of typical sites (small sites)
- Comprehensive testing process – series of residual value calculations



Viability – Three Dragons study



Viability – Three Dragons study



Viability – Three Dragons study



Findings – Bournemouth / Poole

- 75% of development on sites below 15 dwells.
- Profile = steady build up between 1 and 14 dwellings.
- Case for lower thresholds:
 - to capture more development sites/maximise supply
 - to achieve equity in costs/reward for all developers.
- Problem of residential re-development sites
- Grant needed on schemes in lower value areas.
- Commuted sums – should be of “broadly equivalent value”



Policy development



POOLE

- Core Strategy adopted in Feb 2009
- Target of min 3,500 affordable homes out of 10,000 total by 2026
- Site threshold of 6 dwellings
- 40% contribution sought as starting point.



Policy development



BOURNEMOUTH

- Affordable Housing DPD adopted Dec 2009.
- Overall target of 40% AH subject to viability
- Threshold of 1 dwelling
- Cascade mechanism where scheme not viable.
- Supplementary Planning Document adopted April 2010 sets out details for developers.



Implementation problems...

- Current economic circumstances
- High purchase price of land
- Banks' requirements of developers
- Toolkit defaults need regular updating
- Internal - cost of verification / processing applications.
- Effect on supply of applications.
- Member concerns – impact on small developer.



And some possible solutions..



- Revised/reduced requirement for AH.
- Re-valuation at commencement and later stages on larger schemes.
- Payment on first sale for self build / personal sites?
- Use independent valuation advice on complex sites.
- More training in viability assessment for planning staff.



Where next?



- Uncertainty pre Localism Bill and reform of planning.
- Need to review the SHMA – but limited resources
- Need to focus on specific issues –
 - better testing of alternative growth scenarios
 - link to LEA and LEP proposals
 - more analysis of role of private rented sector
 - investigate different forms of intermediate housing
 - implications of growing elderly population
 - implications for rural areas.

