

Sefton

Strategic Housing Market Assessment

2008



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Foreword

Acknowledgements

A large-scale assessment of this nature is a collaborative effort and Fordham Research wish to thank all members of the SHMA steering group for their support, guidance and contributions. We would also like to thank those local stakeholders who participated in the discussion and whose local knowledge and views has been immensely helpful.

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This report was written by:

Fordham Research Group (Ltd)
57-59 Goldney Road
London
W9 2AR

Tel: 0207 289 3988
www.fordhamresearch.com

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SECTION A: BACKGROUND TO THE ASSESSMENT

This Section provides key background information about the assessment and the local policy context. The Section contains three chapters:

- 1. Introduction to the SHMA**
- 2. The policy context**
- 3. Defining the housing market area**

1. Introduction to the SHMA

Overview

- 1.1 Fordham Research was commissioned in 2007 to conduct a Strategic Housing Market Assessment (SHMA) for Sefton. The evidence provided is required to inform appropriate policy responses to housing need and demand and the preparation of key elements of Sefton Council's Housing Strategy and Local Development Framework Core Strategy.
- 1.2 The report follows the general structure of the CLG Strategic Housing Market Assessment Practice Guidance of August 2007 (the Practice Guidance). In addition the research carried out is mindful of the requirements of Planning Policy Statement 3: Housing (PPS3) and also Planning Policy Statement 12: Local Spatial Planning (PPS12) in ensuring that all necessary outputs are provided and that such outputs pass the prescribed tests of soundness.

An introduction to Sefton

- 1.3 Located just north of the city of Liverpool, Sefton is a coastal authority within the Merseyside Metropolitan County. Sefton was formed in 1974 by the amalgamation of the former County Boroughs of Bootle and Southport, the former Borough of Crosby, the former urban Districts of Formby and Litherland and parts of the former rural District of West Lancashire. The following map provides a broad context, showing how Sefton is placed within the North West region:



- 1.4 The Borough of Sefton covers some 155 square kilometres and according to the Office of National Statistics (presented on the NOMIS website) at mid-year 2006, was estimated to have a population of 277,400, making it the 29th largest Unitary Authority in England and Wales.
- 1.5 The latest estimates suggest that there are some 116,328 household residents in the Borough, of which around three-quarters are owner-occupiers with 16% resident in the social rented sector and the remaining ten percent living in private rented accommodation.
- 1.6 Sefton has good transport connections to Liverpool and Manchester, the Merseyrail rail network has its northern line service running from Southport through the main settlements along the western coast of the Borough, through Bootle and into Liverpool. The regular service allows for good transport links into both Liverpool and Southport.

- 1.7 Southport is a pleasant coastal resort with Lord Street an attractive high street through the town. Although described by estate agents as having 'an air of prosperity', Southport does have areas with levels of deprivation and social problems. South from Southport are the villages of Ainsdale and Birkdale, each village has its own character and they are desirable places to live with good quality housing. Birkdale may be best known as a regular summer destination for The Open golf tournament.
- 1.8 Further south is the small town of Formby. Largely a residential town it has some of the highest priced properties in the Borough. A popular area for families the town also boasts some good schools.
- 1.9 Crosby is the town south of Formby, but has closer connections with Liverpool than Formby. David Gormley's modern sculpture 'Another Place' on Crosby beach has become a tourist attraction and is popular with local residents. The coastal village of Hightown sits to the north of Crosby.
- 1.10 Maghull is the main town away from the coast in Sefton to the north east of Netherton. Estate agents describe it as having a pleasant village character and it has good connections into Liverpool.
- 1.11 Aintree is a pleasant suburban settlement and is famous as the home of Aintree racecourse; the Grand National Steeplechase is run here every year and is a major event in the sporting calendar.
- 1.12 Bootle and Litherland show a very different character to the other areas of Sefton, urban in nature there are serious issues with deprivation of parts of these areas. Much of Bootle is covered by the Housing Market Renewal Initiative (HMRI) pathfinder area, a regeneration initiative aimed at tackling failed housing markets. Geographically the areas are in close proximity to Liverpool with little indication of where Bootle ends and where Liverpool begins.
- 1.13 Overall the authority was ranked as the 83rd most deprived (of the 354 in England) in the 2007 Index of Multiple Deprivation, an improvement on the 2004 Index of Multiple Deprivation results when it was ranked as the 78th most deprived.

What is a SHMA?

- 1.14 A Strategic Housing Market Assessment (SHMA) is a new idea. Government guidance has for some time, before formal publication of PPS3: Housing (November 2006), been moving towards the view that the 'evidence base' required for the good planning of an area should be the product of a process, rather than a technical exercise. Moreover the process should not be restricted, as before, simply to the need for affordable housing but should cover all tenures (market, intermediate and social rented).

- 1.15 The general principles of the SHMA process are established through Figure 1.2 of the Practice Guidance (published in March and August 2007). They are:
- i) Involvement of an authority or a group of local authorities representing a meaningful market area
 - ii) A process in which key stakeholders are involved in the production of the evidence as well as being consumers of it
 - iii) Inclusion in the process of all tenures of housing, not just the affordable ones, as in the old Housing Needs Surveys (HNS)
 - iv) Higher standards of quality: the tests of rigour are more strict than before
- 1.16 A SHMA is more than just a written document and CLG is clear that such research should be able to be monitored and updated. We have therefore provided towards the end of this document a 'pro-forma' which lists a number of important pieces of information which can be readily updated to provide on-going evidence about the local housing market.

PPS3: Housing (November 2006)

- 1.17 PPS3 puts the role of the 'evidence base' provided by the SHMA in a much more prominent role than ever before. It also contains much more specific and challenging requirements for the evidence base, as can be seen from the following summary extracts:

- 1.18 Para 22 of PPS3 says:

'...based on the findings of the Strategic Housing Market Assessment and other local evidence, Local Planning Authorities should set out in Local Development Documents:

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

- 1.19 None of these requirements was in previous detailed Guidance: only a part of item (iii) was stated in it (Circular 6/98). PPS3 is also much more demanding as to the role of stakeholders such as developers. In paragraph 23 it says:

'Developers should put forward proposals for market housing which reflect demand and the profile of households requiring market housing, in order to sustain mixed communities'.

- 1.20 This helps to explain the existence of the second of the three key requirements of paragraph 22 of PPS3 quoted above. Clearly both the steering group (see paragraph 1.24) and developers need to be aware of the likely pattern of demand from different types of households.
- 1.21 The following table provides a set of key terms and references used in the SHMA. The Glossary at the end of this report provides a more comprehensive list of all specialist terms used.

Table 1.1 Key acronyms and concepts defined in SHMA & PPS3 Guidance

<i>Concept</i>	<i>Description</i>
SHMA	Strategic Housing Market Assessment: one that involves all tenures and is set in a stakeholder process that produces results for a given set of market and sub-market areas.
HMA	Housing Market Area. There is no single definition available for an HMA. The issue is discussed in Chapter 3 of this report.
Guidance	The key reference is PPS3 of November 2006, as quoted above, which is supported by Practice Guidance explaining a detailed approach to producing a SHMA, which was published in March 2007 (Version 1) and August 2007 (Version 2). The versions have very few differences.
Stakeholder involvement	Stakeholders are defined as various interest groups with a central interest in the housing market. They include public officials, specialist quasi public and voluntary bodies concerned with housing e.g. Housing Associations (RSLs) and private sector bodies such as house builders, private landlords, estate and letting agents. The Practice Guidance does not identify the general public as a stakeholder, but clearly the public has a keen interest in this topic, and this SHMA has sought to involve the public as appropriate.
All tenure approach	A key feature of the CLG approach in PPS3 is that all tenures should be covered. This means that the former Housing Needs Surveys (HNS) which focused on a technical analysis of the need for affordable housing, has been subsumed in a much wider process.
Evidence base	PPS3 gives the evidence base, of which this SHMA is a key part, a central role in determining policy. This gives more responsibility to the process and documentary results of it, but also more scope for it to affect such figures as the Regional Spatial Strategy (RSS) target, which historically has been 'top down' from higher levels of government, but which is now becoming more of a compromise between local 'bottom up' evidence and 'top down' direction.
RSS	Regional Spatial Strategy: a statutory document which sets out both the overall housing numbers to be built and also the affordable proportions for a given region. The RSS is consulted upon so that the local views and the local evidence base of the SHMA is a part of the process.
LDF	Local Development Framework: this is the planning structure within which sites for development and other infrastructure improvements are programmed. It includes the locally detailed translations of the overall RSS targets.
RHS	Regional Housing Strategy: this is the non-statutory companion of the RSS, addressing specifically housing issues.

Source: Fordham Research 2007

The research process

- 1.22 The research was designed to meet the requirements of both Sefton Council's commissioning brief and the Practice Guidance. As the project evolved and stakeholder involvement became more detailed additional areas of interest were also suggested and explored.
- 1.23 The commissioning brief contained a set of strategic objectives and specific requirements for Sefton. The strategic objectives of the SHMA are to provide the local authority with:
- Evaluation, understanding and definitive conclusions in respect of both the current housing market and likely future trends and influences
 - Recommendations on actions and policies required to address the conclusions of the Assessment

The steering group and stakeholder involvement

- 1.24 In line with the Practice Guidance this project has been carried out under the supervision of a Steering Group made up of Council officers from the housing and planning departments as well as officers dealing with the housing market renewal area in the south of the Borough.
- 1.25 In addition, a number of other organisations were involved in the project through stakeholder consultation individually and at events. These organisations included developers, Registered Social Landlords (RSLs), estate and letting agents and voluntary agencies as well as Council officers.
- 1.26 The CLG Guidance makes clear the importance of the involvement of stakeholders throughout the course of the SHMA. The following describes the process as part of the Sefton SHMA.
- 1.27 The initial stakeholder event took place in September 2007 in the form of two workshops that were held as part of the Sefton Housing Conference. A range of stakeholders participated, including developers, private landlords, Supporting People representatives, RSLs, council officers and council members. An additional consultation event was held with RSL representatives in April of 2008. At both stakeholder events a presentation was given by Fordham Research, covering the aims of the research and initial findings; this was followed by a group discussion.

- 1.28 A community consultation event was held on the evening of the RSL consultation with participants selected from the Council's Citizens Panel. Overall 18 members of the community attended and the event was very successful with a good mix of people of different ages, areas and housing circumstances. The participants were engaged with the issues and all contributed to the debate either through the discussion or via the feedback forms given out. This event began with a presentation followed by a discussion, for which the group was split into two. The split was along geographical lines with those from the north and central part of the Borough in one group, (this featured residents from Southport, Formby and Crosby) and those from the south and south east of the Borough in the other (this included residents from Bootle, Netherton and Maghull). Throughout the report the group from the north and central part of the Borough will be referred to as Group 1; the south and south eastern residents' group as Group 2.
- 1.29 The events covered a wide range of issues, including housing in the area, the economy, transport and support needed for households. Each event provided the research with a different insight into the major issues relating to Sefton and has helped inform the analysis and policy discussion in this report. The events were also an excellent opportunity to engage community members and stakeholders with the issues facing Sefton Council, creating a 'buy in' for those whom the policies informed by this research will effect.
- 1.30 A full account of these discussions will not be included in this report, but summaries of the discussions which took place during the events will be added where relevant to the report. The summaries of the discussions will usually be found towards the end of each chapter (usually boxed for clarity), relating the quantitative results to the more qualitative information derived from these events.
- 1.31 Since a SHMA is designed to be an ongoing process, we recommend that the Steering Group continue and build on the relationships developed as part of the SHMA to ensure the involvement of a wide range of agencies in developing further understanding of the Sefton housing market. We recommend that the Group engages with key agencies and house builders through regular meetings and sharing of information.

Public consultation

- 1.32 A public consultation into the draft SHMA was held over a 6-week period between 11th March and 23rd April 2009. The consultation was widely publicised beforehand in order to ensure a good response. Adverts were placed in the London Gazette, Liverpool Echo, and the Liverpool Daily Post to publicise the consultation. In addition, Sefton MBC's website was updated to include a dedicated SHMA section, and a press release was issued via the Council's Corporate Communications section. Letters were also sent to elected members as well as to all national, regional, and local house builders who had completed developments of more than 10 dwellings in the Borough during the last 5 years. All major RSLs operating in Sefton were also contacted directly and alerted to the consultation process. Fordham Research have provided a separate summary of responses to the public consultation and where appropriate noted support or disagreement within the report.
- 1.33 Given the length and complexity of the draft study report, an executive summary and a 5-page 'summary of key findings' were made available to view alongside the full report. These documents were caveated to make clear that the full draft report should also be referred to by anyone wishing to comment on the draft findings. All of the consultation documents were made available to download via the Councils website. Additional hard copies were also made available to view at the Planning Department's offices in both Bootle and Southport. In order to focus responses on the key issues, a consultation proforma was designed for respondents to complete. The proforma posed a series of key questions in relation to the Study, although it also made clear that individuals were free to disregard the proforma and frame their own response if they so wished. Following the close of the consultation, letters were sent out to everyone who had submitted a response, thanking them for their comments and advising on the next stages of the process.
- 1.34 In addition to this, two focus groups were reconvened during the 6-week consultation period. Both had originally met in mid-2008 to contribute to the emerging Study, and their views were now being canvassed on the finalised draft findings (both original workshops were led by representatives of Fordham Research). The first of these groups was arranged with RSLs operating in Sefton, with the intension of gauging their views on affordable housing provision. The second was arranged with representatives of Sefton's 'Citizen's Panel'. Both focus groups were hosted in Bootle Town Hall, and were run by representatives of Fordham Research. The comments made by attendees were noted down by a 'scribe' and formally recorded.

Data sources

- 1.35 A range of data sources were consulted during this project to ensure that the most reliable data was used for analysis. In addition to the use of data, information was gleaned from a number of important publications and through discussions with local stakeholders. Below we provide a brief summary of the main sources of information:

- 1.36 Primary data – in addition to studying secondary data sources it was necessary to conduct a local household survey for Sefton. The survey data allowed many of the ‘gaps’ in secondary data to be overcome. Most notably the survey data found out in some detail households’ future demands and aspirations and we studied this data along with financial data on a household-by household basis. This data source is referred to as the ‘Sefton SHMA household survey January 2008’ throughout the report.
- 1.37 Secondary data – there are a range of data sources already available at the local, regional and national level which provide a good background to the housing market and how it is changing. Data sources considered in analysis include Land Registry data, the 2001 Census, the Annual Survey of Hours and Earnings (ASHE), Housing Strategy Statistical Appendix (HSSA) data and published household and population projections.
- 1.38 Estate agent information – a key part of the project was a series of face-to-face interviews with estate and letting agents and developers active in the local area. These interviews discussed the dynamics of the housing market (e.g. what types of households are seeking properties) and provided a good overview of what has actually been happening locally. The interviews were supplemented by an internet price search of properties to buy and rent to establish the costs of housing in the local area.
- 1.39 Stakeholder and Steering Group meetings – Throughout the project a number of meetings and events were carried out. These helped to shape the project and ensured that we were always aware of any developments. The Steering Group meetings were largely designed to discuss progress whilst the stakeholder events were used to disseminate information and to encourage feedback.
- 1.40 Community consultation – Members of the public were invited to attend a series of events to discuss the project. Fordham Research invited public representatives via the Council’s Citizen Panel. The purpose was to engage with a cross-section of local residents to establish their views on housing circumstances in Sefton and to feedback the findings of this work to check whether it resonates with local experiences.

How the report is structured

- 1.41 This report is produced in accordance with the Practice Guidance and as such the report’s contents follow the recommended structure outlined in the Practice Guidance. The table below contains an extract from the Practice Guidance, which lists all of the stages and the research questions posed at each stage.

Table 1.2 SHMA Practice Guidance: Research Questions

Chapter	Stage	Research Questions
3. The current housing market	1. The demographic and economic context	<ul style="list-style-type: none"> • What is the current demographic profile of the area? • What is the current economic profile? • How have these profiles changed over the last ten years?
	2. The housing stock	<ul style="list-style-type: none"> • What is the current housing stock profile? • How has the stock changed over the last ten years?
	3. The active market	<ul style="list-style-type: none"> • What do the active market indicators tell us about current demand, particularly house prices and affordability?
	4. Bringing the evidence together	<ul style="list-style-type: none"> • How are market characteristics related to each other geographically? • What do the trends in market characteristics tell us about the key drivers in the market area? • What are the implications in terms of the balance between supply and demand and access to housing? • What are the key issues for future policy and strategy?
4. Future housing market	1. Indicators of future demand	<ul style="list-style-type: none"> • How might the total number of households change in the future? How are household types changing; e.g. is there an ageing population? • How might economic factors influence total future demand? • Is affordability likely to worsen or improve?
	2. Bringing the evidence together	<ul style="list-style-type: none"> • What are the key issues for future policy and strategy?
5. Housing need	1. Current housing need	<ul style="list-style-type: none"> • What is the total number of households in housing need currently (gross estimate)?
	2. Future need	<ul style="list-style-type: none"> • How many newly arising households are likely to be in housing need (gross annual estimate)?
	3. Affordable housing supply	<ul style="list-style-type: none"> • What is the level of existing affordable housing stock? • What is the likely level of future annual supply?
	4. Housing requirements of households in need	<ul style="list-style-type: none"> • What is the current requirement for affordable housing from households in need? • What are the requirements for different sized properties? • How is the private rented sector used to accommodate need?
	5. Bringing the evidence together	<ul style="list-style-type: none"> • What is the total number of households in need (net annual estimate)? • What are the key issues for future policy and strategy? • How do the key messages fit with the findings from Chapters 3 and 4?

Cont. over

6. Housing requirements of specific household groups	1. Families, Older People, Minority and hard-to-reach households and households with specific needs	<ul style="list-style-type: none"> • What are the housing requirements of specific groups of local interest and importance?
	2. Low Cost Market Housing	<ul style="list-style-type: none"> • What is the scope for addressing demand through the provision of low cost market housing?
	3. Intermediate Affordable Housing	<ul style="list-style-type: none"> • What is the scope for addressing need through the provision of intermediate affordable housing?

Source: CLG, 2007

- 1.42 Within the chapters of the Practice Guidance, further detail is provided of the individual steps that comprise each stage. A full list of these steps is presented in the table below alongside an indication of which chapters of this SHMA report deal with each step. Since the Practice Guidance does not distinguish the stages within each of its operational chapters, they have been preceded by the chapter number (e.g. stage 3.1 in the table below means Stage 1 in Chapter 3 of the Practice Guidance) for clarity's sake.
- 1.43 Each chapter of this report summarises the outputs required at each stage, then presents the quantitative and qualitative evidence that is used to inform these outputs, including input from the steering group and stakeholders.

Table 1.3: Practice Guidance stages/steps in Sefton SHMA report

<i>Chapter of the SHMA report</i>	<i>Stage/Step identified in the Practice Guidance (August 2007)</i>	<i>Page in Practice Guidance</i>
Ch 4	Stage 3.1: The demographic and economic context	18
Ch 5	Step 3.1.1 Demography and household types	19
Ch 6	Step 3.1.2: National and regional economic policy	20
Ch 7	Step 3.1.3: Employment levels and structure	21
	Step 3.1.4 Incomes & earnings	22
Ch 8	Stage 3.2: The housing stock	22
Ch 9	Step 3.2.1 Dwelling profile	23
Ch 10	Step 3.2.2 Stock condition	24
	Step 3.2.3 Shared housing and communal establishments	25
Ch 11	Stage 3.3: The active market	25
Ch 12	Step 3.3.1 The cost of buying or renting a property	26
Ch 13	Step 3.3.2 Affordability of housing	29
Ch 14	Step 3.3.3 Overcrowding and under-occupation	30
	Step 3.3.4 Vacancies, available supply and turnover by tenure	31
Ch 15, 16	Stage 3.4: Brining the evidence together	32
Ch 17	Step 3.4.1 Mapping market characteristics	32
Ch 18	Step 3.4.2 Trends and drivers	33
	Step 3.4.3 Issues for future policy/strategy	34
Ch 20	Stage 4.1: Projecting changes in the future numbers of households	35
Ch 21	Stage 4.2: Future economic performance	36
Ch 22	Stage 4.3: Future affordability	37
Ch 35	Stage 4.4: Bringing the evidence together	38
Ch 24-29	Stage 5.1: Current need (gross backlog)	43
	Stage 5.2: Future need (gross annual estimate)	45
	Stage 5.3: Affordable housing supply	47
	Stage 5.4 Step 5.4.1 Choices with the existing affordable housing stock	50
	Step 5.4.2 Requirement for affordable housing of different sizes	50
	Step 5.4.3 The private rented sector	51
	Stage 5.5 Step 5.5.1 Estimate of net annual housing need	52
	Step 5.5.2 Key issues for future policy/strategy	53
	Step 5.5.3 Joining across the assessment	53
Ch 30-34	Specific groups (no formal stages or steps)	

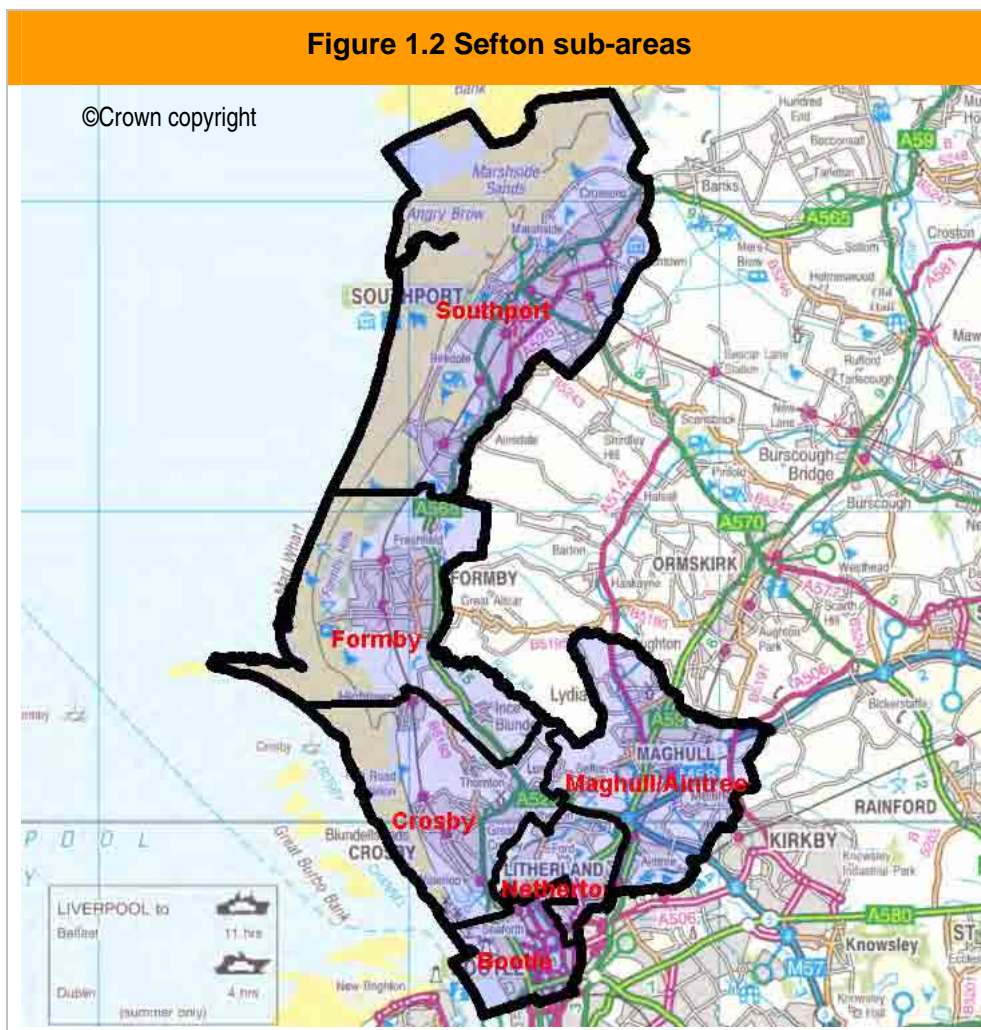
Source: Sefton SHMA Fordham Research 2008

1.44 As can be seen from this table, most of the material in this report can be related to the structure set out in the Practice Guidance, although not always in the same order. As highlighted above, it has been necessary to supplement this content, with further information that produces the key requirements of PPS3. The chapters within this report not referred to within the table above are in addition to the Practice Guidance and relate to the requirements of PPS3.

1.45 The remainder of this section will present the local policy context and discuss the Sefton housing market area.

Sub-areas in the Borough

1.46 The Council identified six sub-areas in the Borough for which analysis from the SHMA household survey 2008 will be presented in the report. Analysis of these six sub-areas was supported by responses to the public consultation. These sub-areas are illustrated in the figure below.



Source: Fordham Research (2008)

1.47 The sub-areas are comprised of groups of wards, as shown in the table below. Ward-level survey data is presented in Appendix A1.

Table 1.4 Sub-areas and wards within Sefton

Sub-area	Wards
Southport	Ainsdale, Birkdale, Cambridge, Dukes, Kew, Meols, Norwood
Formby	Harington, Ravenmeols
Maghull / Aintree	Molyneux, Park, Suddell
Crosby	Blundellsands, Church, Manor, Victoria
Bootle	Derby, Linacre, Litherland
Netherton	Ford, Netherton and Orrell, St Oswald

Source: Sefton Council (2008)

Rounding error

1.48 Figures presented in the analytical text and tables of this report have been rounded and discrepancies may occur between sums of the component items and totals. This will also occur where variables allow more than one response to be reported (these cases will be identified in the text relating to the table). Published percentages are calculated prior to rounding and therefore discrepancies may also exist between these percentages and those that could be calculated from the rounded figures.

Summary

- i) The SHMA has been conducted in line with the most recent Government Guidance as contained in CLG SHMA Practice Guidance and PPS3.
- ii) A key feature of this is the involvement of stakeholders who are able to provide detailed insight into the local housing market.
- iii) A range of information sources have been used as part of the process including: primary data, secondary data, consultation with the community and interviews with local estate and letting agents. Primary data was collected via a local household survey which obtained detailed data on households' future demands and aspirations along with financial data.
- iv) Finally, the SHMA should be seen as an ongoing process with key data monitored into the future to see the 'direction' in which the housing market is moving.

2. The policy context

Introduction

2.1 This study should be understood within the context of other strategies that describe the plans for the future of the economic and housing markets at a regional and local level. A range of documents have been reviewed and this chapter details the parts relevant to the Sefton housing market.

The North West Plan

2.2 The North West Plan (the Regional Spatial Strategy (RSS)) sets out a vision for the future of the North West region to 2021, outlining proposed approaches to housing, the economy, transport and the environment. The Plan was submitted in January 2006 and was approved by Government in September 2008.

2.3 The Plan emphasises economic development in the region, whilst recognising that this will increase the requirement for additional homes (The North West Plan 2006:10). The Plan suggests that this additional requirement will be met not just through new developments, but through the management of existing housing stock in the region. Areas that require particular intervention are acknowledged through the Plan, including the New Heartlands Housing Market Renewal Initiative (HMRI) in Merseyside, which covers parts of Sefton.

2.4 The Plan also states policies for the Liverpool City Region, of which Sefton is a part. It promotes the desire to continue the economic development of Liverpool, and promote it as an economic driver for the Liverpool City Region.

2.5 The following table shows the latest figures relating to planned net additional housing provision from 2003-2021 for Sefton and related areas. The Plan makes provision for at least 411,160 additional dwellings in the North West Region over the period 2003 to 2021.

Table 2.1 Sefton and related areas HMA RSS targets 2003-2021		
Council area	Annual Average	Total
Sefton	500	9,000
Liverpool	1,950	35,100
West Lancashire	300	5,400
Knowsley	450	8,100
Wirral	500	9,000

Source: The North West Plan (2008)

- 2.6 Relating to South West Lancashire (Sefton and West Lancashire) the Plan calls for:
... 'continued restraint, limiting housing provision to that which meets local and affordable housing needs, especially in Ormskirk /Burscough and the northern part of Sefton....In the southern part of Sefton the focus will be on providing sufficient new residential development to support inner areas as a priority area for economic growth and regeneration and Housing Market Renewal Initiative Pathfinder activity.'
- 2.7 The Plan does not recommend any numerical targets for the proportion of affordable housing that should be secured on new developments, suggesting that plans and strategies should set out the requirements for affordable housing in terms of location, size and type. This SHMA will help inform the implementation of the RSS target in Sefton.

The North West Plan: Report of the Panel

- 2.8 A panel of inspectors were appointed by the First Secretary of State to conduct an Examination in Public (EiP) of selected issues arising from the draft RSS.
- 2.9 The Panel Report makes numerous recommendations to the RSS including that the housing figures for Sefton should be set at a minimum of 500 net new dwellings per annum over the period 2003 to 2021.
- 2.10 The Panel Report considered the suitability of affordable housing targets within the draft RSS. The report does not go further than the RSS and suggest a regional target, citing a lack of evidence available to them to produce such a figure; it does however suggest that targets for affordable housing should be set when the RSS is next reviewed. In addition, the Panel Report recommends that a 'partial review of the RSS is carried out as soon as possible, with a view to publication of the revised RSS not later than 2009 (Panel Report 2007: 6).
- 2.11 The Secretary of State published proposed changes to the draft RSS after taking account of the Panel's recommendations. The Secretary of State has supported the housing figures for Sefton and the Panel's stance on affordable housing. After a period of public consultation these proposed changes were confirmed in the publication of the final RSS in September 2008.

North West Regional Economic Strategy 2006

- 2.12 The Regional Economic Strategy (RES) is a rolling 20-year strategy, with a particular emphasis on activities between 2006 and 2009. It sets out the economic ambitions for the North West, with much of the economic ambition based around the economic centres of Liverpool and Manchester.

- 2.13 The strategy aims to continue the transformation of the North West's economy, based on high skills; whilst being economically and environmentally sustainable in its development.

Regional Housing Strategy

- 2.14 The Regional Housing Strategy (RHS) for the North West of England (2005) takes forward many of the objectives of the 2003 Housing Strategy. The Strategy emphasises the need for consultation and dialogue with stakeholders, pointing out that many of the challenges can not be solved without the private sector. The RHS states its vision in the Strategy:

'Our vision is a region working together to deliver a housing offer that will promote and sustain maximum economic growth with the region, ensuring all residents can access a choice of good quality housing in successful and sustainable communities.'

- 2.15 Regarding the Liverpool City Region, the Strategy identifies high demand in Southport, whilst there are areas requiring market renewal towards the inner core.

Liverpool City Region Housing Strategy Action Plan 2008

- 2.16 The Liverpool City Region Housing Strategy Action Plan draws together a series of actions required to implement and further develop the City's Regional Housing Strategy and associated planning framework. The proposals contained in this Plan focus on the actions to be progressed across local authority boundaries in order to deliver the Housing Strategy and to strengthen the on-going City Regional working arrangements.
- 2.17 It recommends that to increase effectiveness the Merseyside Housing Forum should invite members from other authorities affected by the Liverpool City Region (LCR), and that a number of working groups should be set up to deal with a range of common themes and also geographical differences. Two of the most important issues highlighted in the Strategy and the Action Plan focus on delivery of affordable housing and housing supply in general.

Sefton Council Housing Strategy (consultation draft)

- 2.18 The Housing Strategy covers the period 2007-2012, setting out the key housing issues facing the Borough. The Strategy puts the regeneration of the south of Sefton as one of its priorities. South Sefton is part of a Housing Market Renewal pathfinder area. It contains areas of low demand caused by a combination of factors including changing economic circumstances, poor housing stock condition, a lack of investment and a deprived local environment. The regeneration of the south of Sefton will be based around the five neighbourhood development plan areas of Bedford/Queens/ Worcester, North and South Linacre, Klondyke, Knowsley and Peel, and Seaforth and Waterloo.

- 2.19 It also identifies the shortage of affordable housing in Southport as impeding the local tourist and retail economy, especially in the context of rapidly rising house prices. Improving the accessibility of housing in this area is a priority based on a range of initiatives including reducing empty homes in the area.
- 2.20 More generally across the Borough, the strategy identifies a need to improve the condition, accessibility and energy efficiency of the stock.
- 2.21 It states that this Strategic Housing Market Assessment will help provide information on the Borough's housing need and demand.
- 2.22 The Strategy states that the Council adopted an Interim Planning Document setting a target of 30% of all newbuild developments to be affordable housing, of this 89% will be social rented and 11% intermediate. This will be sought on all proposals of 25 dwellings or more.

South Sefton Supply & Demand Study 2006

- 2.23 A specific study was carried out to provide Sefton Council with an assessment of housing supply and demand conditions in the general housing market as they relate to key neighbourhoods in South Sefton (defined as the New Heartlands HMRI Pathfinder Area).
- 2.24 The report looked at South Sefton at a neighbourhood level, looking at how demand and supply might differ at a local level. The study identifies that the planning restraint enacted in the parts of Sefton outside the HMRI area is likely to result in the future balance of development being in favour of the south of Sefton.
- 2.25 The study emphasises the need to diversify the supply of housing in the South and the need to encourage a more balanced socio-economic profile of residents in the area. The study also suggests (on page 23) that it might be appropriate to '*seek commuted contributions from developers to enable affordable housing units to be delivered in the north of the Borough.*'
- 2.26 The evidence provided by this Strategic Housing Market Assessment will allow for reflection upon these findings and help inform policy advice given to the Council on the HMRI area and the rest of the Borough.

Sefton Joint Strategic Needs Assessment 2008

- 2.27 The Sefton Joint Strategic Needs Assessment has been published by the local NHS Primary Care Trusts. According to the document its purpose is *'to identify and assess the health and wellbeing needs of the local community, identify any groups whose needs are not being met, provide information which can be used to plan, develop and deliver health and wellbeing services for the next three to five years, and set out a clear direction for the next 10-20 years, help reduce health inequalities.'*
- 2.28 The report acknowledges that the property a household resides in plays an important part in their health. Poor housing condition and overcrowding are associated with poor health in Sefton, whilst the report suggests that there are not enough homes for life, meaning that people with disabilities cannot always maintain their independence in their own home.

The North West Gypsy and Traveller Accommodation Assessment 2008

- 2.29 The North West Regional Assembly commissioned Salford University to conduct an assessment of the requirements for Gypsy and Traveller accommodation in the region. The study identified a residential need for an additional 36 pitches across Merseyside between 2007 and 2012, of which 12 are required within the Borough of Sefton. The study also identified that a further nine pitches would be required across Merseyside between 2012 and 2016 including four within Sefton.

Merseyside Gypsy and Traveller Accommodation Needs Assessment 2008

- 2.30 The Merseyside Gypsy and Traveller Accommodation Needs Assessment 2008 supersedes the North West Regional Assembly Gypsy and Traveller Accommodation Assessment. It considered the needs of Gypsy and Travellers in Knowsley, Liverpool, Sefton and Wirral. It established the need for improved and expanded caravan pitch provision in Sefton and ten "transit" (temporary pitches for visiting Gypsies and Travellers) for the Merseyside area. The study did not recommend encouraging Gypsies and Travellers to move into "bricks and mortar" housing. It did recommend that a range of caravan pitch tenures be offered.

Viability Study

- 2.31 The Three Dragons Consultancy have been appointed by Sefton Council as retained advisers in relation to the economic viability of affordable housing proposals, both site specific and in general. No results have yet been published.

Summary

- i) This chapter considered a number of key documents relevant contextually to this SHMA, including the North West Plan (the region's draft Regional Spatial Strategy(RSS)), the Regional Housing Strategy and Liverpool City Region Housing Strategy and Action Plan. Other relevant studies recently completed in Sefton were also considered.
- ii) The draft RSS, as endorsed by the Secretary of State, proposes a new dwelling provision of a minimum of 500 dwellings per annum for Sefton over the period 2003 to 2021.

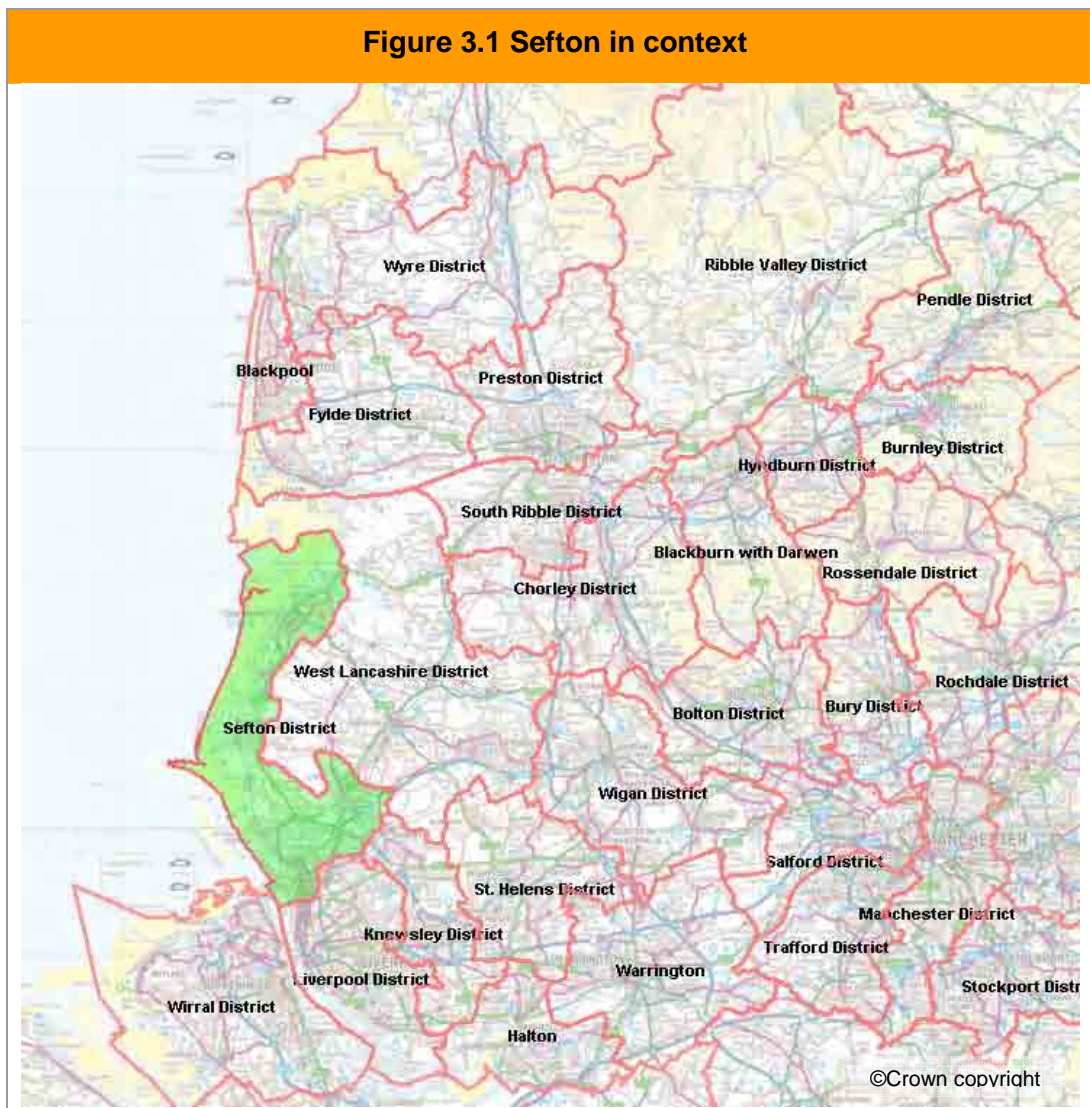
3. Defining the housing market area

Introduction

- 3.1 An important part of any SHMA is the definition of a housing market area. This chapter reviews the data available (plus new data from the household survey) to consider the extent to which Sefton may be considered a single housing market. The chapter also draws heavily on more qualitative information gained from estate agents operating in the area, from consultation with stakeholders and with members of the community. The CLG advice note *'Identifying sub-regional housing market areas'* (March 2007) notes that "...housing market areas are geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work." (pp. 6, para. 6).

Sefton within the region

- 3.2 The following map gives a geographical context to the study area.



Source: Fordham Research (2008)

The Liverpool City Region

- 3.3 The Liverpool City Region is already established as an important economic driver for the North West. It includes the Local Authorities of Liverpool City, St. Helens, Wirral, Knowsley, Sefton, Halton, Warrington, Chester, Ellesmere Port and Neston and North Wales and West Lancashire. The city region includes the NewHeartlands housing market renewal pathfinder.
- 3.4 Investigation of the boundaries of housing markets in the Liverpool City Region by Ecotec defined three housing markets within the City Region (although with some degree of overlap). These were assessed using data from travel to work flows, local demographics and housing market conditions. Sefton was identified as being within the northern housing market area of the Liverpool City Region along with the authorities of Liverpool, Wirral, Knowsley and West Lancashire.

- 3.5 Although Sefton was defined as part of a wider housing market area within this earlier work on the Liverpool City Region, the Core Strategy timetable meant that it was not possible for the Borough to wait for a sub-regional SHMA to be produced. This SHMA therefore only considers the Borough of Sefton and the evidence presented in this chapter will consider the validity of Sefton as a study area for which to carry out a SHMA. Initially the Guidance on identifying sub-regional housing market areas is presented to highlight some of the key figures and qualitative information relating to housing markets.

Definition of Housing Markets: CLG Guidance

- 3.6 PPS3 defines housing market areas as *“geographical areas defined by household demand and preference for housing. They reflect key functional linkages between places where people live and work”*.
- 3.7 PPS3 also expects that Local Planning Authorities and Regional Planning Bodies should *“have regard to housing market areas in developing their spatial plans”*. While an analysis of a geographical part of a housing market may yield informative results, it will not give a total picture of the market as experienced by those seeking to live within it. The CLG advice note recommends that where a housing market cuts across local authority boundaries, that Councils should *“use a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas.”* (pp. 6, para. 9)
- 3.8 As recognised by the CLG advice note there is no single preferred methodology to defining housing market areas. The CLG advice note indicates three sources of information that can be used: house prices and rates of change in house prices, household migration and search patterns and contextual data, such as travel to work areas. The definition of housing market areas in the Glossary provides more detail.
- 3.9 The most frequently adopted methodologies from the Practice Guidance have been based upon household migration patterns and travel to work areas. A more qualitative understanding of demand and preference from households is also used to inform the argument in this chapter, this draws on information from those servicing the market and residents of the area. The Practice Guidance emphasises the importance of consultation with stakeholders in determining housing market areas, in particular with estate agents who may have specialist qualitative knowledge of the market (pp. 7, para. 12).

**Table 3.1 Key quotes from CLG Advice Note:
Identifying sub-regional housing market areas**

“Identifying suitable thresholds for self-containment. The typical threshold for self-containment is around 70 per cent of all movers in a given time period. ... Some areas may be relatively more or less self-contained, and it may be desirable to explore different thresholds.” (pp. 10)

Travel to Work areas and other functional areas. “Functional areas can provide useful contextual information in terms of the spatial extent of sub-regional housing market areas. For example, travel to work areas can provide information about commuting flows and the spatial structure of the labour market, which will influence household price and location.” (pp. 11)

Source: CLG 2007

Evidence from the Census: Migration

- 3.10 The table below shows the overall migration statistics for the Borough, taken from the 2001 Census. The figures shown are for the Borough as a whole - ‘Inflow’/‘Outflow’ refers to moves in/out of the study area; ‘internal moves’ refers to those moving within the study area.
- 3.11 Overall a net annual outflow of 284 households is shown from domestic sources. A total of 140 households arrived from international sources in the year before the Census, however since outflows are not recorded from the UK, no net figure can be calculated.

Table 3.2 Sefton: Total Migration, Domestic and International (households)

	Inflow	Outflow	Net Flow
Domestic	1,712	1,996	-284
International	140	?	?
Total	1,852	?	?
Internal Flow	4,772	4,772	n/a
Self-containment	72.0%	70.5%	n/a

Source: 2001 Census data (from Nomis website)

- 3.12 Sefton appears to have a relatively high level of self-containment in terms of migration; 72.0% of households moving into a dwelling in the Borough moved from within the Borough itself, and 70.5% of households moving out of a dwelling moved within the Borough. Although the outflow does not include households moving out of the UK, it is not likely to have a significant impact upon the level of self-containment, as they are thought to be relatively small in number.
- 3.13 Overall, the Census data on both the inward and outward flows of households indicates that Sefton is a distinct housing market area, as the self-containment level is above the 70% figure indicated in the advice note.

Evidence from the Census: Travel to work

- 3.14 The table below shows the level of self-containment of commuting flows in Sefton. The table suggests a high level of self-containment with 73.3% of all the people who work in Sefton also living in Sefton (69,751 of the total workplace population of 95,200). As over 70% of Sefton's labour force resides in the Borough, Sefton can be considered as an individual housing market area.
- 3.15 Looking at the travel to work of residents in Sefton, the level of self-containment is lower; 60.0% of residents commute to work within Sefton.
- 3.16 The table also shows a significant outflow of people commuting from Sefton, the domestic net flow of -20,484 is a considerable one. The Office of National Statistics (ONS) travel to work areas (TTWAs) from 2001 Census data suggest that Sefton is part of a large TTWA for Liverpool, including the areas of Knowsley, West Lancashire and Halton.

Table 3.3 Sefton: Daily Travel to Work, Domestic and International (persons)			
	Commuting Out	Commuting In	Net Flow
Domestic	45,933	25,449	-20,484
International (outside England and Wales)	631	?	?
Total	46,564	?	?
Internal Flow	69,751	69,751	n/a
Self-containment	60.0%	73.3%	n/a

Source: 2001 Census data (from Nomis website)

- 3.17 Using travel to work data at ward level we are able to consider the relationship between the different sub-areas of Sefton and the Liverpool City area. The table below shows the proportion of residents that work within their own sub-area, the proportion of the workforce that live in that sub-area and the proportions of residents that are working in Liverpool or the sub-areas of Bootle and Netherton.
- 3.18 The table shows that the areas to the south of the Borough have a stronger relationship, in terms of travel to work, with Liverpool than the area to the north of Sefton, Southport. It also shows a relatively high level of self-containment for the Southport sub-area; 66.3% for residents and 75.4% for workers. In all sub-areas other than Southport, around a fifth of employed residents work in Liverpool, which suggests that Sefton is not that strongly connected with Liverpool, considering its close proximity.

Table 3.4 Sub-area travel to work patterns

Sub-area	% of employed residents working in sub-area	% of workforce living in sub-area	% of employed residents working in Liverpool	% of employed residents working in Bootle & Netherton
Southport	66.3%	75.4%	6.7%	3.5%
Formby	32.3%	59.2%	18.2%	8.1%
Maghull & Aintree	26.5%	45.3%	21.0%	9.7%
Bootle	22.8%	34.1%	23.5%	39.4%
Netherton	25.3%	33.2%	21.2%	26.2%
Crosby	34.4%	49.3%	24.6%	12.9%

Source: Census 2001

3.19 Overall, the Census data on both migration and travel to work patterns suggest that Sefton can be considered a distinct housing market area, as the self-containment level is above the 70% figure indicated in the advice note. This conclusion was supported by a local housing developer in a response to the public consultation.

The existence of separate housing markets within Sefton?

3.20 Analysis of Census data on travel-to-work and migration flows provides conclusive evidence that Sefton could be considered a housing market in its own right. However it is important to acknowledge the diversity that exists within the Borough and determine whether it contains more than one housing market. Much of the stakeholder and consultation feedback suggests that Sefton is too polarised to be considered a single housing market area, with a clear divide between the south of Sefton and the north and central part of the Borough evident (where the south contains the sub-areas of Bootle and Netherton, whilst north and central Sefton contains the sub-areas of Southport, Formby, Maghull & Aintree and Crosby). We will summarise the evidence relating to this issue, however, a consideration of more local differentiations in housing stock and price in the Borough is presented within the discussion of price markets in Chapter 11.

3.21 Members of the community who were part of the consultation process were questioned about the relationship between the north and central part of Sefton and the south of the Borough. Group 1, from north and central Sefton, suggested that there was little movement or aspiration from people in this area to move towards the south. They suggested that there was some movement the other way, but that it was limited with the increasing house prices. Members of Group 2 from the south east of the Borough, identified with their town (Bootle), however there was also identification with Liverpool, interestingly not Sefton.

3.22 The difference between the north and central parts of Sefton and south of Sefton also became obvious during the stakeholder consultation. Stakeholders identified that there was little demand from people in the north and central parts of the Borough to move towards the south, this was the case for occupiers of both market and social housing.

- 3.23 The table below shows the results from the SHMA household survey 2008, looking at the location preferences from future moving households. Households that plan to move in the next two years were asked where they would like to move to; the areas of Southport, Bootle and the rest of Sefton were amongst the options.
- 3.24 The table offers some interesting results and gives an insight into how the demand for housing is shaping the market in Sefton. Reinforcing the qualitative information the data from our survey shows that there is no demand for housing in Bootle from outside of the Bootle/Netherton area.

Table 3.5 Preferred location by existing sub-area						
Sub-area	Area where households would like to move				Total	Total count
	Southport	Bootle	Elsewhere in Sefton	Elsewhere in the UK/Abroad		
Southport	77.8%	0.0%	5.5%	16.7%	100.0%	6,767
Formby	13.3%	0.0%	59.3%	27.4%	100.0%	1,262
Maghull / Aintree	31.0%	0.0%	51.3%	17.7%	100.0%	1,595
Crosby	9.7%	0.0%	73.7%	16.6%	100.0%	2,835
Bootle	13.5%	39.0%	32.8%	14.7%	100.0%	3,435
Netherton	10.3%	12.1%	54.1%	23.6%	100.0%	2,071
Total	38.3%	8.8%	34.9%	17.9%	100.0%	17,965

Source: Sefton SHMA household survey January 2008

- 3.25 Additionally data on the Census can be used to assess the level of self-containment of these two parts of the Borough. The table below shows the level of self-containment of commuting flows in north and central Sefton. The table suggests a high level of self-containment with 73.2% of all the people who work in north and central Sefton also living in north and central Sefton. Looking at the travel to work of residents of north and central Sefton, the level of self-containment is lower; 53.5% of residents commute to work within north and central Sefton.

Table 3.6 North and Central Sefton: Daily Travel to Work, Domestic and International (persons)			
	Commuting Out	Commuting In	Net Flow
Domestic	40,443	17,234	23,209
International (outside England and Wales)	298	?	?
Total	40,741	?	?
Internal Flow	46,960	46,960	n/a
Self-containment	53.5%	73.2%	n/a

Source: Census 2001

3.26 The table below shows the level of self-containment of commuting flows in south Sefton. The table suggests a low level of self-containment with 36.3% of all the people who work in south Sefton also living in south Sefton. Looking at the travel to work of residents of south Sefton, the level of self-containment is higher; 40.5% of residents commute to work within south Sefton.

Table 3.7 South Sefton: Daily Travel to Work, Domestic and International (persons)

	Commuting Out	Commuting In	Net Flow
Domestic	16,056	19,273	-3,217
International (outside England and Wales)	73	?	?
Total	16,129	?	?
Internal Flow	10,967	10,967	n/a
Self-containment	40.5%	36.3%	n/a

Source: Census 2001

3.27 Although not conclusive, in terms of the advice note target of 70%, the data does suggest that the housing markets in the two parts of the Borough are distinct.

3.28 Overall the qualitative and quantitative information suggest that Sefton cannot be treated as a single housing market area. If housing market areas are “*geographical areas defined by household demand and preferences for housing*” the lack of demand from households in north and central Sefton for housing in Bootle suggests that Bootle and Netherton are a separate housing market area to north and central Sefton.

3.29 The Bootle/Netherton area is an interesting area in itself, particularly as much of Bootle is part of the HMRI pathfinder and is undergoing significant regeneration. For the purpose of this study whilst presenting information for the whole of the Borough it is important to acknowledge the differences between the markets of north and central Sefton and south Sefton.

Summary

- i) Investigation of the boundaries of housing markets in the Liverpool City Region by Ecotec identified that Sefton is part of the Liverpool North housing market area.
- ii) Looking at Borough-wide levels of self-containment for both migration and travel to work, the data suggests that Sefton could be considered as a housing market area in its own right.
- iii) Through extensive qualitative research in the area and discussions with stakeholders and members of the community the idea of Sefton being a single housing market area was questioned by some. Analysis of survey data suggested that whilst Sefton can be considered a self-contained housing market area, there are two distinct sub-areas within the Borough.
- iv) For the purpose of this study the sub-areas of Southport, Formby, Crosby, and Maghull/Aintree will be considered as a separate housing market area to the sub-areas of Bootle and Netherton, as evidence from primary data, secondary data, local residents and stakeholders suggests that there are few household moves between these two parts of the Borough.

SECTION B: THE DEMOGRAPHIC AND ECONOMIC CONTEXT

This Section of the report studies a range of background information relevant to the housing market in Sefton. It provides a comprehensive description of the socio-economic situation in Sefton using data from both primary and secondary sources. The information presented compares the circumstances in the Borough in a local, regional and national context. The section aims to answer the following questions:

- What is the demographic profile of the area?
- What is the economic profile of the area?
- How have these profiles changed?

The Section contains four chapters:

- 4. Composition of the population and demographic trends**
- 5. National and regional economic policy**
- 6. Structure of the economy and the skills base**
- 7. Incomes and earnings in Sefton**

4. Composition of the population and demographic trends

Introduction

4.1 A key determinant of housing requirements and how these are likely to change in the future is the demographic profile of the population. This chapter will outline the structure of the resident population and changes that have been recorded to its composition. The chapter will also discuss the household structure in the Borough.

Resident population

4.2 The latest ONS population estimates indicate that there were 277,400 people resident in the Borough in 2006. The table below shows the population change recorded in Sefton since 1981.

4.3 The table indicates that since 1981 the population of Sefton has in fact fallen, although not as quickly as in some other parts of Merseyside. Data from the NOMIS website¹ (drawn from ONS mid-year population estimates) shows that the estimated population of the Borough in 1981 was 300,100, falling steadily over the 25 year period to 277,400.

Table 4.1 Population change in the Borough (1981 – 2006)

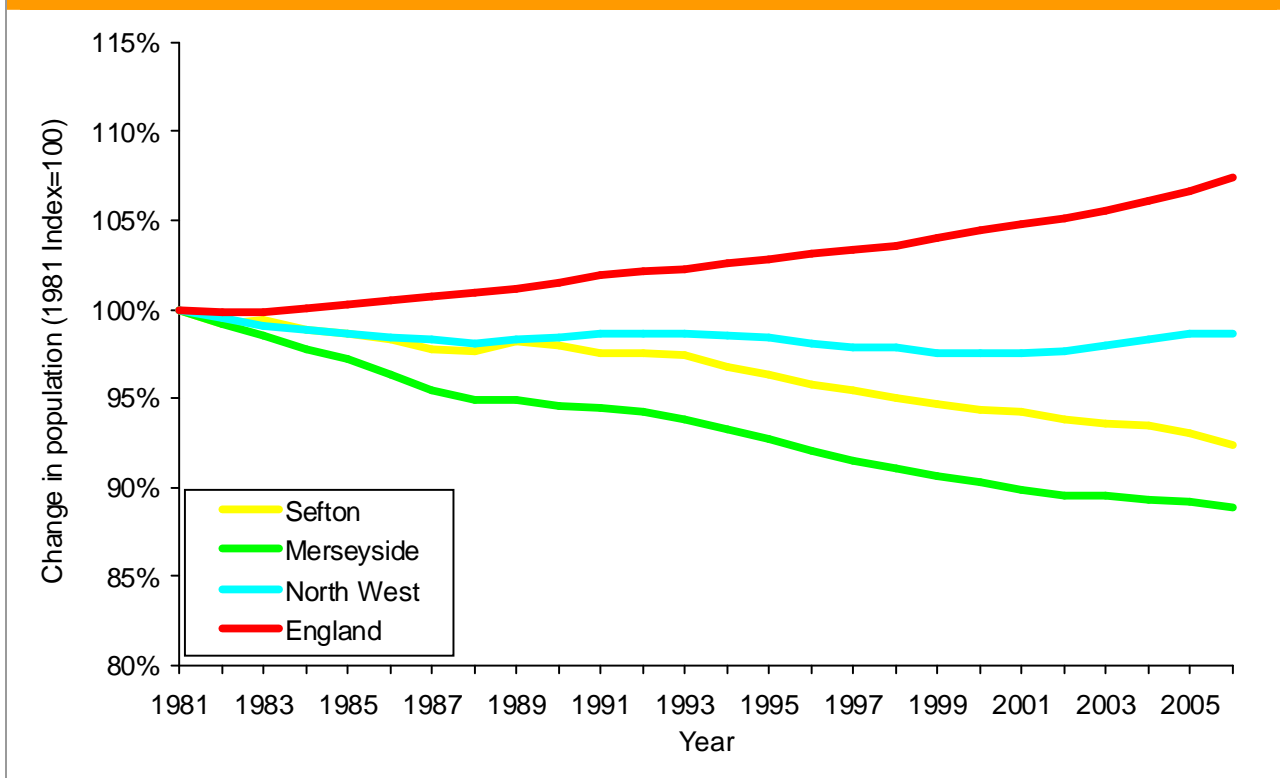
Area	Population (1981)	Population (2006)	Absolute change	% change
Sefton	300,100	277,400	-22,700	-7.6%
Merseyside	1,522,000	1,353,600	-168,400	-11.1%
North West	6,940,300	6,853,200	-87,100	-1.3%
England	54,814,500	58,845,700	+4,031,200	+7.4%

Source: ONS mid-year population estimates (from Nomis website)

4.4 The following figure displays these population changes graphically. To allow comparison between the areas the change recorded is indexed from a base date of 1981.

¹ <https://www.nomisweb.co.uk>

Figure 4.1 Population change in the Borough (1981 – 2006)

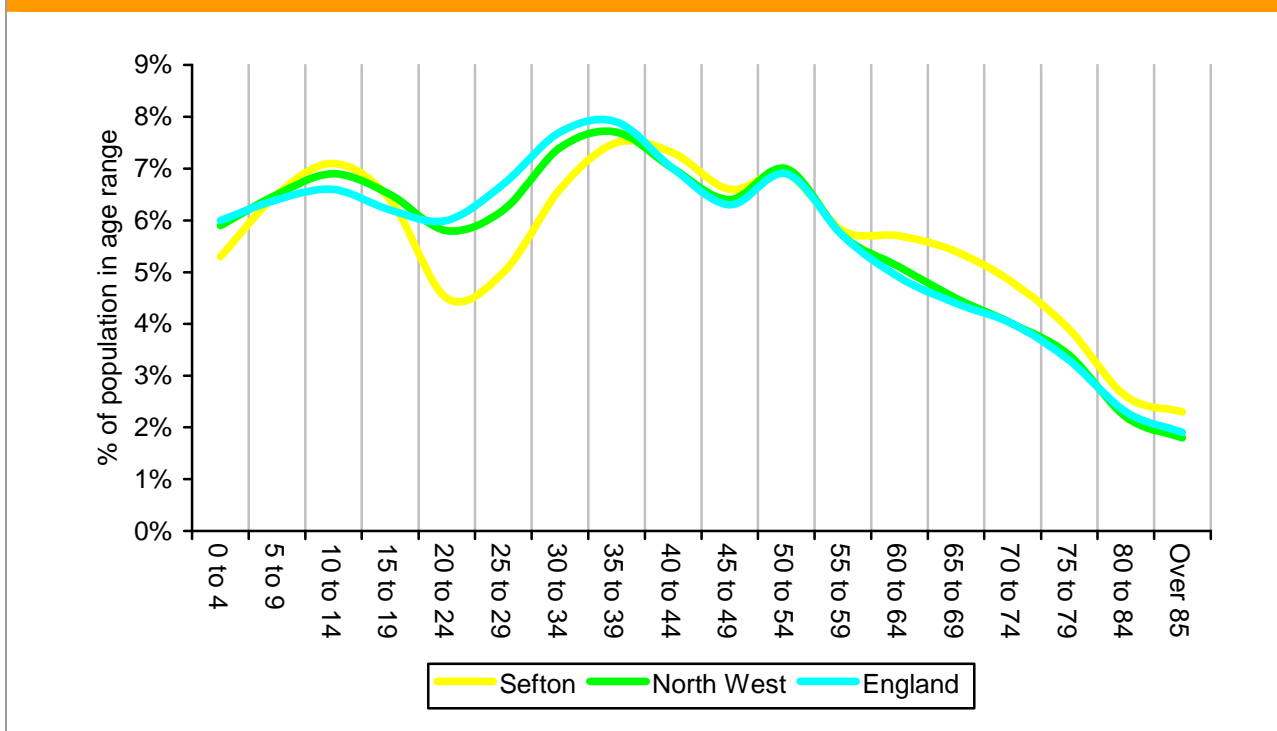


Source: ONS mid-year population estimates 1981-2006 (from Nomis website)

Age profile in Sefton

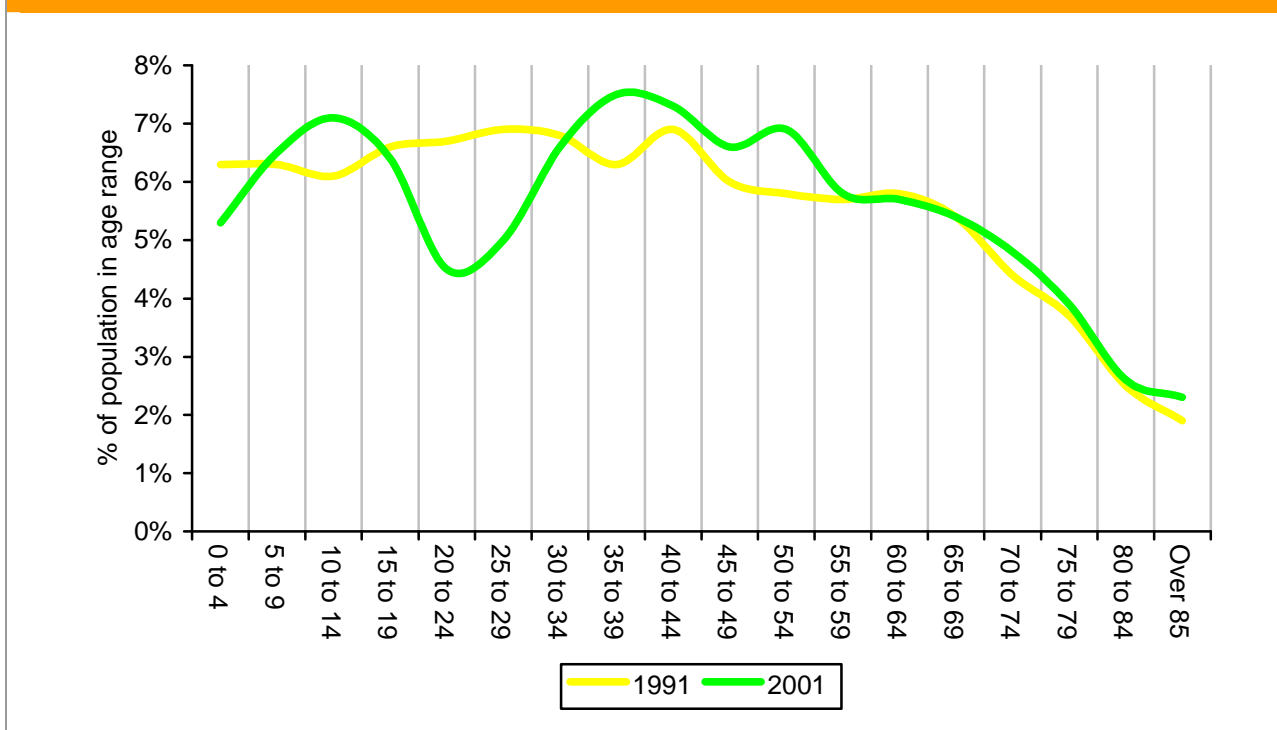
- 4.5 It can be seen from the chart below that compared to nationally and regionally, Sefton contains a lower proportion than average (mean) of young adults, aged 20-35. The area also contains a significantly elevated proportion of older people, aged over 60. The proportions of older adults and children (usually indicating the proportion of families) appear close to national and regional averages.
- 4.6 The second graph below shows that the low proportion of young adults is a new phenomenon; this did not exist in 1991, although the proportion of elderly residents was not markedly lower, with the exception of the over 85s.

Figure 4.2 Sefton 2001 age profile compared regionally and nationally



Source: Census 2001

Figure 4.3 Sefton 1991 and 2001 age profiles



Source: Census 1991 & Census 2001

Ethnicity

4.7 The table below shows the ethnic breakdown of the population in Sefton. As can be seen, the proportion of the population in a Black or Minority Ethnic (BME) group in Sefton is quite low by national and regional standards at just 2.4%, compared to 6.7% in the region and 11.7% nationally. There is no one dominant ethnic group within this, although White Other is the largest, making up 0.8% of the population in Sefton.

Table 4.2 Ethnicity of Population, 2001

Ethnicity	Sefton	North West	England
White British/Irish	97.6%	93.3%	88.3%
White Other	0.8%	1.1%	2.7%
Mixed	0.6%	0.9%	1.3%
Asian or Asian British	0.4%	3.4%	4.6%
Black or Black British	0.2%	0.6%	2.3%
Chinese	0.3%	0.4%	0.4%
Other	0.1%	0.2%	0.4%
Total	100.0%	100.0%	100.0%
	282,958	6,729,764	49,138,831

Source: Census 2001

4.8 ONS have produced some estimates of the changes in population by ethnicity to 2005, although these are classed as experimental statistics and should be treated with caution. They suggest that the BME population of Sefton increased from 2.4% to 3.4% of the total population in this four year period. This amounts to an increase from 6,790 to 9,500 people (+39.9%) in BME groups between 2001 and 2005.

Table 4.3 Approximated change in the ethnicity of the population, 2001 to 2005

Ethnicity	Sefton, 2001 Census	Sefton, 2005 Estimates
White British/Irish	97.6%	96.6%
White Other	0.8%	1.0%
Mixed	0.6%	0.7%
Asian or Asian British	0.4%	0.7%
Black or Black British	0.2%	0.4%
Chinese	0.3%	0.4%
Other	0.1%	0.2%
Total	100.0%	100.0%
	282,958	279,200

Source: Census (2001) & ONS Resident Population Estimates by Ethnic Group (2005)

Household composition

4.9 The Census recorded that there were 116,847 households in Sefton in 2001, containing an average (mean) of 2.42 persons per household. The table below indicates that this average household size was slightly above the national and regional equivalents.

Table 4.4 Average (mean) household size, 2001			
	Sefton	North West	England
Population	282,958	6,729,764	49,138,831
Households	116,847	2,812,789	20,451,457
Average Household Size	2.42	2.39	2.40

Source: Census (2001)

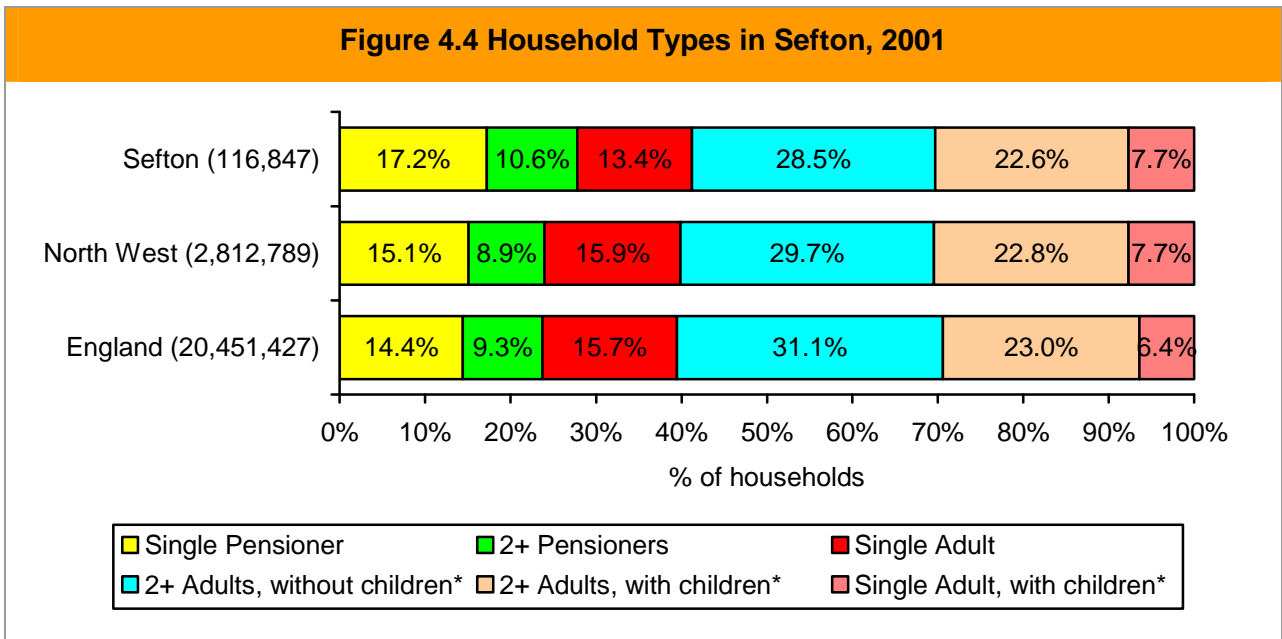
4.10 The latest ONS estimates indicate that the average (mean) size of households in Sefton is declining. The figures for 2006 indicate that there were an average of 2.33 persons per household in Sefton in 2006, a drop of 3.7%, which has implications for housing policy. While the number of people in Sefton declined over the five year period by 2.0%, the number of households actually increased by 1.8%. This is illustrated in the table below.

Table 4.5 Change in average (mean) household size, 2001 to 2006		
	2001	2006
Population	282,958	277,400
Households	116,847	119,000
Average Household Size	2.42	2.33

Source: Census (2001), ONS Resident Population Estimates (2005), ONS Sub-regional Household Projections (2004 base)

Household Structure

4.11 The figure below shows the household structure in Sefton according to the Census in 2001, compared with the regional and national profiles. The main difference in terms of household composition between Sefton and the regional and national distributions is the proportion of pensioner-only households, which make up 27.8% of households in Sefton, compared to 24.0% in the wider North West. There are also fewer single adult households, at just 13.4% of the population.



Household structure by age

- 4.12 Using data from a range of tables within the 2001 Census it is possible to derive an estimated profile of the household structure by the age of the household reference person (household head). This is particularly important for understanding how changes to the age profile of the population may impact on the household composition of an area.
- 4.13 Initially, it is appropriate to examine the number of people within each age cohort of the adult population that are the heads of the household that they reside in. This is presented in the table below for Sefton. The table shows the number of people in each age cohort, the number of these people that are head of the household and the implied headship rate for the age cohort.
- 4.14 The table indicates that just 2.6% of people aged between 16 and 19 in the Borough were the head of the household that they reside in, whereas 61.1% of people aged 85 or over are the head of the household that they live in. The proportion of people that are household heads increases with age until the age of 50.

Table 4.6 Number of household heads within each age cohort in Sefton, 2001

Age cohort	Total number of people	Total number of household heads	Household headship rate
16-19	14,331	372	2.6%
20-24	12,827	1,945	15.2%
25-29	14,168	5,039	35.6%
30-34	18,632	8,985	48.2%
35-39	21,342	11,679	54.7%
40-44	20,532	11,591	56.5%
45-49	18,622	11,025	59.2%
50-54	19,457	11,585	59.5%
55-59	16,384	9,833	60.0%
60-64	16,002	9,387	58.7%
65-74	28,887	20,201	69.9%
75-84	18,244	11,279	61.8%
85 +	6,409	3,918	61.1%
Total	225,837	116,839	2.6%

Source: Office for National Statistics 2007 (from 2001 Census data)

- 4.15 The table below shows the type of households that these household heads reside in for the different age cohorts identified. The table shows that for example 16.8% of household heads aged between 30 and 34 live on their own, 22.8% live with other adults and no dependent children, 19.5% live only with their dependent children (lone parents) and 23.7% live with other adults and dependent children.
- 4.16 The table indicates that household heads aged 85 or over are most likely to live alone, whilst households headed by someone aged between 20 and 24 are most likely to be lone parent households. Similarly the table shows that households headed by someone aged between 55 and 59 are most likely to be multi-adult households without dependent children, whilst those headed by someone aged between 40 and 44 are most likely to be multi-adult households with dependent children.

Table 4.7 Household structure within each age cohort in Sefton, 2001

Age of household head	Total number of households	Single person households	Multi-adult households with no dependent children	Lone parent households (with dependent children)	Multi-adult households with dependent children
16-19	372	39.5%	30.9%	23.5%	6.2%
20-24	1,945	29.3%	23.5%	34.5%	12.8%
25-29	5,039	19.2%	32.3%	24.9%	23.7%
30-34	8,985	16.8%	22.8%	19.5%	40.9%
35-39	11,679	17.5%	13.5%	16.9%	52.1%
40-44	11,591	19.6%	12.1%	13.9%	54.4%
45-49	11,025	20.3%	27.2%	9.3%	43.3%
50-54	11,585	20.7%	54.3%	3.4%	21.6%
55-59	9,833	25.3%	64.2%	1.2%	9.3%
60-64	9,387	32.5%	62.0%	0.6%	4.9%
65-74	20,201	37.9%	60.9%	0.0%	1.2%
75-84	11,279	67.7%	32.0%	0.0%	0.3%
85 +	3,918	70.7%	29.1%	0.0%	0.2%
Total	116,839	30.6%	39.1%	7.7%	22.6%

Source: Office for National Statistics 2007 (from 2001 Census data)

Tenure profile

4.17 The tenure profile of an area provides an important insight into the dynamics of a market. Analysis of 2001 Census data reveals that in 2001 around 73.5% of households in the Borough were owner-occupiers (including shared ownership), significantly above the regional and national averages. 16.0% of households were in the social rented sector and 9.8% were renting privately (including the 'other' group).

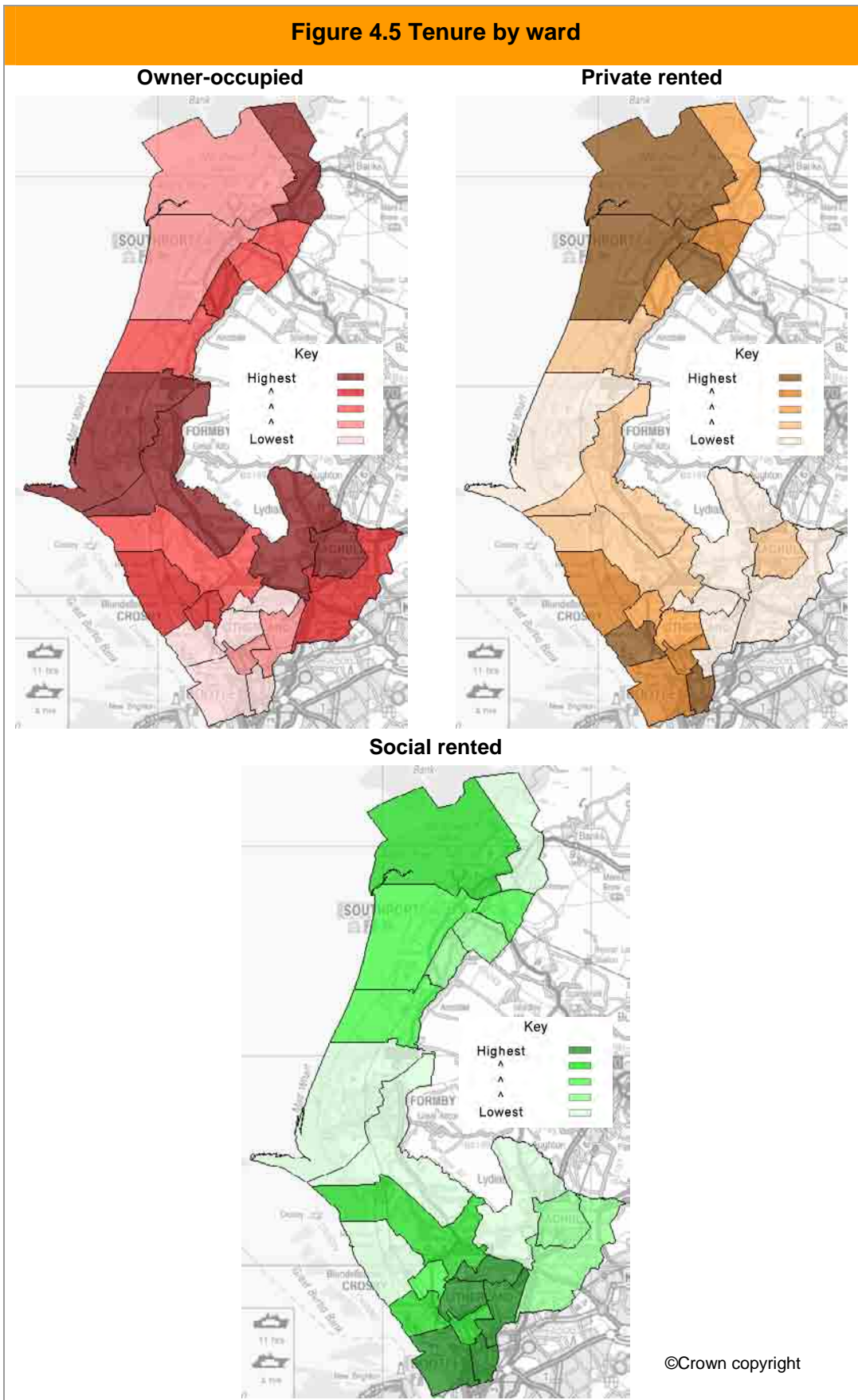
Table 4.8 Tenure (Census 2001)

Tenure	Sefton	North West	England
Owns outright	33.9%	29.8%	29.2%
Owns with a mortgage or loan	39.6%	38.9%	38.9%
Shared ownership	0.6%	0.6%	0.7%
Council (local authority)	10.5%	13.6%	13.2%
Housing Association/RSL	5.5%	6.5%	6.1%
Private landlord or letting agency	7.6%	7.7%	8.8%
Other	2.2%	3.0%	3.2%
Total	100.0%	100.0%	100.0%

Source: Office for National Statistics 2007 (from 2001 Census data)

4.18 The maps below show the proportion of households living in each of the three broad tenure groups (owner-occupation, social rent and private rent) by ward.

- 4.19 There are clearly considerable variations within the Borough; the affluent character of Formby and Maghull is reflected in their very high proportions of owner-occupation. Private rented accommodation is generally found in the larger urban areas, particularly Southport. Parts of Bootle and particularly Litherland and Netherton are dominated by social rented housing, although this tenure is also found elsewhere in the Borough.

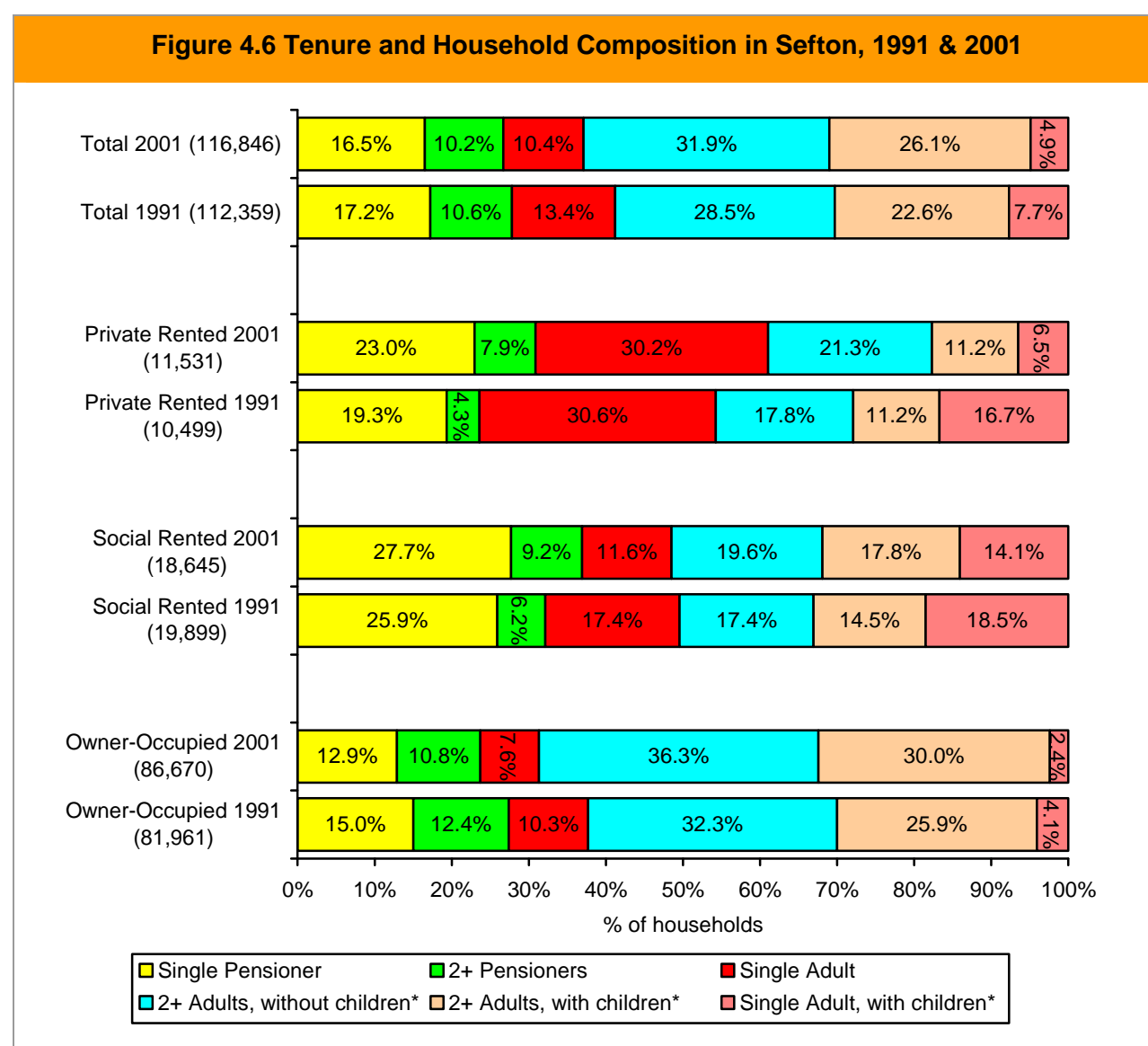


Source: 2001 Census data

Changes in tenure and household composition 1991-2001

4.20 The figure below shows the change in household composition by tenure between 1991 and 2001, from the Census' taking place in those years. Overall, the proportion of single non-pensioner households decreased between 1991 and 2001. The proportion of families with dependent children and multiple adult households increased, although the proportion of single parent households apparently decreased over the same period, however this may be due to definition changes in the Census. It is worth noting that the social rented sector declined in size overall from 1991 to 2001, from 19,899 to 18,645 households, whilst the number of private rented and owner-occupied households increased.

4.21 The proportion of pensioners living in rented as opposed to owner-occupied accommodation increased over the ten year period, and there was a shift from private rented to owner-occupied accommodation among families with children.



Source: Census 2001

Social trends

- 4.22 Lifestyle choices are important determinants of household formation. The increase in single person households (including single pensioner households) creates a demand for even more houses and flats. Another key driver that is often cited as an increase in housing demand is the growing number of couples that have separated and families that have broken up. This will create a demand for an additional property, and in many cases it will be a larger property as both parties would require accommodation suitable for visiting children.
- 4.23 Data from the 2001 Census shows that 8.4% of people aged 16 and over living in Sefton were divorced or had separated from their partner; this is the same as the average for the North West, but above the England average of 7.8%.

Summary

- i) The population in Sefton has decreased over the last five years, whilst the number of households has increased, as a result of smaller average (mean) household sizes.
- ii) At the time of the 2001 Census pensioner-only households comprised 27.8% of households in Sefton.
- iii) Overall, the proportion of single non-pensioner households decreased between 1991 and 2001, whilst the proportion of families with dependent children and multiple adult households increased.
- iv) In 2001 73.5% of households in the Borough were owner-occupiers, 16.0% of households resided in the social rented sector and 9.8% were renting privately.
- v) The number of households living in the social rented sector declined from 1991 to 2001, whilst the number of private rented and owner-occupied households increased.

5. National and regional policy

Introduction

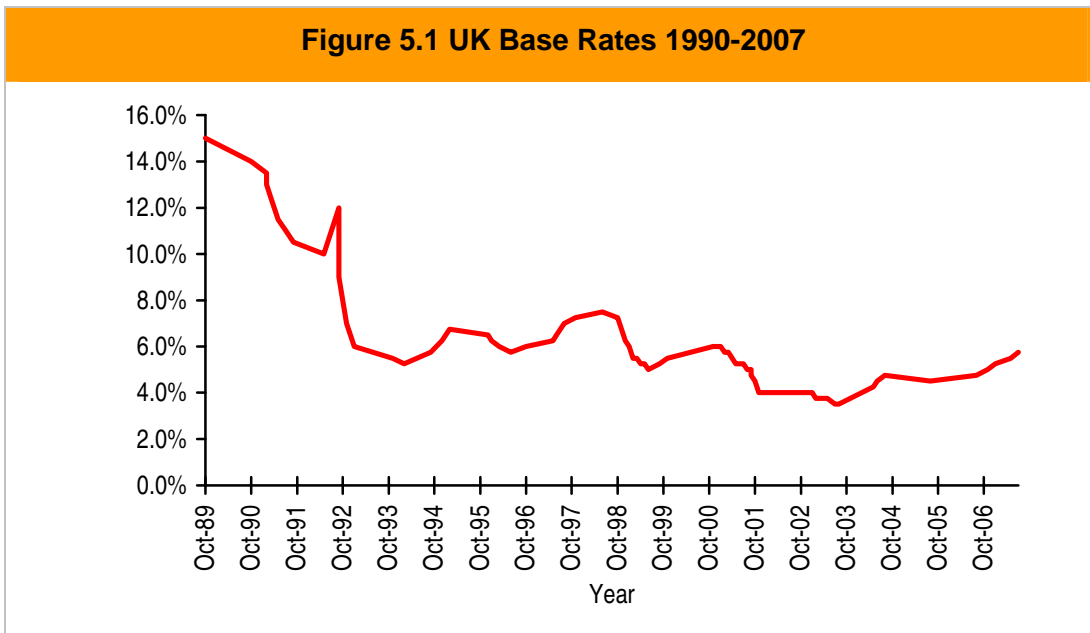
- 5.1 Economic factors such as interest rates affect the supply and demand for housing. This chapter will discuss the impact of economic policy on the housing market cycle and present evidence of economic deprivation locally.
- 5.2 The chapter will conclude with a discussion of national trends in the housing market and specifically how the role of the different tenures has changed.

Economic policy

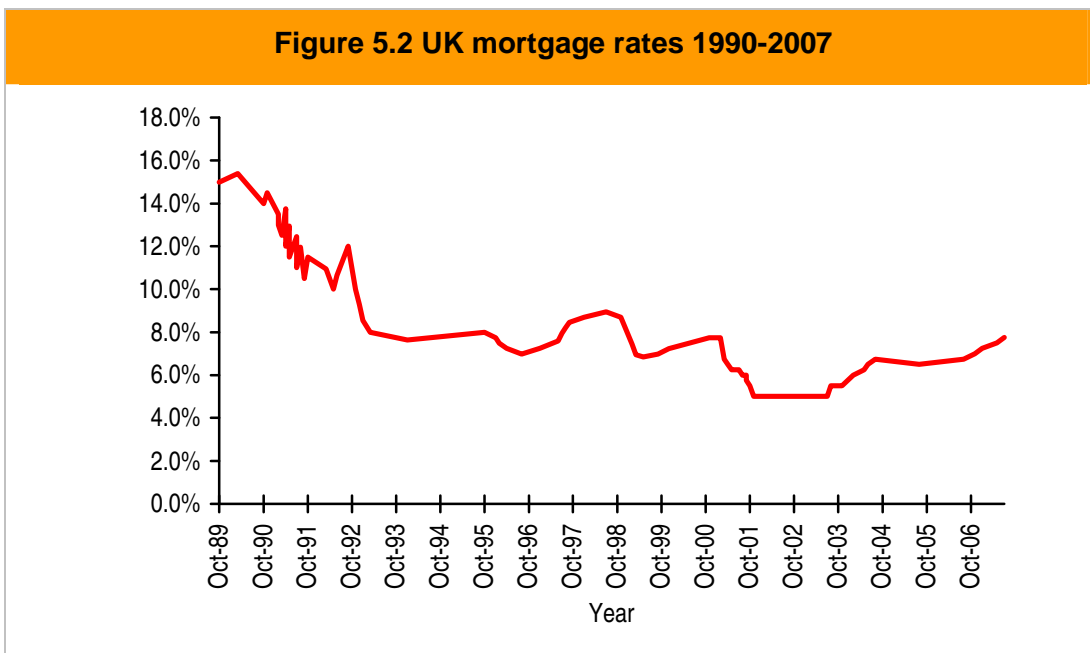
- 5.3 Historically, there has been a direct link between interest rates and house price growth. The very high interest rates of the early 1990s led to many home owners falling into negative equity i.e. the value of their home was less than the value of their mortgage commitment.
- 5.4 When the interest rate started to fall during the early 2000s, house prices increased significantly (see Chapter 11 for detailed house price data). When the interest rate increased between 2004 and 2005, house price growth also slowed.
- 5.5 The Nationwide Building Society predicts that a slower economy, stretched affordability, tighter credit conditions and lower buy-to-let demand will mean that house price inflation during 2008 will be restricted to 0%.
- 5.6 Whether the current credit crunch is a short or a long-term issue remains to be seen. However stakeholders considered that there was a significant effect on the parts of the market exacerbated by the oversupply of newbuild apartments RSLs reported that developers were offering them units they could not sell at substantially discounted rates. In some cases RSLs were happy to take advantage, but warned that these units are best used as social rented, because if experienced developers are not able to sell them RSLs are unlikely to be able to use them as shared ownership. The RSLs noted that many of these properties are hard to market because they are not in sustainable locations.

Interest and base rates

- 5.7 The figures below show the trends in the UK base rate and mortgage rates since 1990. As would be expected the charts largely mirror each other.



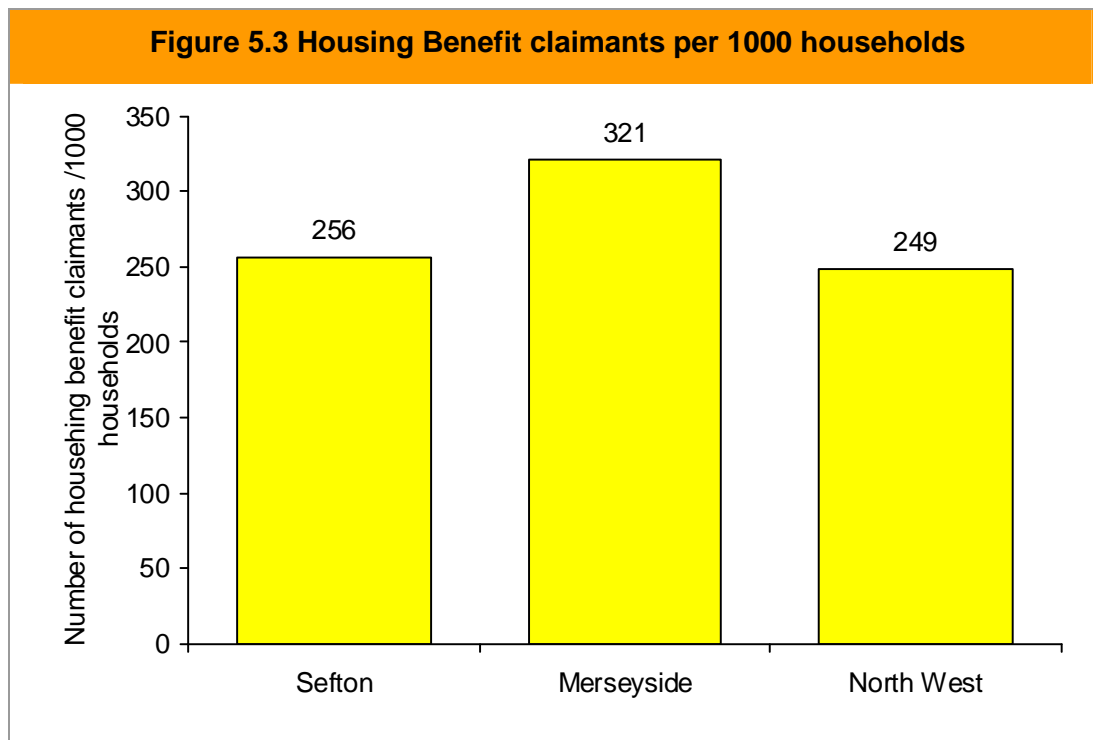
Source: Bank of England, 2007



Source: Bank of England, 2007

Levels of Housing Benefit

5.8 Levels of Housing Benefit (see glossary) applications may be used as a proxy measure for the level of economic deprivation within an area, although it must be noted that the number of initial applications will differ from the number of successful applications. As can be seen from below, Housing Benefit applications in relative terms (per 1,000 households) were lower in Sefton than the equivalent for Merseyside, suggesting it is less economically deprived. However, Sefton records a figure higher than the regional average.



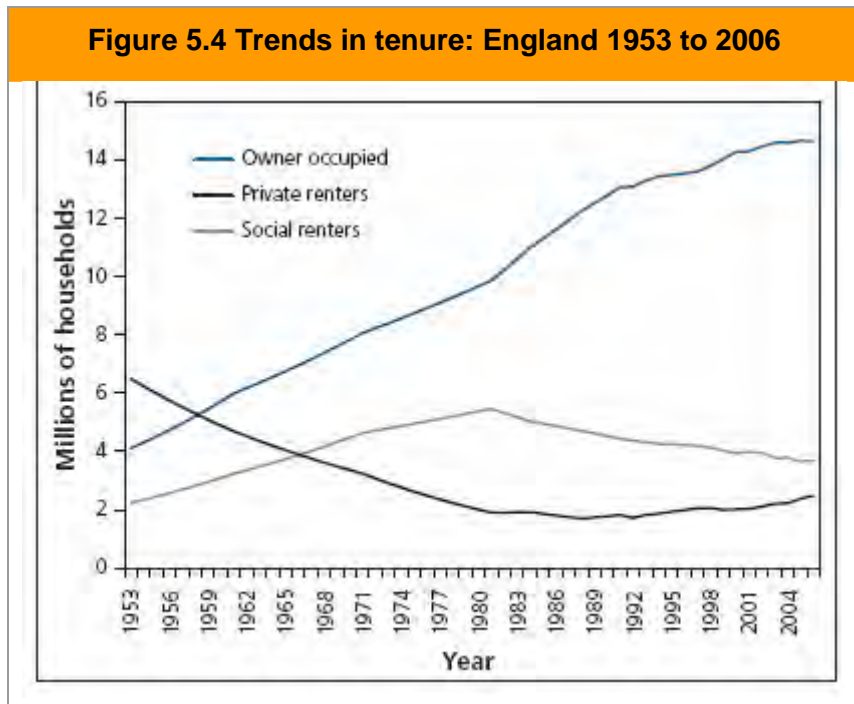
Source: ONS (Housing Benefit 2005)

Background trends in housing

5.9 In addition to examining economic policy it is useful at this stage to describe the national housing market trends that have been recorded, as they also provide context for understanding the housing market in Sefton. This sub-section is broken down into various parts, explaining different aspects of housing. The material can be linked to the detailed chapters on aspects of the housing market in Section D of this report.

National tenure trends

5.10 The evolution of tenure patterns is shown in Figure 5.4 using data from the 2005/6 Survey of English Housing (SEH). The SEH is a household interview survey conducted annually by the CLG with a sample of 20,000 households across all tenures.



Source: Chart 1a Survey of English Housing 2005/2006

5.11 This vividly shows the radical changes that have occurred since the middle of the last century, when only a third of households were owner-occupiers, as compared with 70% today. When this is taken in conjunction with the price rises discussed in Chapter 11, the revolutionary nature of the change in financial circumstances of the average household can be seen.

National statistics on each major tenure

5.12 The three main tenures are owner-occupation, social renting and private renting, as shown in the diagram above. For entirely understandable reasons the Government has sought to encourage various ‘intermediate’ tenures as well as ‘low cost market’ housing to fill the major gaps in the pattern of provision by price as discussed in Chapter 11. However, the vast majority of households live in the three tenures listed above.

Owner-occupation

5.13 The proportion of all households who are owner-occupiers has risen from 57% in 1982 to 70% in 2006. It is worth noting, however, that the rate of increase in the proportion of owner-occupiers has essentially stopped: it reached 68% in 1991 and has hardly risen since.

- 5.14 The high rate of price increase witnessed over the last ten years has meant that owners have acquired large amounts of equity (defined in the glossary). Data from the Survey of English Housing (SEH) shows that significant equity has been released by home-owners and its use has become increasingly important in facilitating moves within the housing market. The SEH provides some useful data on the amount of equity released and where it went:

Figure 5.5 How households used the proceeds from equity release

Property owning households		2005/06	
What the withdrawn equity was used for	amount withdrawn		all h/holds that withdrew equity
	<£20k	£20k+	
			percent
To pay off debts	31	28	29
To invest or save	8	17	13
Home improvements/renovations	59	54	56
Buy new goods for the property e.g. carpets/furniture	14	17	15
Help finance another property for self (in UK)	2	10	6
Help finance purchase of another property for self (abroad)	1	4	2
Help finance purchase of property for other family member	1	3	2
Buy a car or other vehicle	12	12	12
Pay for a holiday	7	8	7
Pay for school fees	0	1	1
Pay for university costs	1	2	2
Pay for medical fees/nursing home	0	0	0
To help finance a business	1	5	3
Other	9	11	10

Source: Communities and Local Government Survey of English Housing (SEH)
Note that people often spent the "withdrawn equity" in more than one way. Therefore the percent of households reporting each reason sums to more than 100.

Source: Table 17 Survey of English Housing 2005/2006

- 5.15 Some 5% of homeowners (nearly 700,000) remove equity from their property each year. On average (mean) they remove £33,000. About half of the equity released was used for home improvement. Most of the rest was used for other reasons such as paying off other debt or lifestyle improvements. It is noteworthy that helping other family members to buy is now a noticeable part of the total: about 2% of all withdrawals of equity, and 3% of all those above £20,000. The proportion of equity released to assist other family members, normally children, is likely to rise as the costs of entry into the housing market become greater.

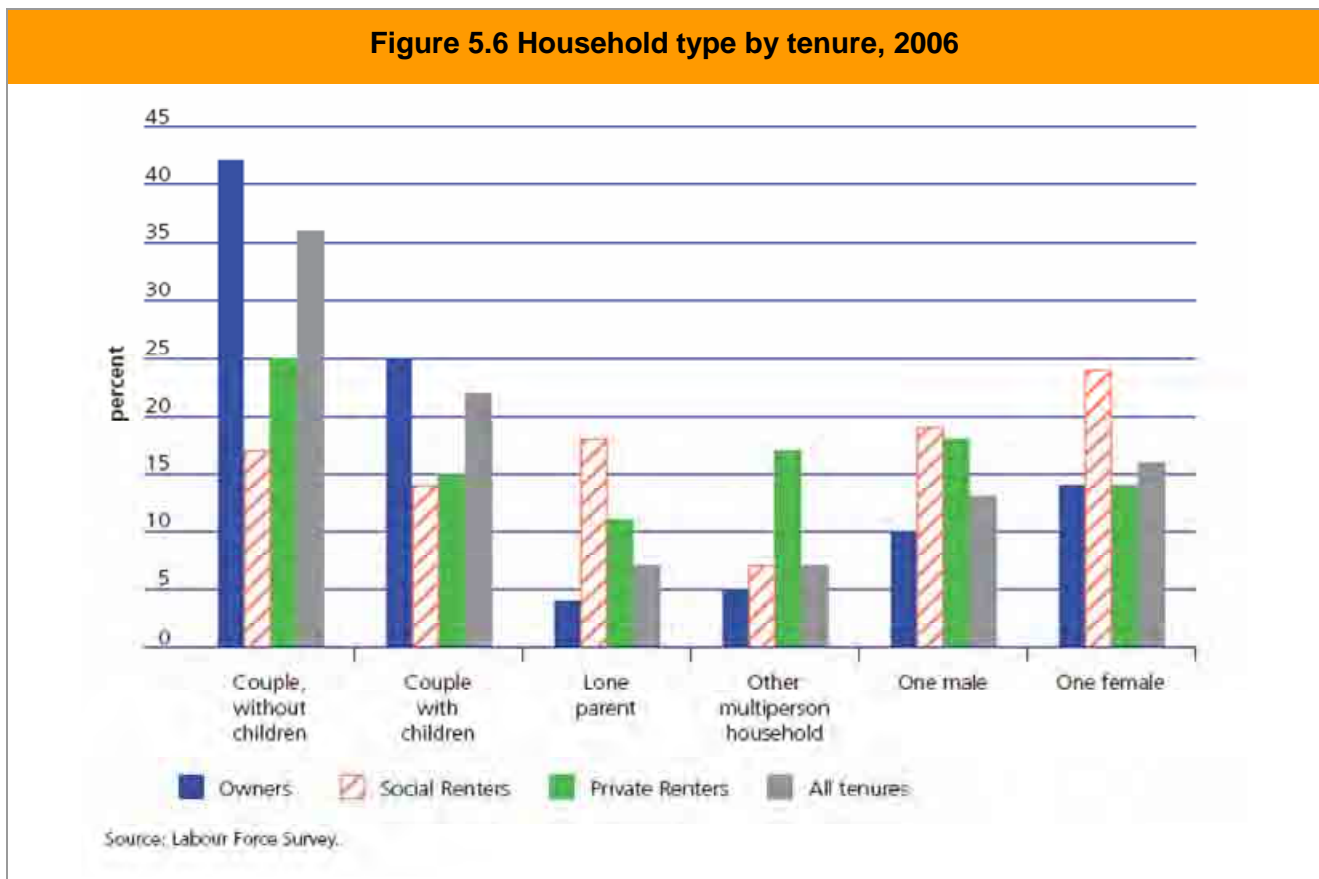
Social renting

- 5.16 Social tenure has fallen from a peak of nearly 5.5 million households in 1981 to about 3.7 million in 2006 (SEH Table 1, 2005/2006). There have been less favourable trends for those remaining in social tenure, which are reviewed in the recent study by John Hills, '*Ends and Means: the future role of social housing in England*', CLG, 2007.

5.17 Some of the key features of this report include:

- 80% of those in social tenure were in that sector ten years ago
- 27% of all BME households in England are in social tenure, but only 17% of White households
- 40% of social tenants said that this was their preferred tenure (true of only 8% of private tenants)
- 34% of social tenants were from the poorest fifth of the population, and only 20% are in the top half of the income earning population

5.18 The evidence presented in the report suggests that the types of households resident in the sector have become more polarised. The following table, from the Hills Report, succinctly summarises the sharp differences between household types in the three main tenures.



Source: Figure 5.6 Labour Force Survey

5.19 Lone parents are clearly over represented, as are single person households as social tenants. The Hills reports also finds that social rented housing has become a place for older households, with the social rented sector containing a greater proportion of households consisting of only older persons than the other main tenures. In some respects, the social tenure has become concentrated with households with the lowest earning capacity.

- 5.20 As well as having an older age profile, the social rented sector has a much higher proportion of households with a serious medical condition or disability: over 40%, which is about twice the overall average (Hills Report Figure 5.5). The combined effects of these characteristics, plus the effect of low mobility, are summarised in the employment characteristics of the social rented sector (from the Hills Report again):

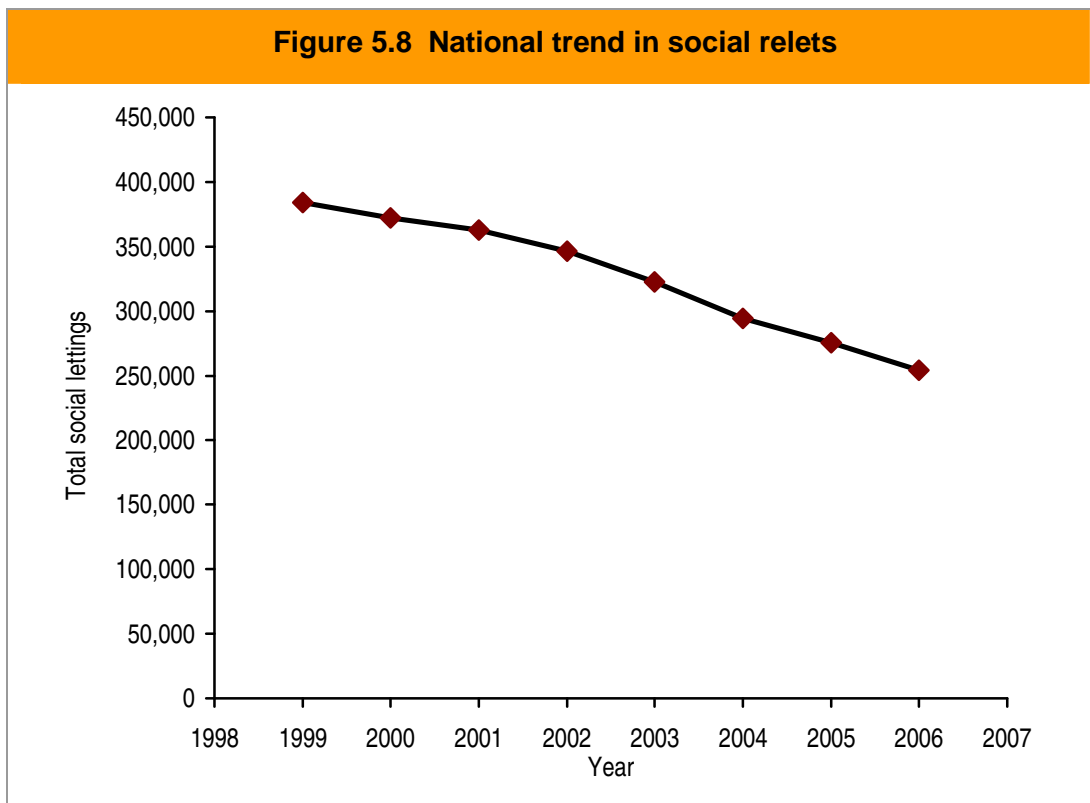
Figure 5.7 Employment trends 1981-2005: Employment circumstances of social rented sector household heads (000s)

	Full-time work	Part-time work	Unemployed	Retired	Other inactive	Total
1977-78	2710	190	300		1990	5200
1981	2330	220	420	1550	870	5390
1984	1560	230	540	1350	1340	5020
1988	1220	270	470	1810	930	4710
1991	1120	220	430	1790	880	4440
1996	890	260	430	1590	1050	4220
2000-01	970	360	160		2620	4220
2006	810	350	210	1200	1080	3650

Source: *Labour Force Survey*, revised from table 5.5, S. Monk, et al., *The demand for social rented housing – a review of data services and supporting case study evidence* (Cambridge Centre for Housing and Planning Research, forthcoming).

Source: Table 10.1 Labour Force Survey

- 5.21 As can be seen, there has been an overall substantial fall in the number of full-time employed household heads in the social rented sector, from over half to less than a quarter, a substantial rise in part-time employment and great proportionate increases amongst the retired and the workless.
- 5.22 There has been a notable decline in social lettings over recent years, at a faster rate than the decline in the total number of social dwellings: social rented dwellings have fallen from about 4.2 million to 3.7 million over the period 1998 to 2006, but the annual social relets have fallen from about 370,000 to 250,000 over that period. There are complex reasons for this: both good and bad, but the overall effect is to substantially reduce the scope for access to the sector.



Source: HSSA 2007

5.23 Despite these problems, the Hills Report sees a continuing role for the social tenure, but makes the point that substantial changes need to be made in it. The level of employment is below what it should be, even after allowing for relevant factors.

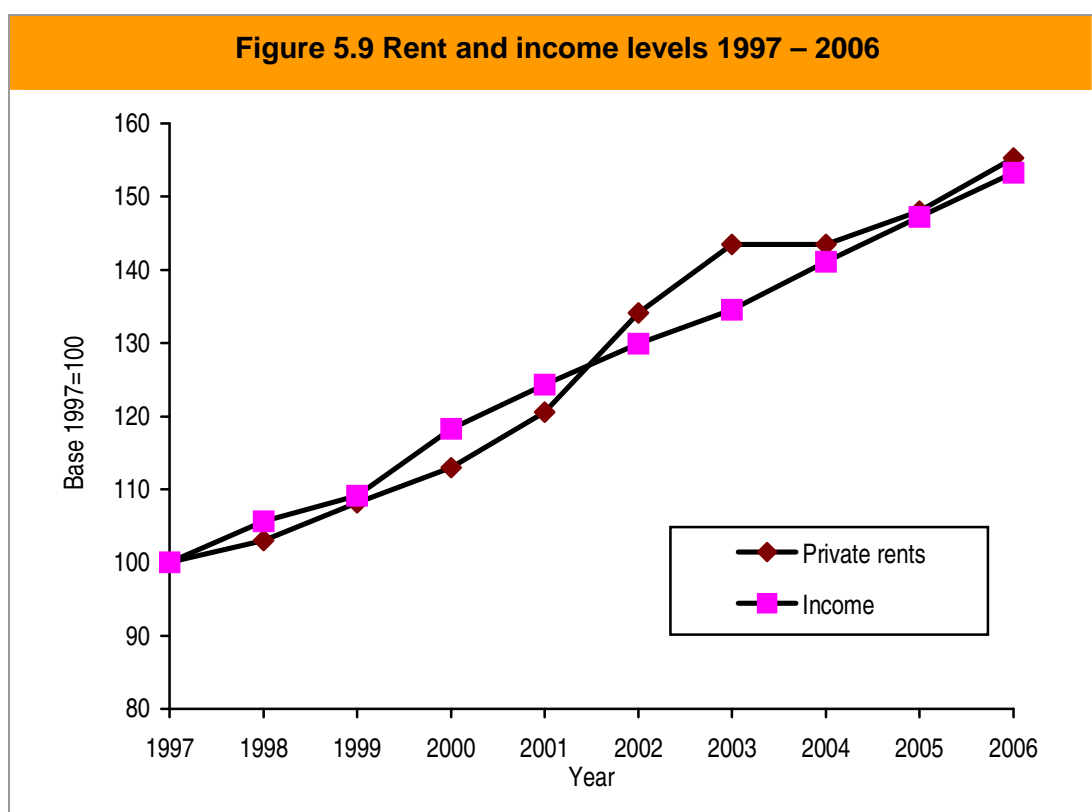
Private renting

5.24 This tenure is well recognised to be a varied one, as the quotation below implies, but its importance in the market is often overlooked. It plays a pivotal role, as the following evidence will suggest.

DTLR Guide

‘... the private rented sector is highly stratified in many areas, and the part of it occupied by tenants dependent on benefits may be atypical and/or inappropriate in terms of households requiring long-term accommodation of a reasonable standard.’
 [Department of Transport, Environment and the Regions (2000) Local Housing Needs Assessment: A Guide to Good Practice Section 7.3 (page 96)]

- 5.25 In recent times the private rented sector has shown the most surprising trend of all three main tenures: as the SEH diagram shown above (presented in figure 5.4) demonstrates, it has increased in size during the present century, after a century long decline in the face of the growth of owner-occupation. In fact the Survey of English Housing records that over the period 2001 to 2006 the national household population grew by 0.5 million, whilst the number of private rented households grew by almost the same amount (453,000). This indicates that the vast majority of household growth in the last five years has been facilitated by a growth in the private rented sector.
- 5.26 A striking feature of the private rented sector in general is that private rents have increased at almost exactly the same rate as household incomes:



Source: Survey of English Housing and Annual Survey of Hours and Earnings

- 5.27 So private rents have remained approximately as affordable as they are now for a long time. Since private rental is, by Government definition, the access point to the market, this leads to the important point that:

- ***Affordability measured as the threshold of the market has not changed during the present century***

- 5.28 This is contrary to the general perception, which is driven by the rapid increase in prices rather than rents. This statistic must be moderated by the fact that 60% of private tenants aspire to own and only 8% are content with the private rented sector as a place to live according to the Hills Report. Private renting is mainly a transitional tenure, although the rise in housing market gaps means that it may well become more of a final destination for many households. The SEH statistics suggest (Table 3 of the 2005/6 edition) that 69% of all private tenants have been in their current home for two years or less, compared to around 20% for both owners and social tenants.
- 5.29 In addition to those that aspire to buy a home, the private rented sector has an important role in housing those that are unable to afford market housing and are unable to access affordable housing. These poorer private tenants are supported by various forms of subsidy, of which the most relevant for present purposes is Housing Benefit.
- 5.30 The Hills Report identified that some 19% of private tenants are on Housing Benefit and therefore could in some ways be seen as more suitably social tenants: they cannot live in market housing without a subsidy.
- 5.31 It is fairly clear from these statistics that the comment quoted at the start of this sub-section is true: the private rented sector is very varied and highly stratified. The tenure is crucial to the dynamics of the housing market, and has historically been somewhat overlooked. The role of the private rented sector in Sefton will be investigated later in this report.

Summary

- i) This chapter outlined the relationship between interest rates and demand for market housing, with lower rates resulting in an increase in home purchases.
- ii) The number of Housing Benefit applications in Sefton suggests that the Borough is less economically deprived than Merseyside, but slightly more deprived than the North West as a whole.
- iii) The national context for housing includes a number of key features:
 - The rise of owner-occupation to total dominance (70% of the total stock), but flattening out in the past decade
 - The consequent rise in the importance of owned equity, in facilitating households moving into owner-occupation
 - The residualisation of the social renting tenure, with a larger number of older and workless households than is found in the other tenures
 - The strong growth of the private rented tenure (alone of all three main tenures) in the present century. Unlike owner-occupation, the affordability of private rented housing has remained in line with household income growth during the present century. Just under 20% of all private renters rely upon Housing Benefit subsidy to pay at least part of their rent.

6. Structure of the economy and skills base

Introduction

6.1 Economic changes are a key driver underpinning housing markets and can have an important influence on the nature of housing demand including household formation rates and households' investment in housing. In this chapter we study the economic and labour force profile in the Borough (in contrast with the regional and national situation where possible). The data is drawn from a range of secondary sources, most notably the NOMIS website maintained by ONS (www.nomisweb.co.uk).

Labour demand

6.2 This section considers employee jobs available within the Borough and comparative areas. The number of employee jobs is the number of people in employment that are not self-employed, government-supported trainees or employed in HM Forces.

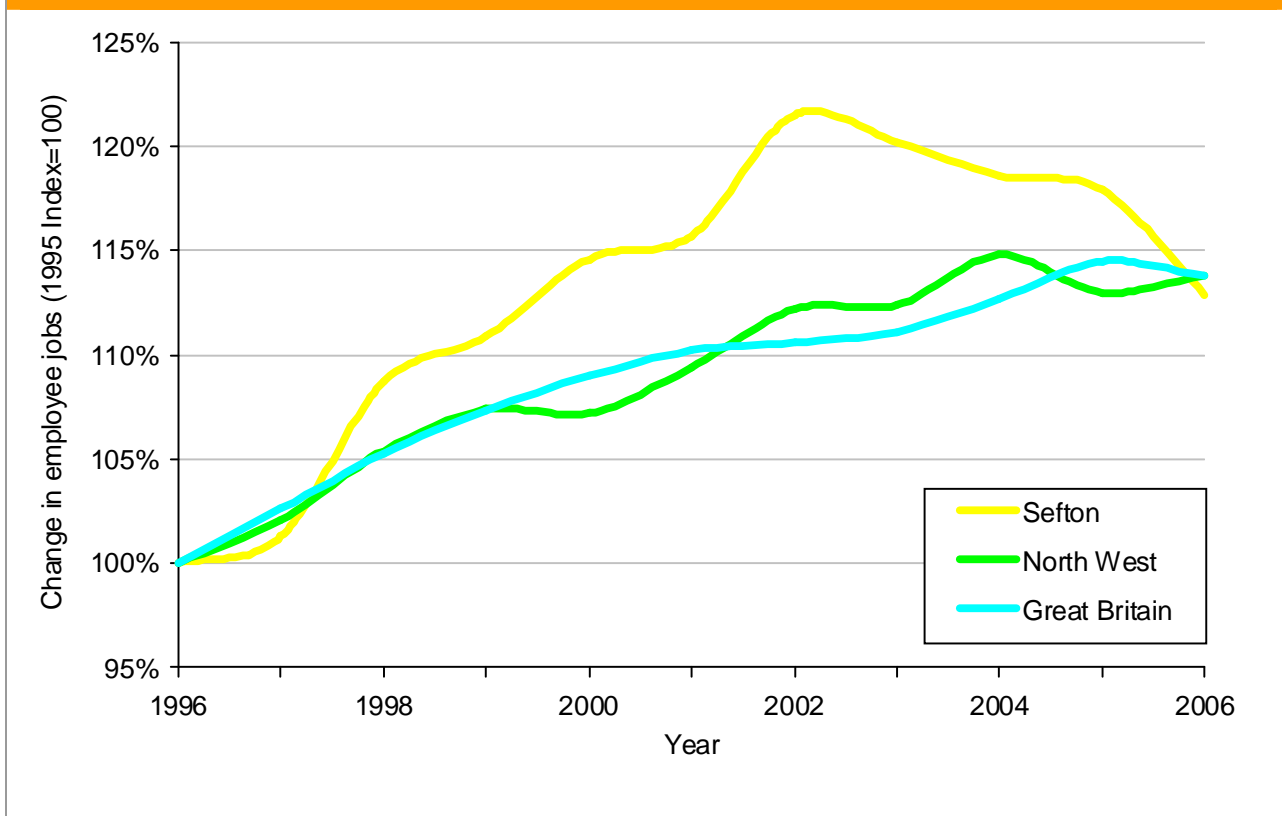
6.3 Measured by the most recent Annual Business Inquiry (ABI) there were 97,500 employee jobs in the Borough in 2006. Overall growth in employment in Sefton has been a little lower than that seen in the North West region or Great Britain as a whole. This is presented in the table below.

Table 6.1 Employment change 1996-2006				
Area	Employment 1996	Employment 2006	Absolute change	% change
Sefton	86,300	97,500	+11,200	+13.0%
North West	2,645,000	3,010,700	+365,700	+13.8%
Great Britain	23,137,100	26,320,600	+3,183,500	+13.8%

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website 2008)

6.4 The figure below also indicates that this growth in employment over the last decade has been uneven in Sefton; since 2002 the number of employee jobs available has fallen.

Figure 6.1 Indexed employment growth in the Borough (1996 – 2006)



Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website 2008)

6.5 Another measure for the number of jobs in an area is ‘job density’. This is a measure of the number of jobs per person of working age. NOMIS data (for 2005) shows that there are 0.69 jobs per working age person in the Borough. This is a relatively low ratio and compares with 0.80 for the North West region and 0.84 for Great Britain as a whole.

Table 6.2 Job density (2005)	
Area	Job density (number of jobs per working age person)
Sefton	0.69
North West	0.80
Great Britain	0.84

Source: ONS jobs density (from Nomis website 2008)

6.6 The table below shows a breakdown of the types of employment in the Borough, compared regionally and nationally.

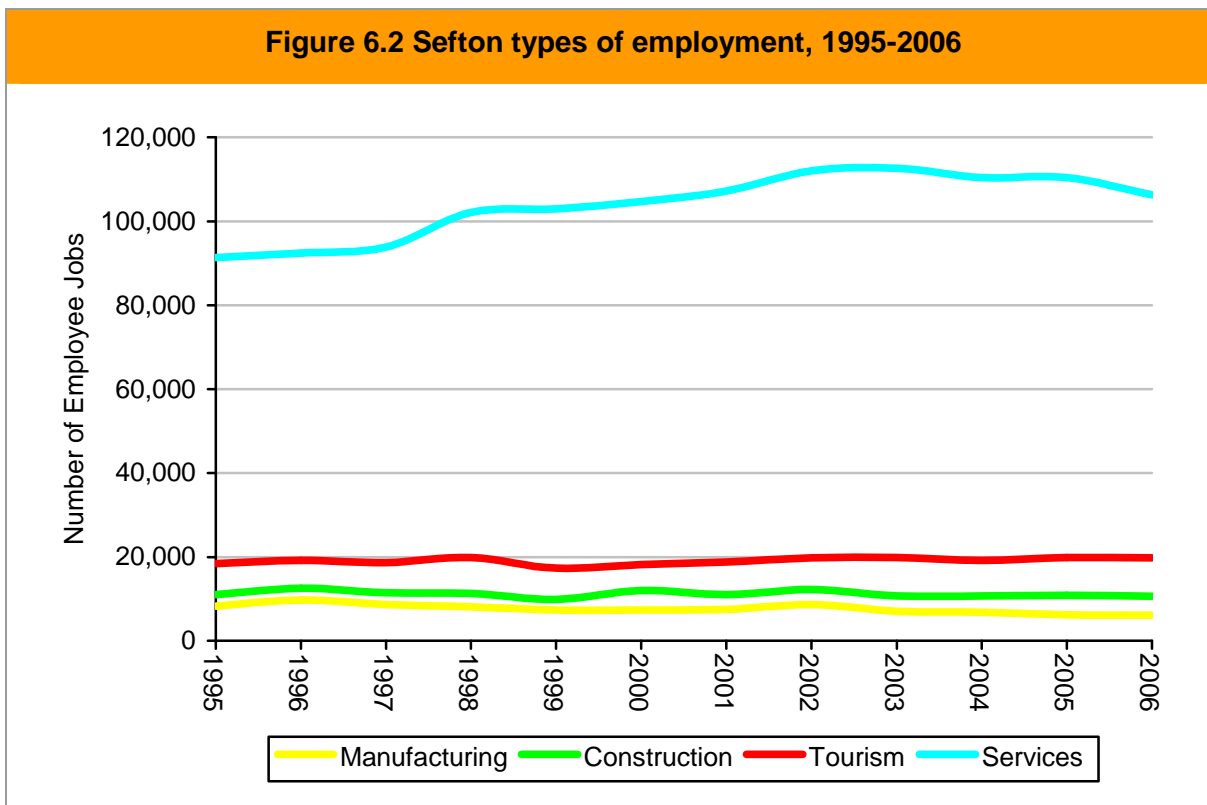
6.7 The public sector is an unusually large employer in the Borough compared with the region as a whole, providing nearly 40% of all jobs. Manufacturing, in contrast, provides a much smaller proportion of employment than average.

- 6.8 Tourism is a significant employer in the Borough, although this source of employment is most likely to be concentrated in Southport.

Table 6.3 Employee jobs by industry (2006)			
Employment category	Sefton	North West	Great Britain
Manufacturing	6.3%	12.5%	10.9%
Construction	4.6%	5.0%	4.8%
Distribution, hotels & restaurants	24.8%	23.9%	23.5%
Transport & communications	3.9%	6.0%	5.9%
Finance, IT, other business activities	15.2%	19.2%	21.2%
Public administration, education & health	39.1%	27.8%	26.9%
Other services	5.7%	4.7%	5.3%
Total	100.0%	100.0%	100.0%
Tourism-related	9.4%	8.6%	8.3%

Source: ONS Annual Business Inquiry Employee Analysis (from Nomis website 2008)

- 6.9 The changing economy means that the types of occupation that the study area has to offer are very different from those of a few decades ago, impacting on employment rates (of both men and women), earnings and ultimately housing affordability. For instance, it is known that service industries stimulate women's participation in the labour market and lead to growing numbers of part-time employees. This in turn might impact on household headship rates among women and increase the number of dual-earner households and household income within the study area.
- 6.10 The figure below shows how the employment structure in the Borough has changed since 1995. The figure indicates that in Sefton the number of jobs in manufacturing has decreased, while jobs in other sectors have increased. However, the dominance of the employment market by the service sector makes the recent changes in other employment types relatively insignificant in terms of overall employment levels within the Borough.



Source: ONS annual population survey, 1995-2006, via NOMIS

Number of businesses

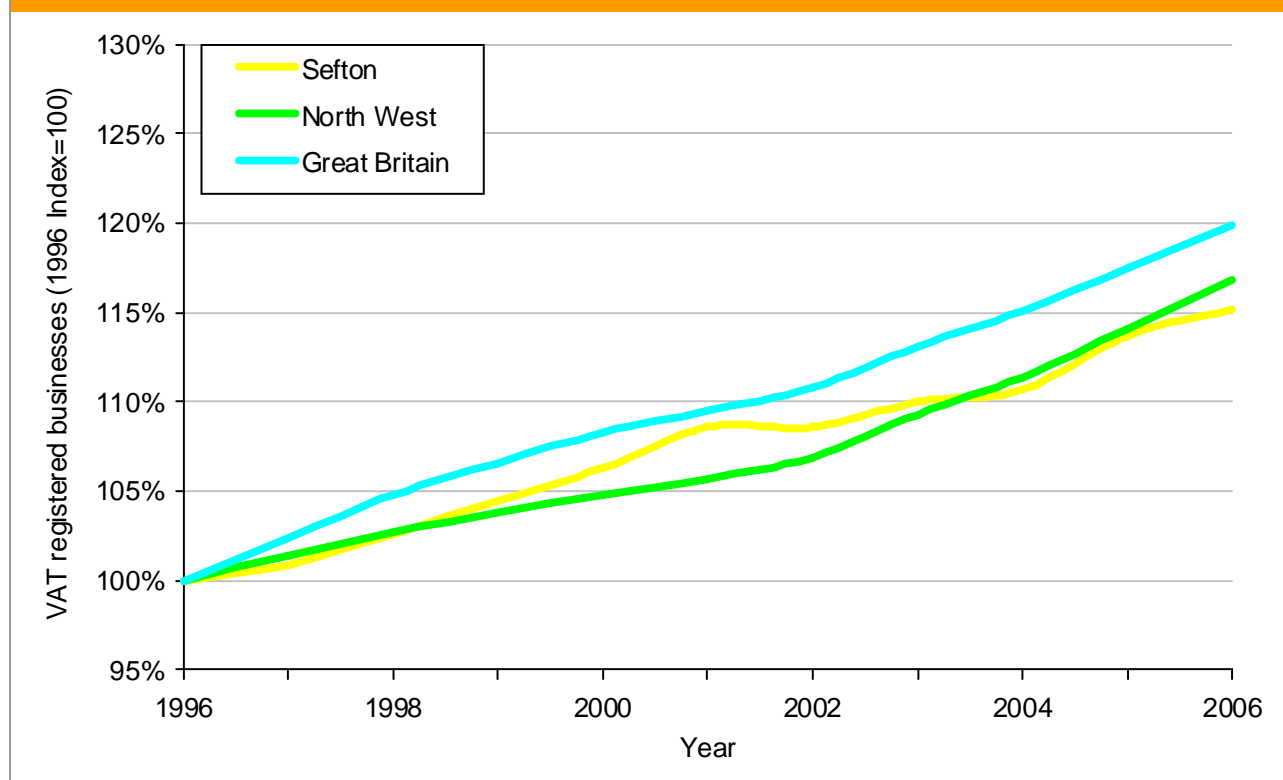
- 6.11 Data is also available from NOMIS about the number of VAT registered businesses in the area and how this has changed over time. This can provide a good indication of the state of the economy as an increase in VAT registered business would suggest either new companies moving to the area or an increase in local entrepreneurship.
- 6.12 The table below shows the number of VAT registered businesses at the end of 1996 and 2006. The data shows that the number of VAT registered businesses at the end of 2006 in the Borough was 5,765; this is an increase of 760 over the ten years since 1996 (15.2%). This increase is lower than the regional and national figures.

Table 6.4 Change in VAT registered businesses 1996-2006

Area	VAT registered businesses 1996	VAT registered businesses 2006	Absolute change	% change
Sefton	5,005	5,765	760	15.2%
North West	159,310	186,045	26,735	16.8%
Great Britain	1,578,275	1,892,385	314,110	19.9%

Source: DTI Small Business Service (from NOMIS website 2008)

- 6.13 The figure below shows the change in VAT registered business over the ten year period from 1996-2006.

Figure 6.3 Change in VAT registered businesses 1996-2006

Source: DTI Small Business Service (from Nomis website 2008)

Labour Supply

6.14 Information in this section relates to the characteristics of people living in the Borough and comparative areas. The Annual Population Survey presents a 'Standard Occupation Classification' which categorises all working people resident within an area into one of nine groups depending on the nature of the skills that they use. These nine groups are graded from managerial jobs (Groups 1-3) to unskilled jobs (Groups 8-9). The tables below consider grades of employee, the first table setting out the definitions used. The Borough shows no clear pattern here; there are concentrations in both Groups 1-3 (senior, professional or technical) and 6-7 (personal service, customer service and sales).

Table 6.5 Description of categories of employment

Grade of employment (Standard Occupation Classification (SOC))	Description
SOC 2000 major group 1-3	Managers and senior officials - Professional occupations - Associate professional and technical occupations
SOC 2000 major group 4-5	Administrative and secretarial occupations - Skilled trades occupations
SOC 2000 major group 6-7	Personal service occupations - Sales and customer service occupations
SOC 2000 major group 8-9	Process; plant and machine operatives - Elementary occupations

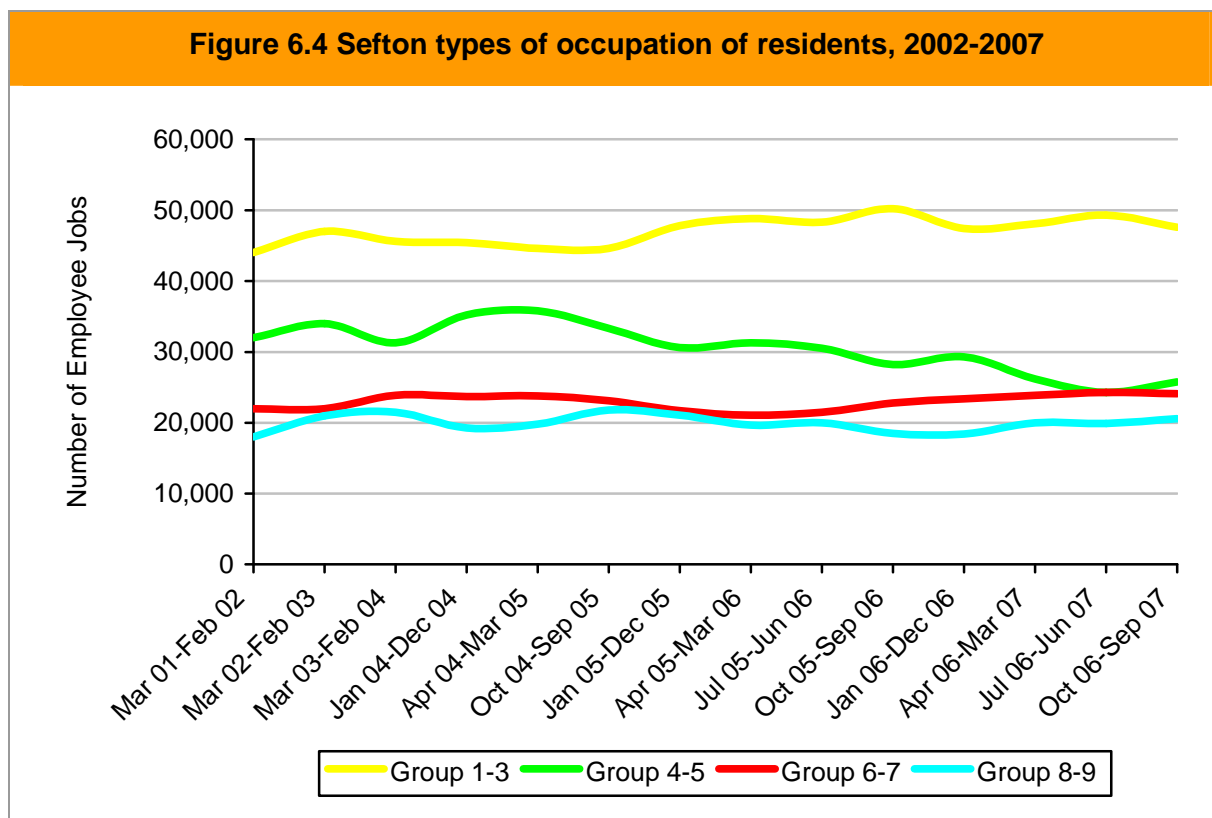
Source: ONS Annual Population Survey (from Nomis website)

Table 6.6 Occupation structure (2006/07)

Area	Employment category			
	Group 1-3	Group 4-5	Group 6-7	Group 8-9
Sefton	41.8%	20.6%	20.6%	16.9%
North West	39.7%	23.3%	17.2%	19.5%
Great Britain	42.5%	22.9%	15.7%	18.6%

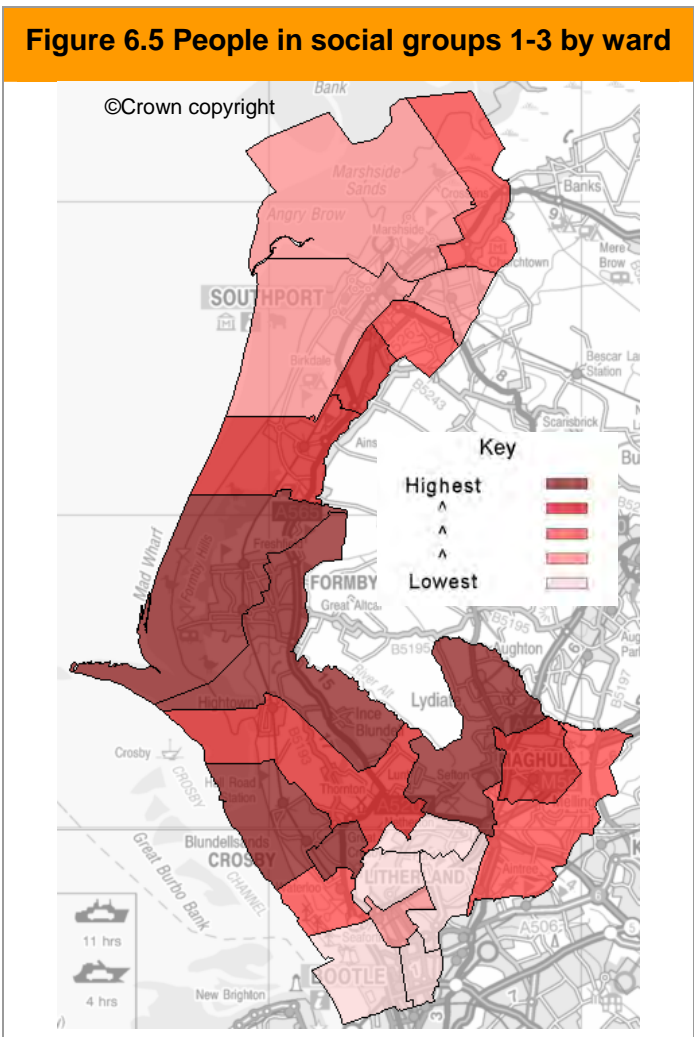
Source: ONS Annual Population Survey (from Nomis website 2008)

6.15 As shown in the chart below, the distribution of individual occupational groups has not changed greatly in Sefton since 2002, although the proportion of residents in groups 4-5 (administrative & secretarial / skilled trades) has been decreasing, and the proportion in Groups 1-3 (managers, senior officials, senior professional and technical) has been increasing.



Source: ONS annual population survey, 1995-2006, via NOMIS

- 6.16 The map below shows people employed in positions falling into social groups 1-3 in the Borough by ward. There is clearly considerable variation across the Borough, with most of those in these predominantly high income groups being found in the central part of the Borough, in Formby, Crosby and Maghull. There were relatively few in the larger urban areas of Bootle and Southport.
- 6.17 It should be noted that these statistics are based on residence and include commuters to jobs outside the Borough. This is particularly likely to affect the results for Southport which contains a large proportion of professional residents but many work outside the area.



Source: Office for National Statistics 2007 (from 2001 Census data)

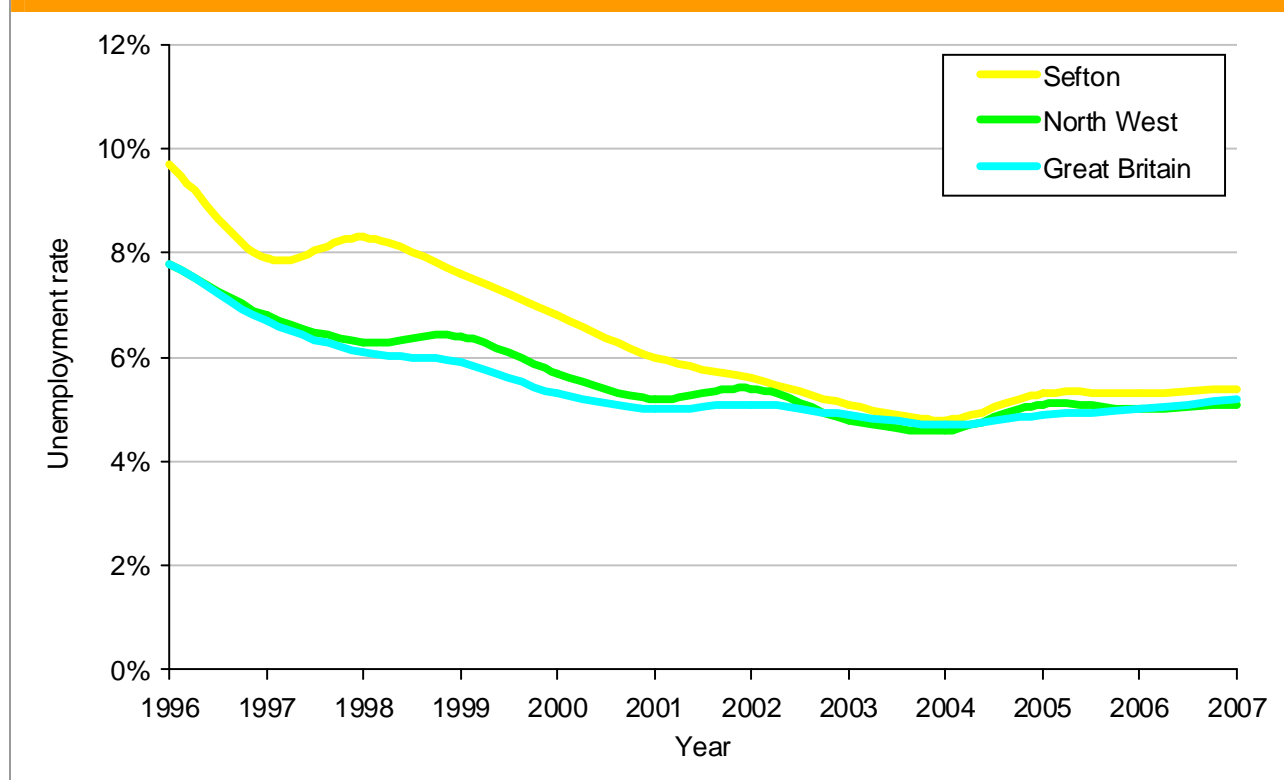
Unemployment

6.18 The figure below shows that unemployment has been relatively stable since 2002 following a decrease in preceding years. The unemployment rate in 2007 stood at 5.4%, only slightly higher than the corresponding national and regional figures. This is an improvement on previous years when unemployment rates had been considerably higher than average.

Table 6.7 Unemployment rates in the Borough (1996-2007)

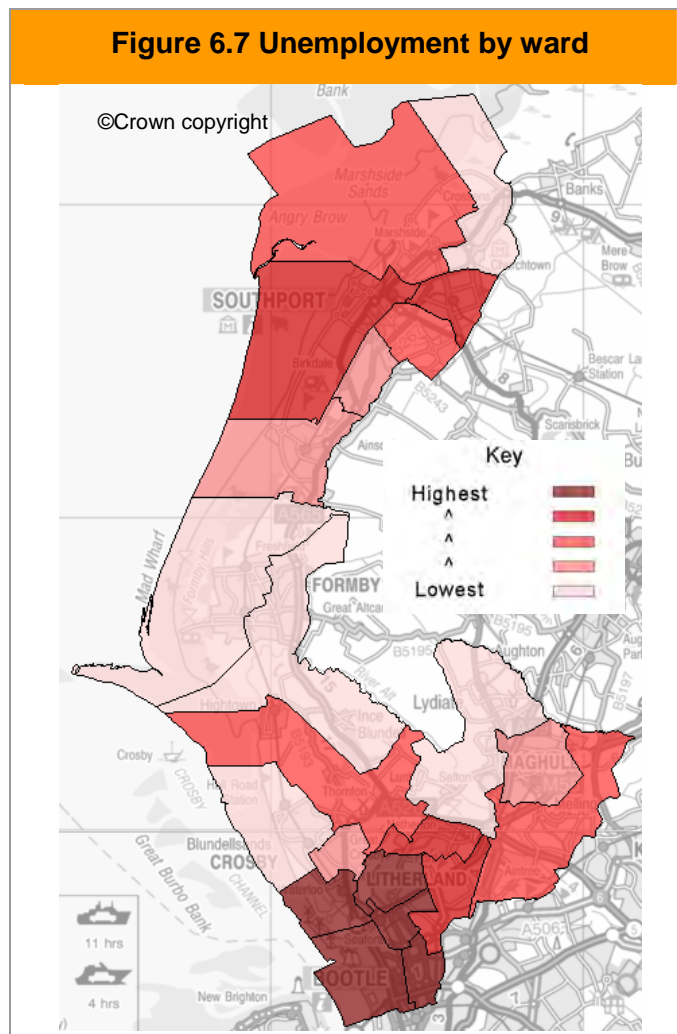
Year	Area		
	Sefton	North West	Great Britain
1996	9.7%	7.8%	7.8%
1997	7.9%	6.8%	6.7%
1998	8.3%	6.3%	6.1%
1999	7.6%	6.4%	5.9%
2000	6.8%	5.7%	5.3%
2001	6.0%	5.2%	5.0%
2002	5.6%	5.4%	5.1%
2003	5.1%	4.8%	4.9%
2004	4.8%	4.6%	4.7%
2005	5.3%	5.1%	4.9%
2006	5.3%	5.0%	5.0%
2007	5.4%	5.1%	5.2%

Source: ONS Annual Population Survey (from Nomis website)

Figure 6.6 Unemployment rates for economically active population 1996-2007

Source: ONS Annual Population Survey (from Nomis website)

- 6.19 The map below shows unemployment in Sefton by ward. The map has been split into five broad categories ranging from the wards with the highest levels of unemployment to the wards with the lowest levels of unemployment.
- 6.20 There are clearly clusters of wards with high and low levels of unemployment. The urban area of Bootle in the south of the Borough contains by far the highest level of unemployment, with relatively low levels in Formby, Crosby and parts of Maghull.



Source: Office for National Statistics 2007 (from 2001 Census data)

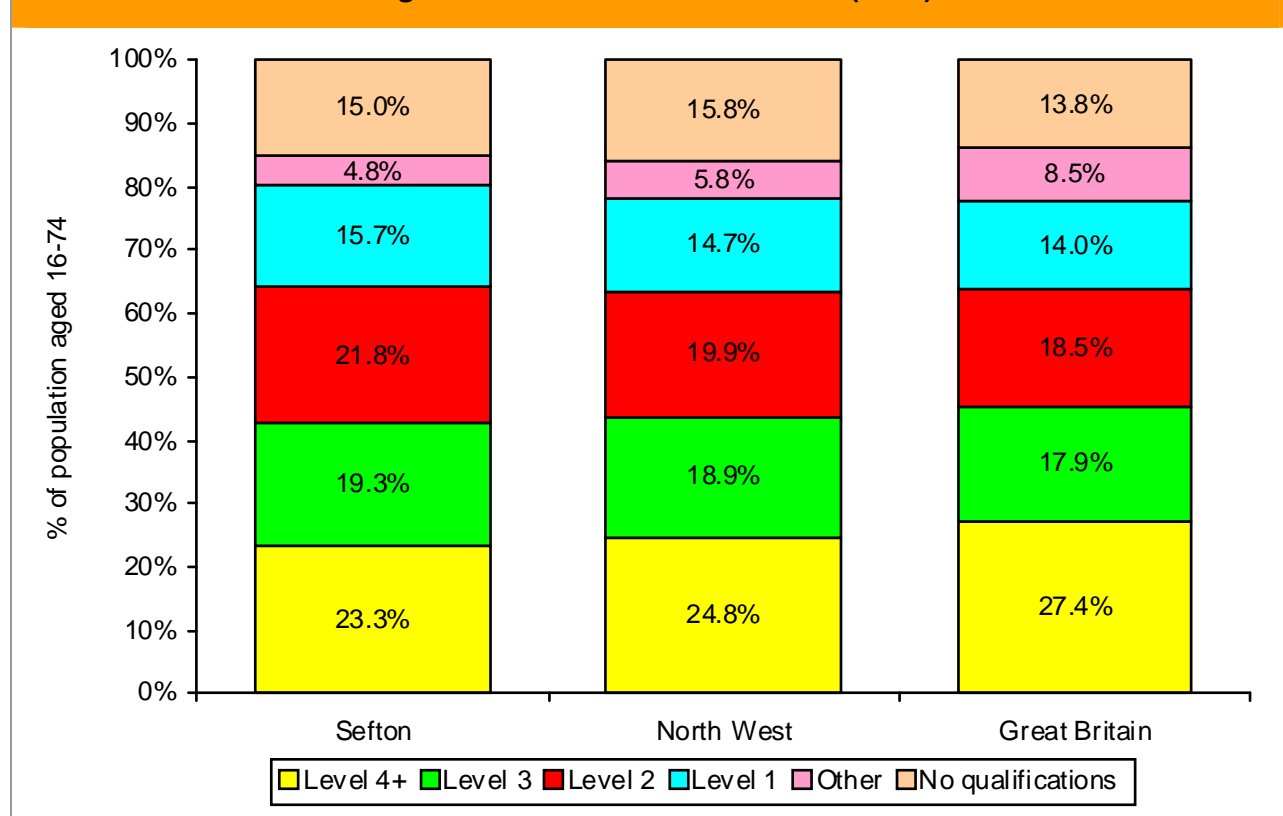
Skills and educational attainment

- 6.21 An important factor in the ability of any economy to grow is the level of skill of the workforce. The figure below shows the skills of the Borough's working age residents compared to regional and national equivalents. It can be seen that Sefton contains fewer residents with the highest levels of qualifications (Levels 3 and 4) than average, but more with mid-level qualifications (Levels 1 and 2).

Table 6.8 Description of highest qualification obtained

Qualification level	Description
No qualifications	No academic, vocational or professional qualifications
Level 1	1+ 'O' levels/CSE/GCSE (any grade); NVQ level 1; Foundation GNVQ
Level 2	5+ 'O' levels; 5+ CSEs (grade 1); 5+ GCSEs (grade A-C); School Certificate; 1+ A levels/AS levels; NVQ level 2; Intermediate GNVQ or equivalents
Level 3	2+ 'A' levels; 4+ AS levels; Higher School Certificate, NVQ level 3; Advanced GNVQ or equivalents
Level 4	First degree; Higher Degree; NVQ levels 4-5; HNC; HND; Qualified Teacher Status; Qualified Medical Doctor; Qualified Dentist; Qualified Nurse; Midwife; Health Visitor or equivalents
Other	Other qualifications (e.g. City and Guilds; RSA/OCR; BTEC/Edexcel); Other Professional Qualifications

Source: ONS Annual Population Survey (from Nomis website)

Figure 6.8 Educational attainment (2006)

Source: ONS Annual Population Survey (from Nomis website)

Summary

- i) The Borough has seen 13.0% employment growth between 1996 and 2006 – a figure which is below the national and regional average, but not by a great margin. However, the number of employee jobs available in the Borough has fallen since 2002.
- ii) The largest sector of employment in the Borough is the public sector (administration, education and health), which provides almost 40% of the jobs in the Borough.
- iii) Those employed in senior managerial, professional and technical occupations generally live in the central areas of the Borough, around Formby, Crosby and Maghull. The proportion of residents in this group has increased gradually since at least 2002.
- iv) Locally available jobs are dominated by the service sector, which has also shown the highest level of growth since 1995.
- v) Unemployment levels in Sefton are slightly higher than the national and regional averages, although much less so than in 1996. Unemployment is heavily concentrated, however, in the urban areas, particularly in Bootle.
- vi) The levels of educational attainment in Sefton are not far from national and regional averages, although there are slightly fewer residents with very high levels of qualifications (NVQ Level 4 or equivalent) than average.

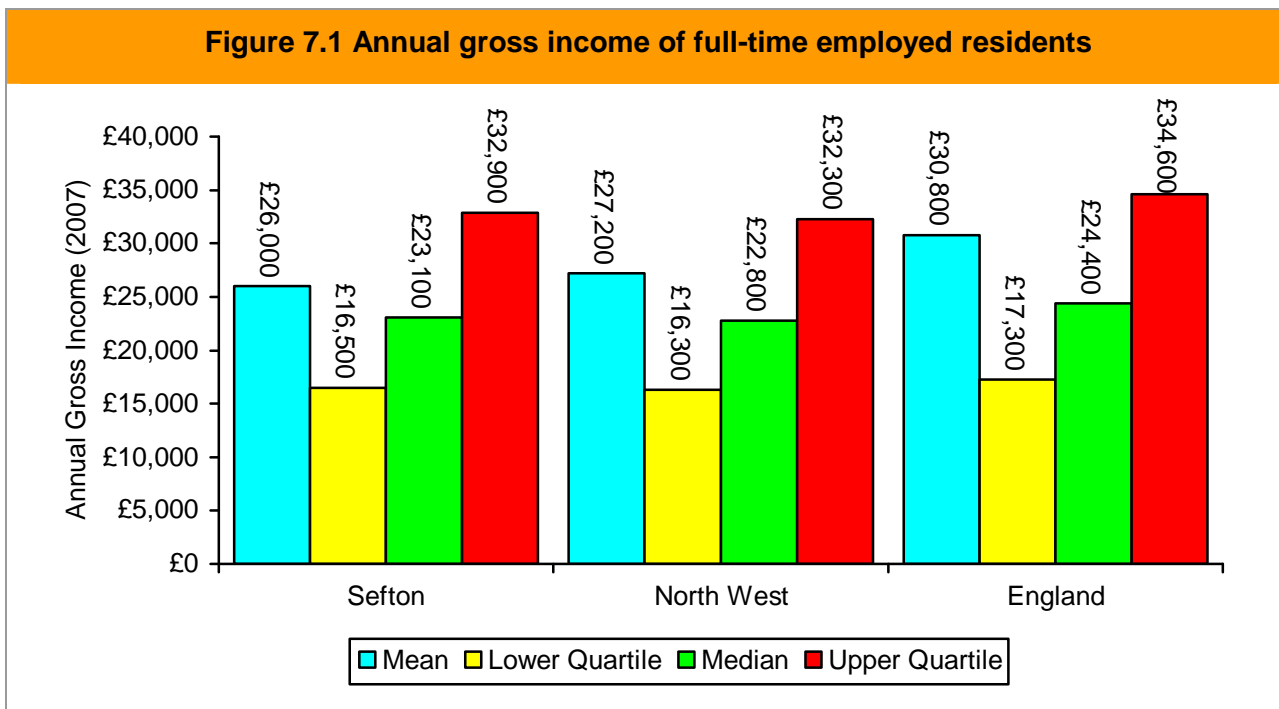
7. Incomes and earnings in Sefton

Introduction

- 7.1 Income is a crucial determinant in whether or not households are able to access the private sector housing market (whether to buy or rent). It also affects the level of choice a household has when determining their future accommodation.
- 7.2 This chapter presents secondary data on the annual gross pay of employees in the Borough. The information is compared with regional and national equivalents to show how the relative wealth of employees in the Borough.
- 7.3 The chapter also uses information from the SHMA household survey 2008 to assess the overall household income in the Borough and examine how this varies for different household characteristics

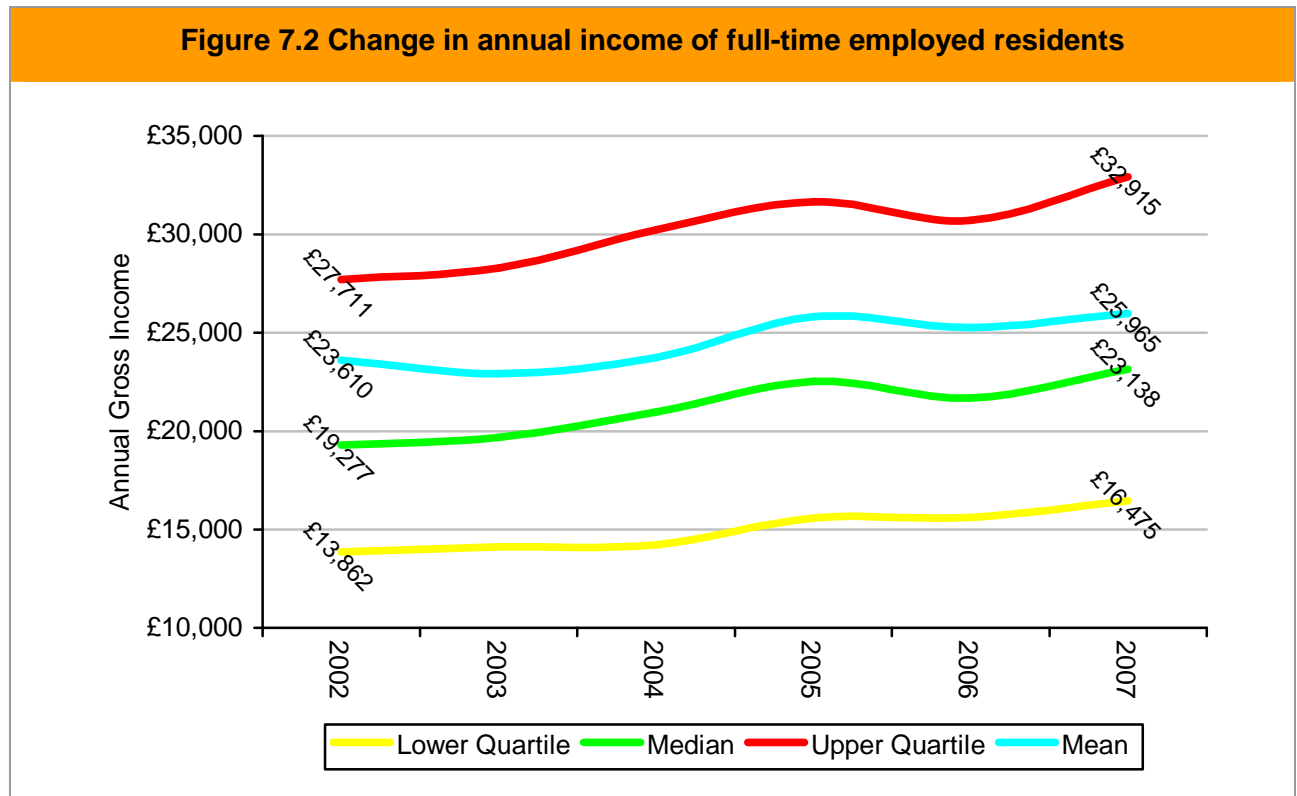
Pay levels

- 7.4 The average (mean) income for employees in Sefton in 2007 was £26,000, according to the Office of National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE), lower than both the North West (at £27,200) and England as a whole (at £30,800).
- 7.5 However, as the table below shows, the distribution of income is not radically different in Sefton, and in fact lower quartile, median and even upper quartile incomes are slightly above those of the North West region as a whole. This indicates that the lower mean income in Sefton is largely due to a relative absence of the extremely rich found in some parts of the North West.
- 7.6 It should be noted that gross income is not equal to net income, since it does not take into account either taxes or additional benefits such as share options.



Source: ONS Annual Survey of Hours and Earnings (2007) via NOMIS

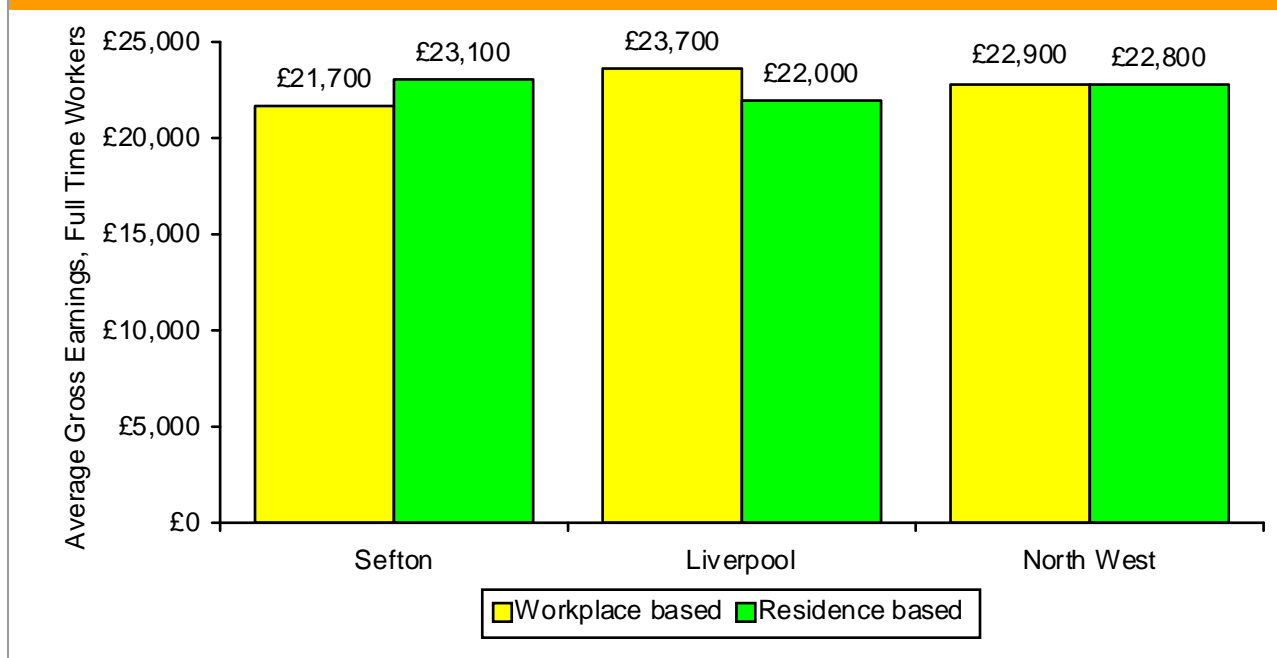
7.7 The figure below shows the change in the income of employees resident in Sefton since 2002 for various points within the overall distribution. The increase over time in incomes has been distributed relatively evenly across most points in the range in Sefton, with lower quartile incomes increasing by 18.9%, median incomes by 20.0%, and upper quartile incomes by 18.8%. Mean incomes, however, have only increased by 10.0%, suggesting a lesser gain in the gross pay of the richest residents in the Borough.



Source: ONS Annual Survey of Hours and Earnings (2007) via NOMIS

- 7.8 The figure below provides information on median annual gross pay in the Borough and other areas, for both those resident and working in each location: that is to say data is gathered on employment income from a resident based sample, and another on a sample of employment locations. Clearly the results can differ: in an area of high out-commuting to well-paid jobs there may be a much higher residence based income as compared with the (local) employment based on workplaces.
- 7.9 In Sefton, as shown in the chart below, there is a noticeable disparity between the higher incomes of the resident population, and the relatively low incomes of those working in the Borough. This can be taken to indicate significant out-commuting of Sefton residents to well paid jobs elsewhere, most likely to Liverpool. The fact that Liverpool shows the reverse pattern in terms of earnings of residents and workforce further reinforces this impression.

Figure 7.3 Median gross earnings of full time workers: residence and workplace based (2007)

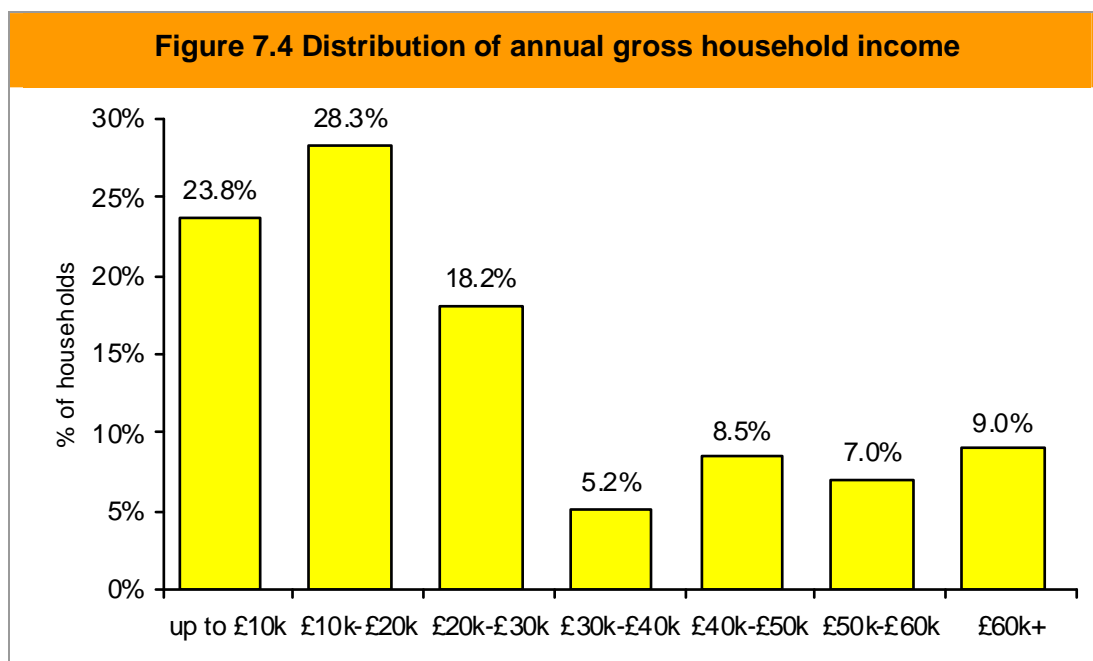


Source: ONS Annual Survey of Hours and Earnings (2007) via NOMIS

Household income

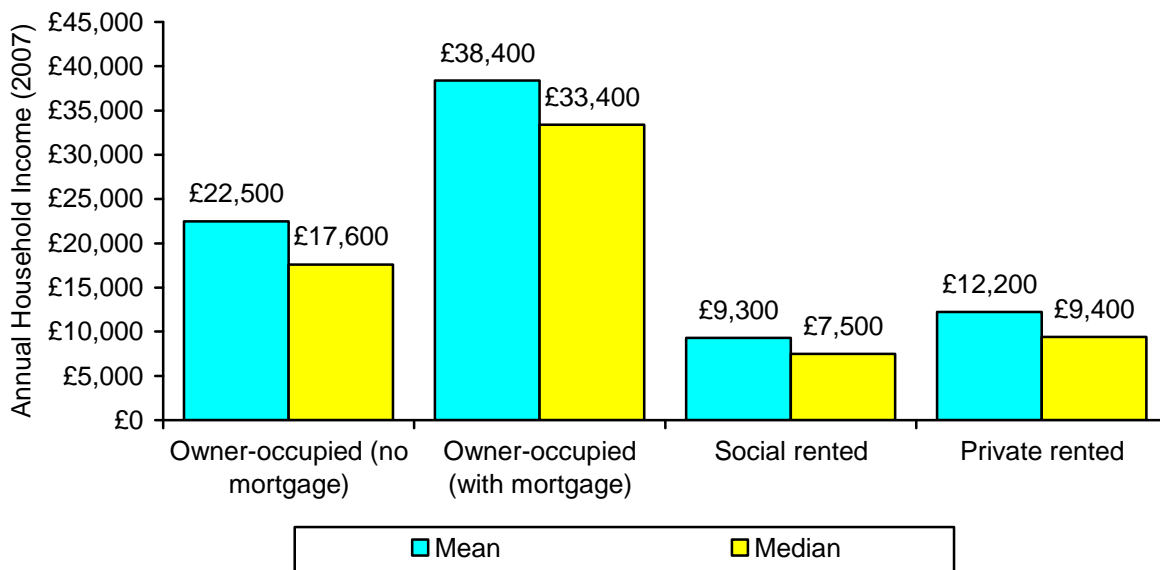
- 7.10 The only up-to-date secondary data on income available at a local authority level is that presented in the ASHE, which is the earned income of employed individuals. This data enables a useful comparison of the situation in different areas but only includes employees within the dataset so cannot be used to provide a full profile of the area as it excludes the incomes of those not currently in employment. Furthermore the data is presented at an individual level, rather than at the household level on which a housing market assessment must be based.
- 7.11 It is therefore necessary to supplement this analysis of ASHE data with a profile of household income in Sefton recorded by the SHMA household survey 2008. The household survey obtained information from all types of household in the Borough and collected income information for the household rather than the individual. In addition the household survey collected information on all forms of household income (including investments and all benefits as well as earned income).
- 7.12 The household survey estimates the average (mean) gross household income in Sefton to be £25,763 per annum, including households without any members in employment. The median income is noticeably lower than the mean, at £19,116 per annum.

- 7.13 The figure below shows the estimated distribution of household income in the Borough according to the household survey. It is clear that there is a significant range of incomes in the Borough, with 52.1% having an income of less than £20,000, and 16.0% an income in excess of £50,000.
- 7.14 More than 50% of households with incomes of less than £20,000 have a retired household reference person (HRP). Households where the HRP is in employment have a mean income of around £37,000. For the purposes of this study the survey respondent is taken to represent the household reference person.



- 7.15 As can be seen below, the income of residents of Sefton varies greatly by tenure, with those in rented accommodation, particularly social rented accommodation, having much lower average incomes.

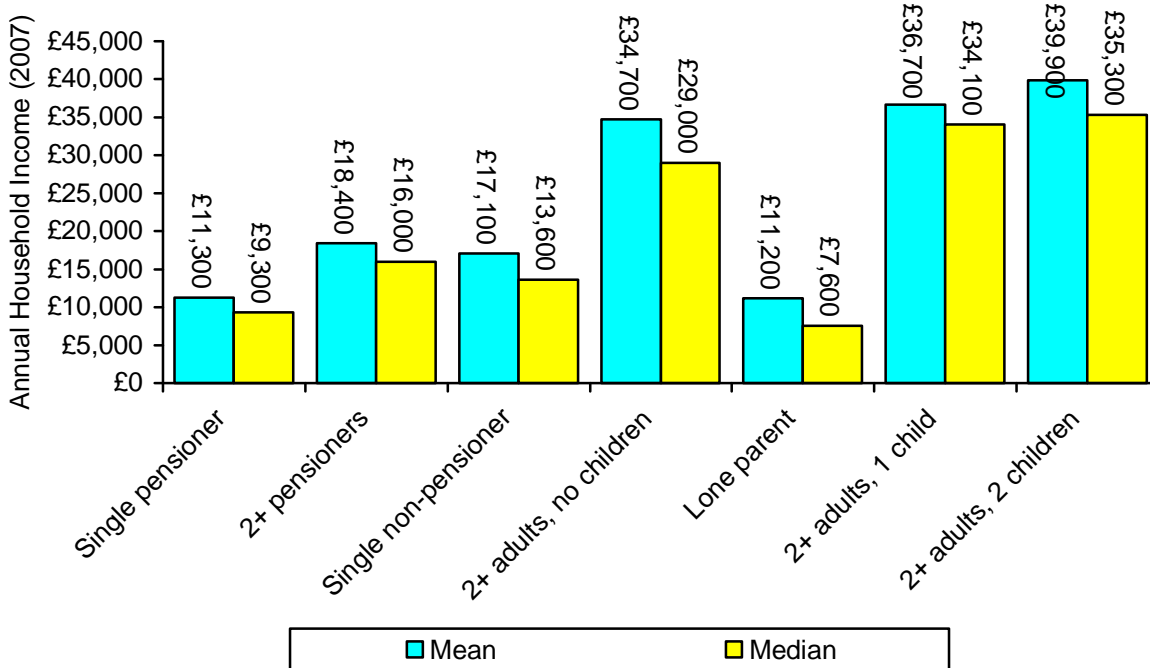
Figure 7.5 Mean and median household income by tenure



Source: Sefton SHMA household survey January 2008

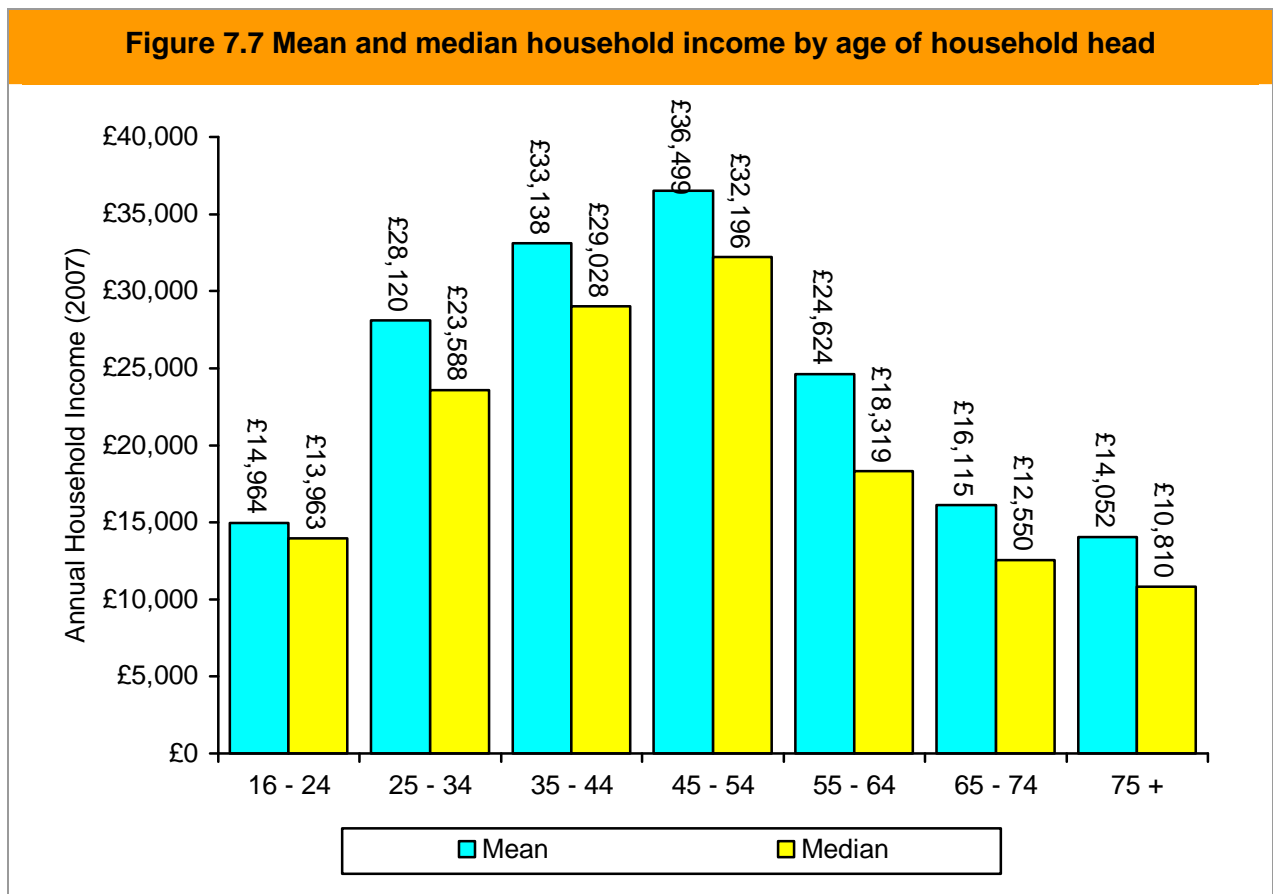
7.16 The chart below shows how households containing two adults have a much higher average income, while single pensioners and lone parents have much lower incomes. Lone parent families show a particularly low median income, with half of such households earning less than £7,600 per annum.

Figure 7.6 Mean and median household income by household type



Source: Sefton SHMA household survey January 2008

7.17 The figure below shows how income varies by the age cohort of the household head. Income tends to be higher for households with a middle-aged household head, and lower for those with younger or older household heads. The lowest income group are those aged over 75, where 50% have a gross income of less than £10,810 per annum. Inequality, measured by the difference between the mean and median incomes, is also greatest among the older age groups. The median income is 74% of the mean for the 55-64 age group, whereas it is 93% of the mean for the 16-24 age group.



Source: Sefton SHMA household survey January 2008

Summary

- i) The median income of employed residents in Sefton is above that for the region, however, jobs located in Sefton pay significantly less than average. This clearly indicates the presence of a significant number of well paid commuters in the Borough.
- ii) According to the Annual Survey of Hours and Earnings, 25% of full-time employees living in Sefton earn more than £32,900, while 25% earn less than £16,500.
- iii) Data from the SHMA household survey 2008 suggests that the mean gross household income in the Borough is £25,763 per annum, with a median figure of £19,116.
- iv) Survey data suggests that pensioners are among the lowest income groups, especially those living alone or over the age of 75. Other low income groups include young people, and those living in all types of rented housing.

SECTION C: THE HOUSING STOCK

This Section of the report provides a description of the profile of the housing stock in Sefton. This is important because this provides the framework in which housing demand occurs as new housing usually forms a small proportion of the stock (around 2% a year nationally). The information presented compares the stock profile recorded in the Borough in a local, regional and national context. The section aims to answer the following questions:

- What is the current housing stock profile in the area?
- What is the condition of the stock in the Borough?
- Is any of the stock unavailable for use within the market?

The Section contains three chapters:

8. The current stock profile in Sefton

9. The condition of the housing stock

10. Shared housing and communal establishments

8. The current stock profile in Sefton

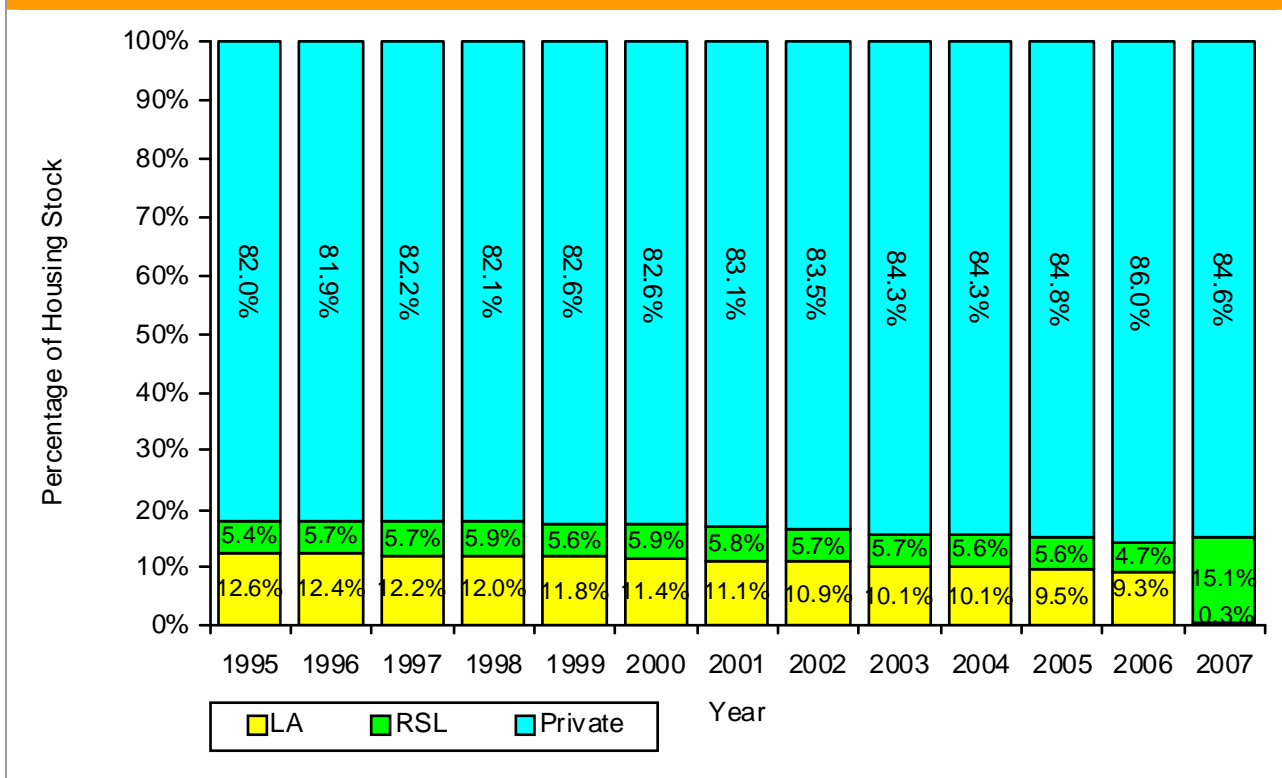
Introduction

8.1 Analysis of the current stock of housing allows a broad assessment of the range of properties currently within the Borough. There are a number of data sources which provide an overview of the current housing stock and these are examined in this chapter. Where possible results are put in context with figures for the North West region and national figures.

Total number of dwellings

- 8.2 The 2007 HSSA (see Bibliography) records that there are 123,838 dwellings in the Borough. The figure below shows how the tenure distribution has changed since 1996; overall housing allocated via the public sector (either Local Authority or RSL owned) now makes up 15.4% of the total, compared to 18.0% in 1996.
- 8.3 The overall increase in the housing stock in Sefton over this period was 4.7%. The increase in the private sector stock was larger, at 8.2%, concealing a 10.9% absolute decline in the stock of social rented dwellings.
- 8.4 Within the social rented stock, there has clearly been a rapid shift from ownership by the Local Authority to ownership by Registered Social Landlords. The only dwellings in the Borough that are now owned by the Local Authority are empty and awaiting redevelopment. This was due to significant stock transfer taking place in the period 2006/07.

Figure 8.1 Housing stock by tenure, 1996-2007



Source: HSSA and HIP data (1996-2007)

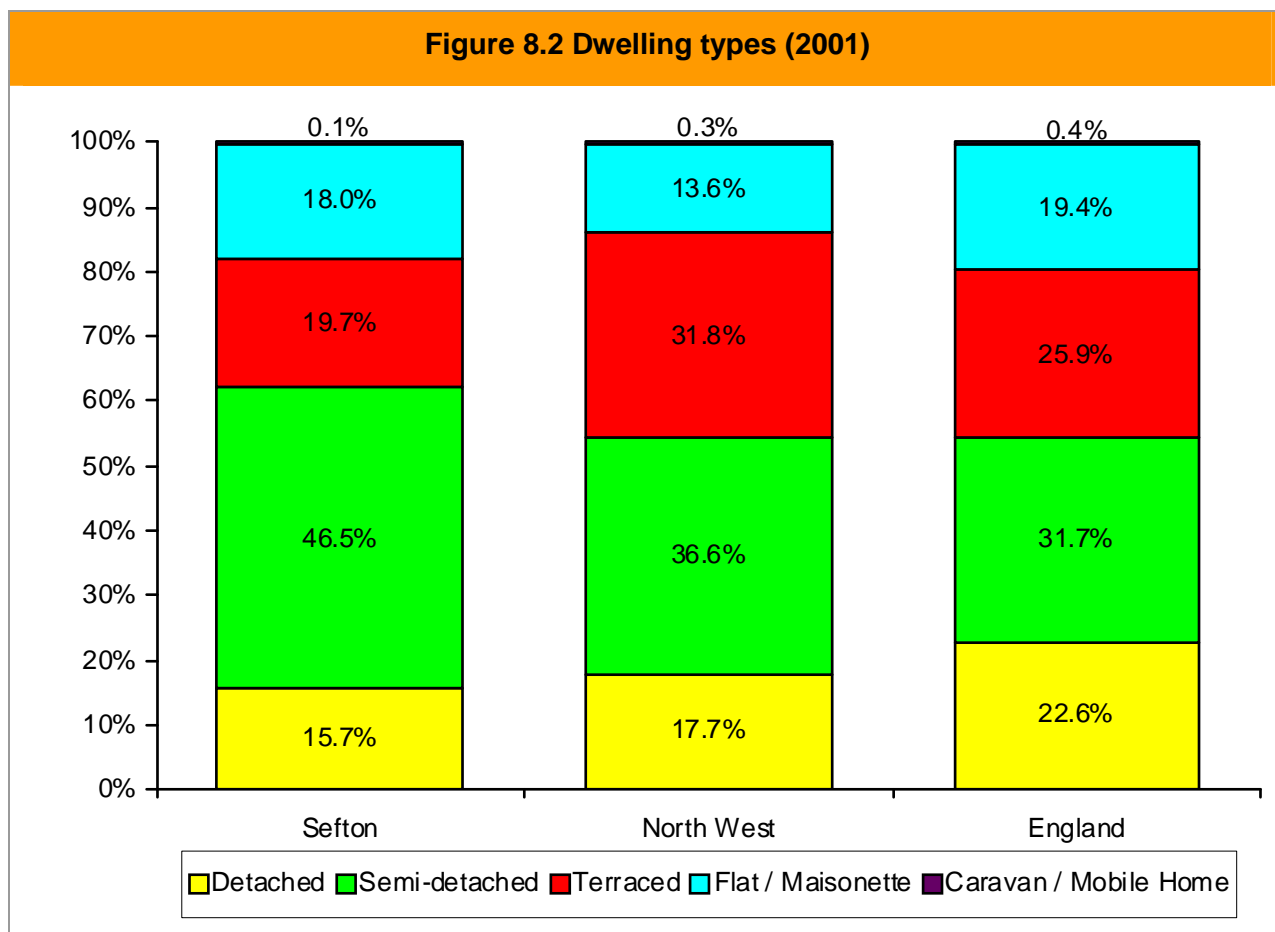
Table 8.1 Change in housing stock 1996-2007

Area	1996	2007	1996-2007 change	Annual change	Total % change
Local Authority	14,627	392	-14,235	n/a	-97.3%
RSL	6,762	18,663	+11,901	n/a	+176.0%
<i>Social Rented Subtotal</i>	<i>21,389</i>	<i>19,055</i>	<i>-2,334</i>	<i>-212</i>	<i>-10.9%</i>
Private	96,869	104,783	+7,914	+719	+8.2%
Total	118,258	123,838	+5,580	+507	+4.7%

Source: HSSA and HIP data (1996-2006)

Type of stock

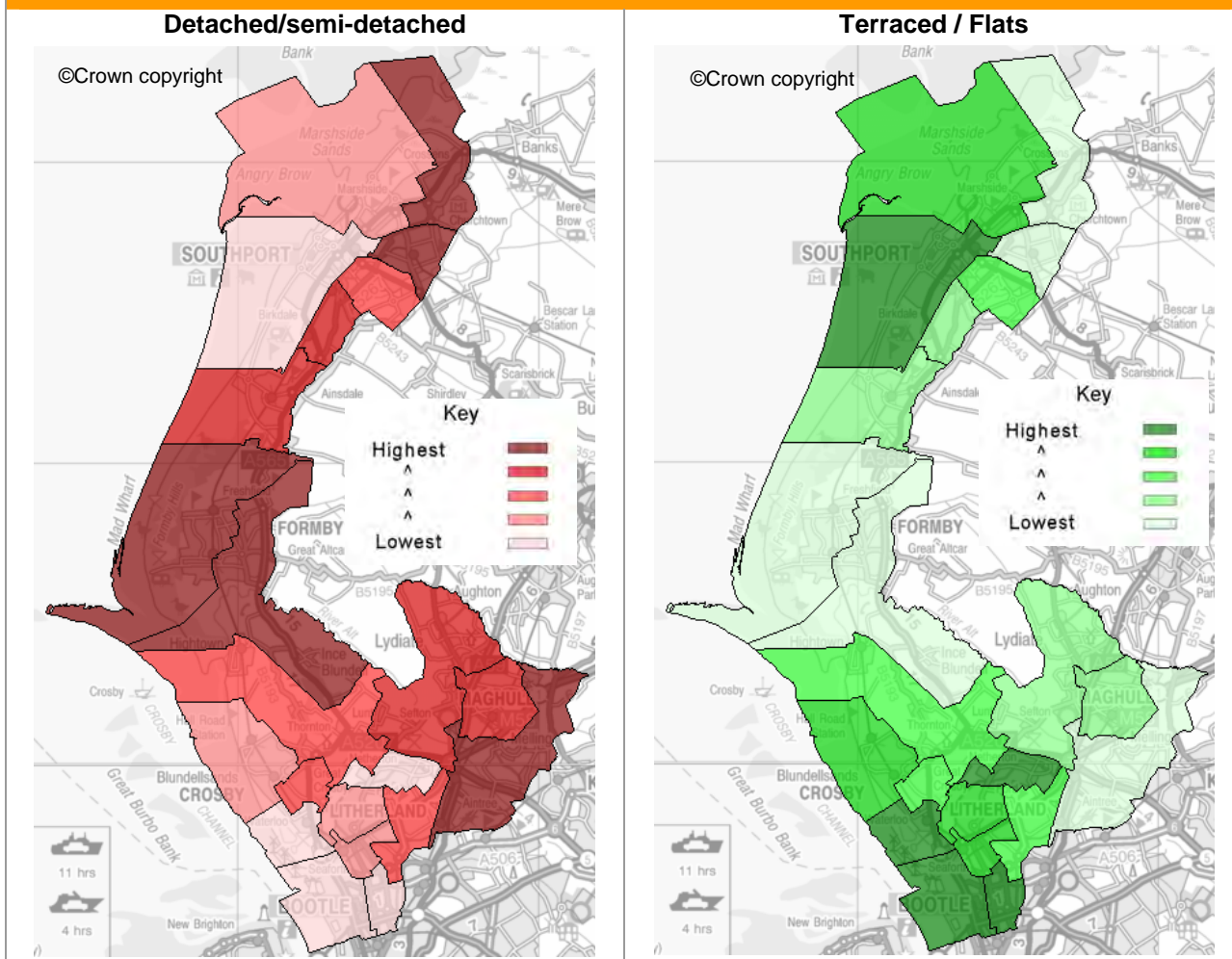
8.5 The figure below shows the types of dwelling in the Borough, regionally and nationally, from the 2001 Census. Nearly half of all dwellings in the Borough were semi-detached. The percentage of terraced dwellings was just 19.7%, below regional and national averages, while the proportion of flats was above the regional average, but below the national average, at 18.0%.



Source: Office for National Statistics 2007 (from 2001 Census data)

- 8.6 The maps below show the geographical spread of dwelling types across the Borough. Most urban areas show a concentration of terraced and flatted accommodation; this is not the case for Formby and Maghull, which contain a high proportion of detached and semi-detached dwellings.

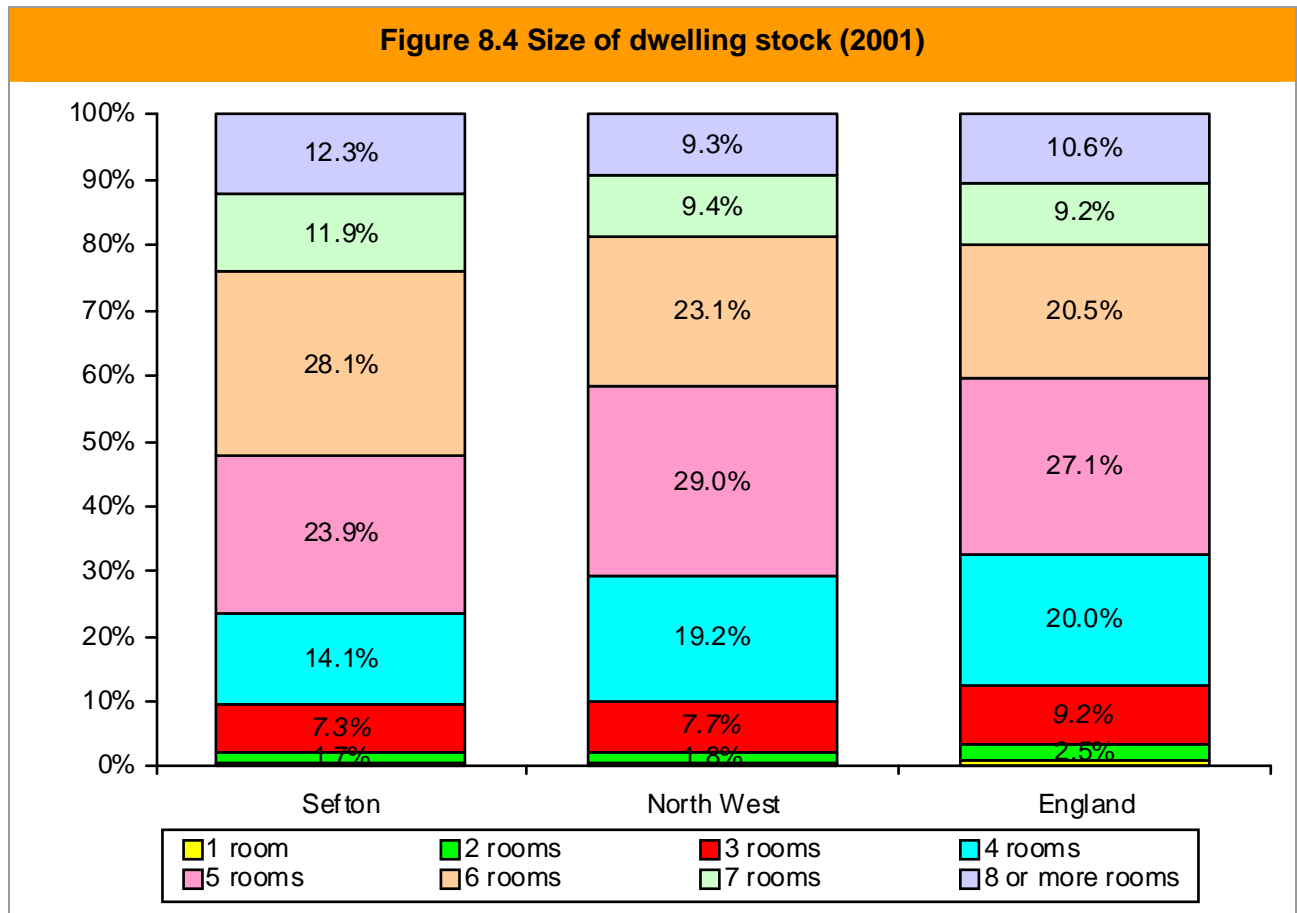
Figure 8.3 Dwelling type by ward (2001)



Source: Office for National Statistics 2007 (from 2001 Census data)

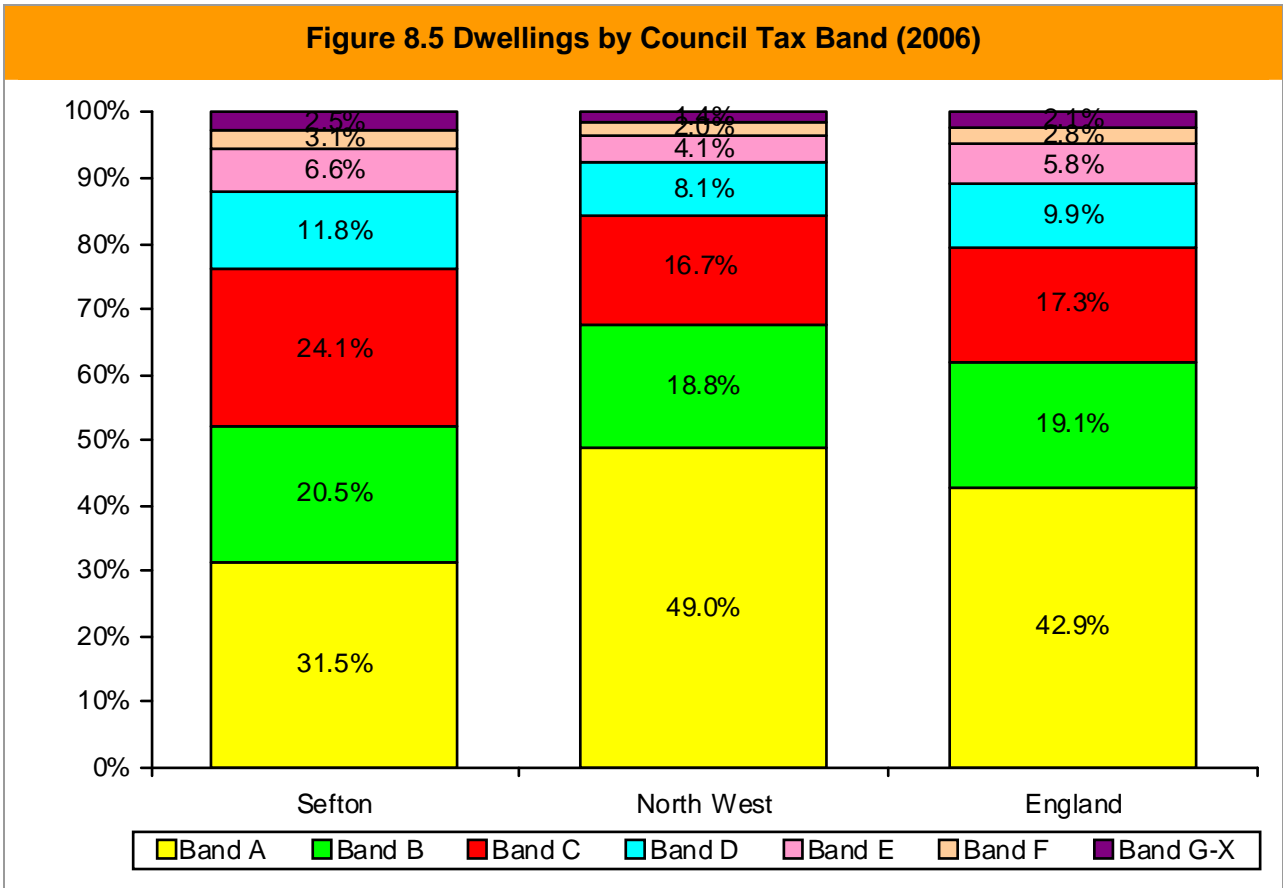
Dwelling Size

- 8.7 Dwelling size can be an important driver, as well as a significant feature of the local housing market. The 2001 Census contains information about the size of properties (in terms of the number of rooms). It is worth noting that the definition of a room in the Census does not include: bathrooms, toilets, halls or landings, or rooms that can only be used for storage such as cupboards. All other rooms, for example kitchens, living rooms, bedrooms, utility rooms and studies are included. If two rooms have been converted into one, they are counted as one room.
- 8.8 The figure below shows the number of rooms in properties in the Borough as well as regionally and nationally. The data shows that the size of dwellings in the Borough is well above average, with more than half of dwellings (52.3%) having six or more rooms, compared to just 41.8% in the North West as a whole.



Council Tax Band

8.9 A good indication of the quality and price structure of the housing stock is the distribution of dwellings by Council Tax Band. The figure below shows that 31.5% of properties in the Borough fall into the lowest Council Tax Band; this is well below the regional and national average indicating the high property values in many parts of the Borough.



Second homes

8.10 Data on the proportion and number of second homes in Sefton is presented in the table below. The table shows that despite the coastal location of the Borough, and the resort character of some of the towns, the proportion of holiday homes was below the regional average in 2001.

Table 8.2 Second/Holiday Homes in Sefton (2001)

	Holiday or Second Homes	All Household Spaces	% of second homes
Sefton	199	120,857	0.2%
North West	12,852	2,950,241	0.4%

Source: Census 2001

The level of vacant dwellings

8.11 A certain level of vacant dwellings are necessary to ensure the housing market is dynamic, however a high proportion of vacant dwellings can indicate the existence of areas of low demand and sometimes market failure.

- 8.12 The Practice Guidance indicates that a vacancy rate of under 3% is considered normal in the social sector as this allows for transfers and for work on properties to be carried out. The latest national estimate available (from the 2006 HSSA) suggests that 3.3% of all private sector dwellings are vacant across England.
- 8.13 The table below shows the number and proportion of dwellings vacant in the social and market sectors in Sefton and the North West region. The table shows that the level of vacant dwellings in the social rented sector in Sefton is slightly higher than the guideline level of 3% indicated in the Practice Guidance.

Table 8.3 Vacancy rates by broad tenure (2007)				
Area	Social housing		Market housing	
	Number of dwellings vacant	Proportion of dwellings vacant	Number of dwellings vacant	Proportion of dwellings vacant
Sefton	632	3.3%	6,818	6.5%
North West	16,630	2.8%	112,363	4.5%

Source: Housing Strategy Statistical Appendix 2007

- 8.14 The table also indicates that the proportion of market dwellings vacant in Sefton is almost double the national figure at 6.5%. This suggests that there are areas of low demand within the Borough. The Council's Housing Strategy identified that the low demand areas are located in the south of the Borough, particularly within the HMRI area. Contributors at the stakeholder consultation events also commented on the high number of terraced properties in the Bootle area that are currently empty.

Summary

- i) In 2007 there were an estimated 123,838 dwellings in the Borough. This represents an increase of 4.7% since 1996, although during this time the number of socially rented dwellings has decreased by 10.9%.
- ii) Semi-detached houses make up nearly half (46.5%) of the stock. Dwellings in the Borough also tend to be larger than average, hence a higher proportion are in higher council tax bands.
- iii) Detached and owner-occupied dwellings tend to be concentrated in Formby and Maghull, while terraced, flatted and social rented dwellings are found particularly in the urban area to the south of the Borough. Southport shows a varied mix of dwelling types.
- iv) The proportion of market dwellings vacant in Sefton was almost double the national average, reflecting levels of low demand in the south of the Borough associated with the HMRI area.

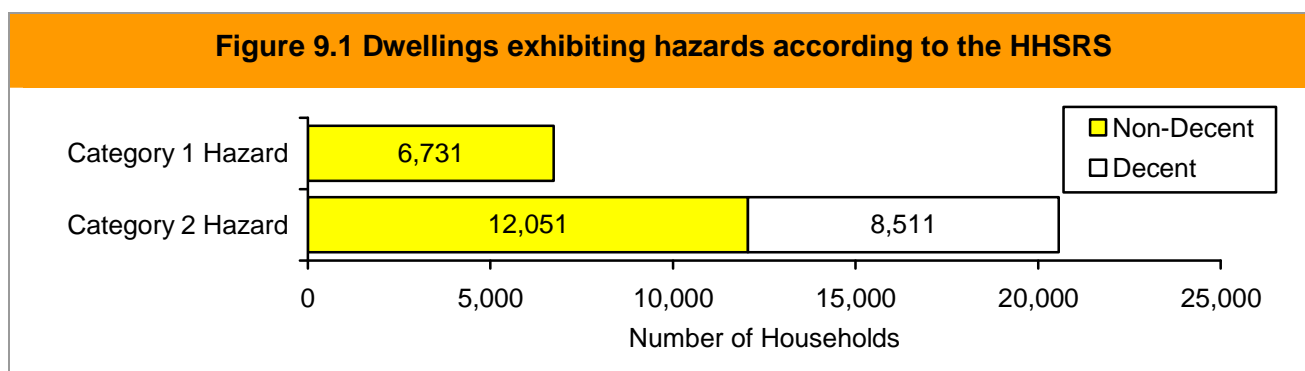
9. The condition of the housing stock

Introduction

- 9.1 The availability of dwellings for use is dependent on them being in appropriate condition for potential inhabitants. As well as removing a potential home from use, a dwelling in poor condition can contribute toward a poor visual environment that may reduce demand in the wider neighbourhood.
- 9.2 This chapter will briefly discuss the data available on the condition of the dwelling stock in Sefton. The latest information on this topic is from the 2007 Sefton Private Sector Stock Condition Survey completed by David Adamson and Partners. This assessed the condition of the private sector (market) stock in the Borough. The chapter will summarise the key findings from the research, further detail on the topics discussed alongside the methodology and definitions used is presented in the full report which is available from the Council on request.

Key results

- 9.3 The 2007 Private Sector Stock Condition Survey estimated that 24,333 dwellings in Sefton (23.1%) failed the Decent Homes Standard (the glossary contains an explanation of the Decent Homes Standard). Of these, 4,055 (16.7%) households were considered to be economically vulnerable. However, the remaining 10,410 economically vulnerable households were found to live in decent homes, exceeding the Government's 2011 target in this regard.
- 9.4 The figure below shows the number of dwellings identified as exhibiting hazards according to the Housing Health and Safety Rating System (HHSRS). The glossary contains an explanation of the Housing Health and Safety Rating System.



Source: Sefton Private Sector House Condition Survey 2007

9.5 Other key findings from the survey include:

- A particular problem with disrepair and hazards in the eastern part of the Borough (Maghull and Aintree) as well as in central parts of Bootle and eastern Southport. Problems in Maghull and Aintree related especially to sub-standard electrics in post-1945 properties
- The condition of pre-1919 properties is of concern, especially in relation to excess cold
- The large proportion of empty properties in Netherton and Bootle is an issue
- Problems are concentrated in the private rented sector and among older households. Older households make up more than half of those in non-decent housing
- 7.4% of dwellings (7,753) in the Borough fail to meet the energy efficiency requirements of the Decent Homes Standard

Summary

- i) The recent Private Sector Stock Condition Survey suggested that 23.1% of homes (24,333 in total) in Sefton failed to meet the Decent Homes Standard, while 6,731 showed a Category 1 hazard according to the Housing Health and Safety Rating System (HHSRS). There were particular problems identified in the east of the Borough (Maghull and Aintree) as well as in central parts of Bootle and eastern Southport.

10. Shared housing and communal establishments

Introduction

- 10.1 The Practice Guidance states that shared housing and communal establishments are an important part of the accommodation landscape for certain households. These forms of accommodation are particularly important for those on the margins of the housing market, such as homeless households.
- 10.2 In the 2001 Census, a household space is considered to be in a shared dwelling if *'it has accommodation type 'part of a converted or shared house', not all the rooms (including bathroom and toilet, if any) are behind a door that only that household can use and there is at least one other such household space at the same address with which it can be combined to form the shared dwelling.'* All of the conditions have to be met for the household space to form a shared dwelling. Households may reside in shared dwellings as a result of an inadequate supply of affordable housing in a local area.
- 10.3 The 2001 Census defines a communal establishment as an establishment providing supervised residential accommodation. Most communal establishments are not available on the general market, as they are designed specifically for certain groups including students and people in care. It is therefore important to quantify the number of communal establishments within Sefton.

Shared housing

- 10.4 Only 171 households in Sefton at the time of the 2001 Census were sharing a dwelling, amounting to just 0.14% of the total. This is still above the regional average of 0.06%, as might be expected for an urban area.
- 10.5 Census data cannot reflect recent trends observed by stakeholders i.e. the recently increased presence of migrant workers who tend to share dwellings in order to make housing costs more affordable.

Table 10.1 Shared dwellings in Sefton, 2001		
	Number of household spaces in shared dwellings	% of all household spaces
Sefton	171	0.14%
North West	2,020	0.06%
England	21,510	0.10%

Source: ONS Census 2001

Communal establishments

- 10.6 According to the 2001 Census, there were just 4,899 people in Sefton living in communal establishments, representing 1.7% of all residents in the study area, in line with the regional average.
- 10.7 Out of the total of 4,899, 4,466 (91.1%) lived in medical and care establishments, including 1,552 in nursing homes, 2,063 in residential care homes and 620 in psychiatric hospitals or homes.
- 10.8 Overall 17.5% (855) of the total residents were accounted for by resident staff and their families. If this group is excluded, people aged 75 or over accounted for well over half (60.8%) of those living in communal establishments in the Borough.

Table 10.2 Residents of communal establishments in Sefton, 2001		
	Residents in communal establishments	% of population
Sefton	4,899	1.7%
North West	114,092	1.7%
England	890,681	1.8%

Source: ONS Census 2001

Summary

- i) There were only 171 shared households in Sefton in 2001, although this was above the regional average.
- ii) In 2001, 4,899 people in the Borough lived in communal establishments (including residential staff), the majority of residents (60.8%) were over 75.

SECTION D: THE ACTIVE MARKET

This Section examines the level of activity across the housing market in Sefton. It considers the cost of different forms of housing in the Borough and assesses how affordable they are for local households. The section aims to answer the following questions:

- What is the cost of the different forms of housing in Sefton?
- How affordable is housing in Sefton?
- Which household groups are least likely to be able to afford market accommodation?
- How has demand for housing changed?

The Section contains four chapters:

11. The current housing market

12. Affordability of housing in Sefton

13. Overcrowding and under-occupation

14. Activity in the market

11. The current housing market

Introduction

11.1 This chapter provides information on the current housing market in the Borough. Information provided sets out how property prices have changed in the past and puts the situation in the Borough in a regional and national context. The chapter also provides an analysis of current housing market prices and rents in the Borough and an analysis of how prices vary in different parts of the study area. Information was collected from three main sources:

- Land Registry
- Internet searches for properties for sale in the Borough
- Interviews with estate and letting agents

11.2 Before undertaking any analysis of various data available, stakeholders (largely estate agents) were asked about their perceptions of the local housing market. This allowed us to better understand some of the findings and helped to put the results in context.

Discussions with stakeholders

11.3 It was clear from consultation with stakeholders and discussions with estate agents that Sefton was seen as being composed of multiple housing markets, split principally between north and south. Researchers visited all the major settlements in Sefton. Some observations and the main findings from these interviews will now be explored.

11.4 The purpose of the visits and discussions were to understand the perceptions of people servicing the housing market. In particular questions were asked about:

- Local markets and self-containment
- The characteristics of households moving home
- Affordability
- What factors appeal/do not appeal to potential purchasers
- Investor activity
- The role of private renting in the locality
- What distinguishes the purchaser of new housing from second-hand housing

Main findings

- The Borough contains a number of fairly self-contained housing markets and is influenced in the south by Liverpool
- Central areas of the Borough were reported to be attracting high-end buyers, with demand for large properties very strong in these areas
- Property in Southport attracted significant interest from retired buyers. Holiday homes, while an influence, did not dominate the market
- In many areas first-time buyers had difficulty finding property, which agents thought was resulting in a shift into the private rented sector and movement out of the Borough
- Demand in the private rented sector has increased significantly, and supply of such housing for families is in short supply
- Apartment building in Southport was felt by many agents to have been excessive
- Buy-to-let investment is less than it was but there is still significant interest, particularly in older property

General description

- 11.5 In the south of the Borough there is a substantial urban area, contiguous with that of Liverpool to the south. Outside of the south of the Borough, Sefton consists of a number of towns, mostly coastal, each with their own housing market although not necessarily wholly self-contained.
- 11.6 The largest of the towns in the north of the Borough, Southport, attracts significant numbers of commuters. However, for the south of the Borough Liverpool is the more frequent destination.
- 11.7 The towns in the central part of the Borough (Formby, Crosby and Maghull) were reported to be areas of particularly high demand and high prices, with significant affordability problems.
- 11.8 There were also some pockets of low demand, particularly affecting newer properties in the south of the Borough, and to a lesser extent some apartment developments in Southport.

Southport

- 11.9 Southport is a coastal resort town, with a significant area of Victorian and Edwardian housing around the town centre. Estate agents felt it was largely self-contained as a housing market.
- Described as having an air of prosperity
 - Older housing considered prestigious and very much in demand

- Apartment development continues in central areas, both residential and holiday
 - Like many coastal resorts, attracts significant numbers of retired households
 - Links between Liverpool and Southport were considered to be very weak, with in-migration coming from a wider variety of areas
- 11.10 Younger people struggle to afford entry level prices in Southport, although there is a good supply of reasonably priced semi-detached and terraced properties in the town.
- 11.11 The town centre market was felt to be much more influenced by in-migration than the rest of the town, with some agents going so far as to suggest local people are no longer able to buy property there, especially older property. The town is, however, quite varied, and there are areas of the town with relatively cheap housing, for example, around Victoria Avenue.
- 11.12 Agents reported that many new apartments had been built in recent years, enough to change the character of the town in some places. Most agents (although not all) felt that this had been excessive, and that there is no longer strong demand for apartments in all areas. Buy-to-let investors are still present in significant numbers, but now are more interested in older property.
- 11.13 There were also thought to be gaps in the market; small properties for first-time buyers were considered to be lacking, resulting in their movement into private renting or to areas of cheaper housing further afield, for example, in Liverpool. There were some concerns that specifically built starter homes were also too expensive to appeal to most such buyers, and that shared ownership flats were tending to go to older buyers than intended.
- 11.14 Letting agents reported that private rented housing for families is, partly as a result of the current cost of buying, in short supply. The student market in Southport was thought to be relatively small, and international migration was not felt to be a large influence on the market, although there are a number of migrant workers employed in the tourist trade.
- 11.15 Southport's suburbs of Ainsdale and Birkdale were considered to be relatively prestigious by estate agents, with few properties available to first-time buyers in these areas.

Formby

- 11.16 Formby is a coastal town, located just south of Southport. Estate agents considered it to be a prestigious area, with good schools and a 'village character'. The area was thought to be particularly popular with families, and less so with other demographic groups, with a lack of facilities for younger and older people.
- 11.17 Housing in the area is very expensive, with many high value properties, and very few for first-time buyers. It was also suggested that the area was too expensive for buy-to-let investors.

Crosby

- 11.18 Crosby is a coastal town, more closely linked to Liverpool than Formby. It contains many 1930s semi-detached properties, which command high prices, causing difficulties for first-time buyers.
- 11.19 Estate agents reported that new development was expected in the area in the near future, and that the market was buoyant. Demand for bungalows in the area was noted to be particularly high.

Maghull

- 11.20 Unlike the other towns in the Borough, Maghull is away from the coast, to the east of Crosby. It was described by agents as having a 'pleasant village character', with good schools, and consequently being an area of high demand.
- 11.21 There are few properties for first-time buyers in the area, and a significant number of properties on sale at the top end of the market, over £500,000. Estate agents felt the area had severe affordability problems, with younger people growing up in the area unable to buy property locally.

Bootle, Litherland and Netherton

- 11.22 These areas in the south of the Borough are part of a contiguous urban area with Liverpool, and are well connected to Liverpool City centre by rail. As might be expected their housing market is closely linked to that of the City.
- 11.23 Estate agents reported that house prices are lower here than in the rest of the Borough, but that despite a lively town centre area, the area suffers significant social and economic deprivation. Regeneration, however, is progressing in various parts of the area.
- 11.24 A good supply of properties was reported, with newer properties sometimes difficult to sell at present. On the other hand the area is, as a result of this lower demand, good for first-time buyers having difficulty finding property elsewhere.

General price levels

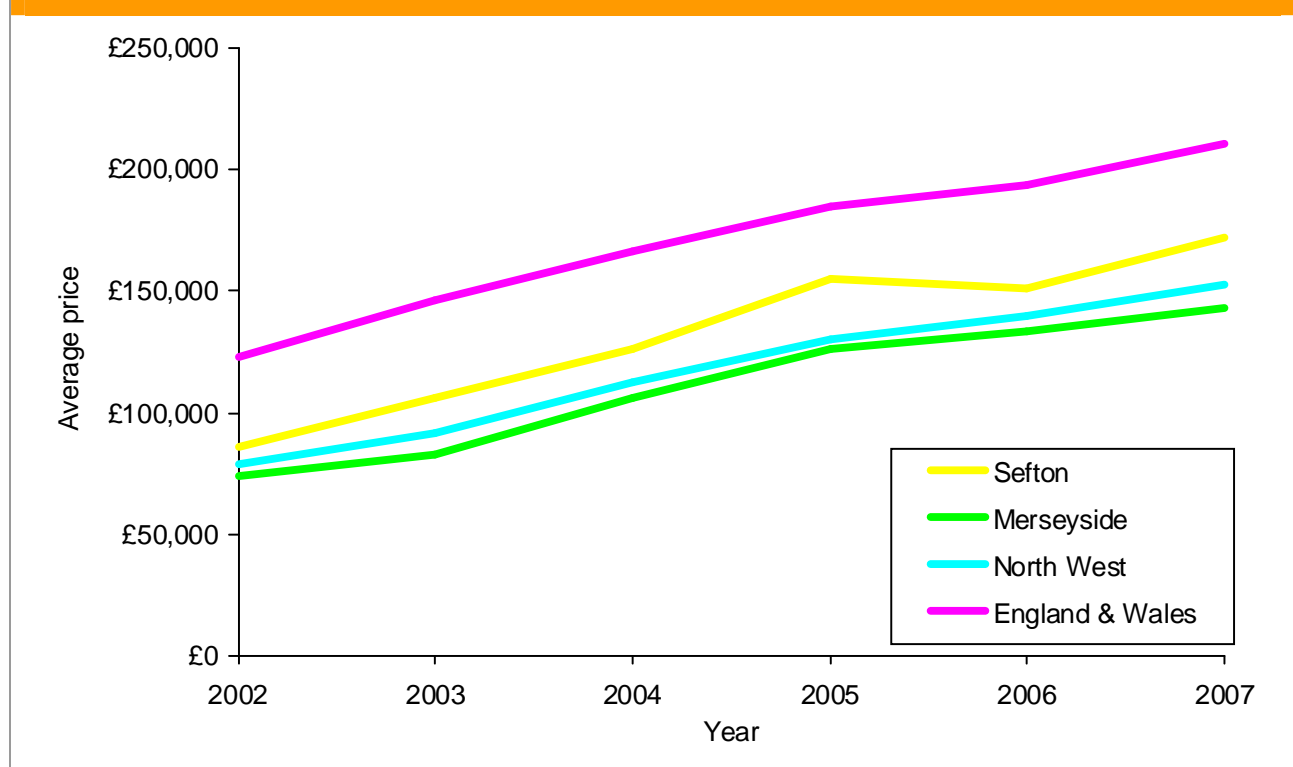
- 11.25 The table below shows price levels in the Borough (drawn from Land Registry data for the fourth quarter of 2007). The data shows that prices are significantly lower than the average for England and Wales, although higher than that in the surrounding region.

Table 11.1 Land Registry average prices (4th quarter 2007)

Area	Average price	As % of England & Wales
Sefton	£170,986	76.9%
North West	£161,566	72.7%
England & Wales	£222,256	100.0%

Source: Land Registry 2007

11.26 The figure below shows overall price change since 2002 in the Borough, region and nation. The data shows significant price increase in all areas studied and that property price increases in the Borough have more than kept pace with other areas. Overall between 2002 and 2007 the average price in the Borough almost doubled, rising by 99%. This was similar to both Merseyside and the North West as a whole, which each recorded a 94% increase. This is significantly above the national figure, which rose by 71% over the same period.

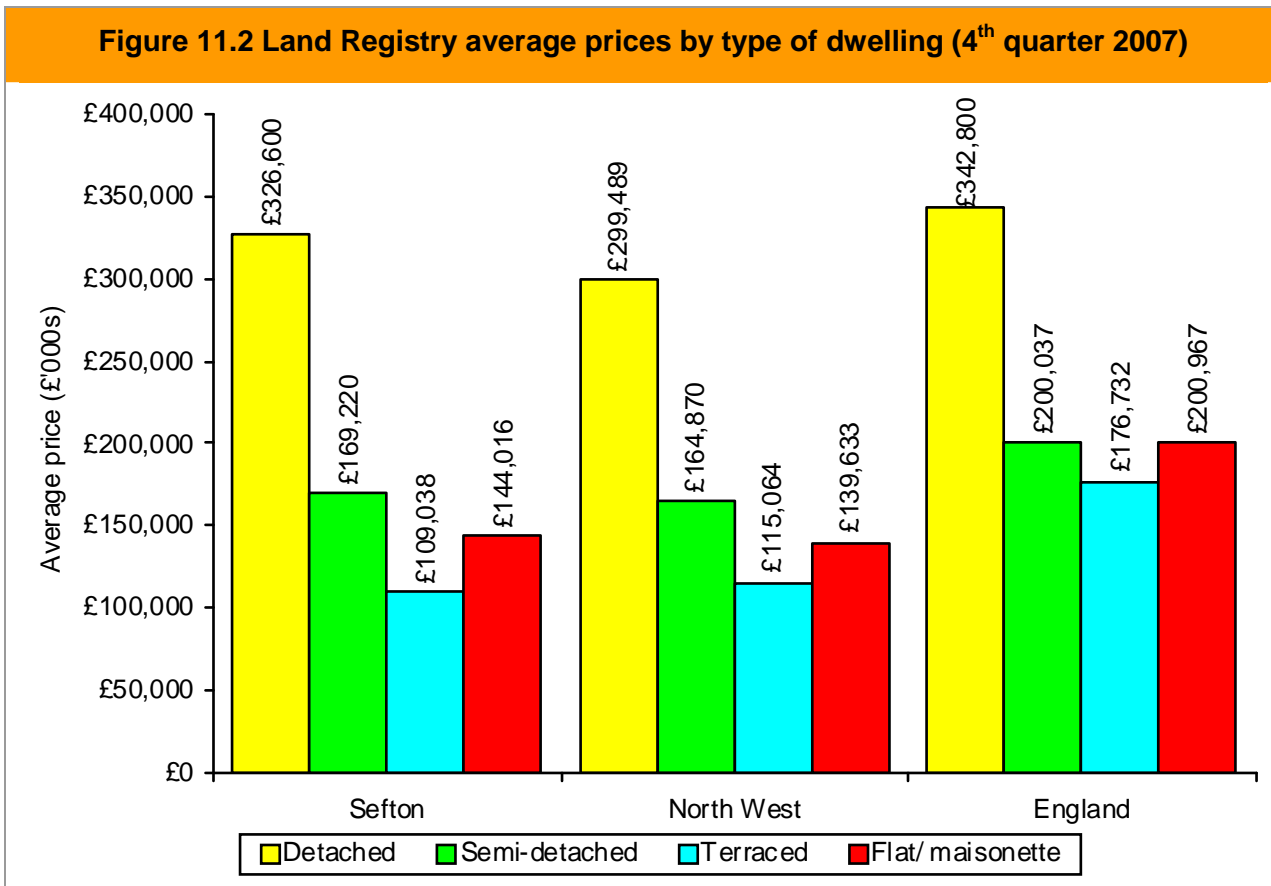
Figure 11.1 Land Registry price changes 2002 – 2007 (1st quarters)

Source: Land Registry 2002-2007

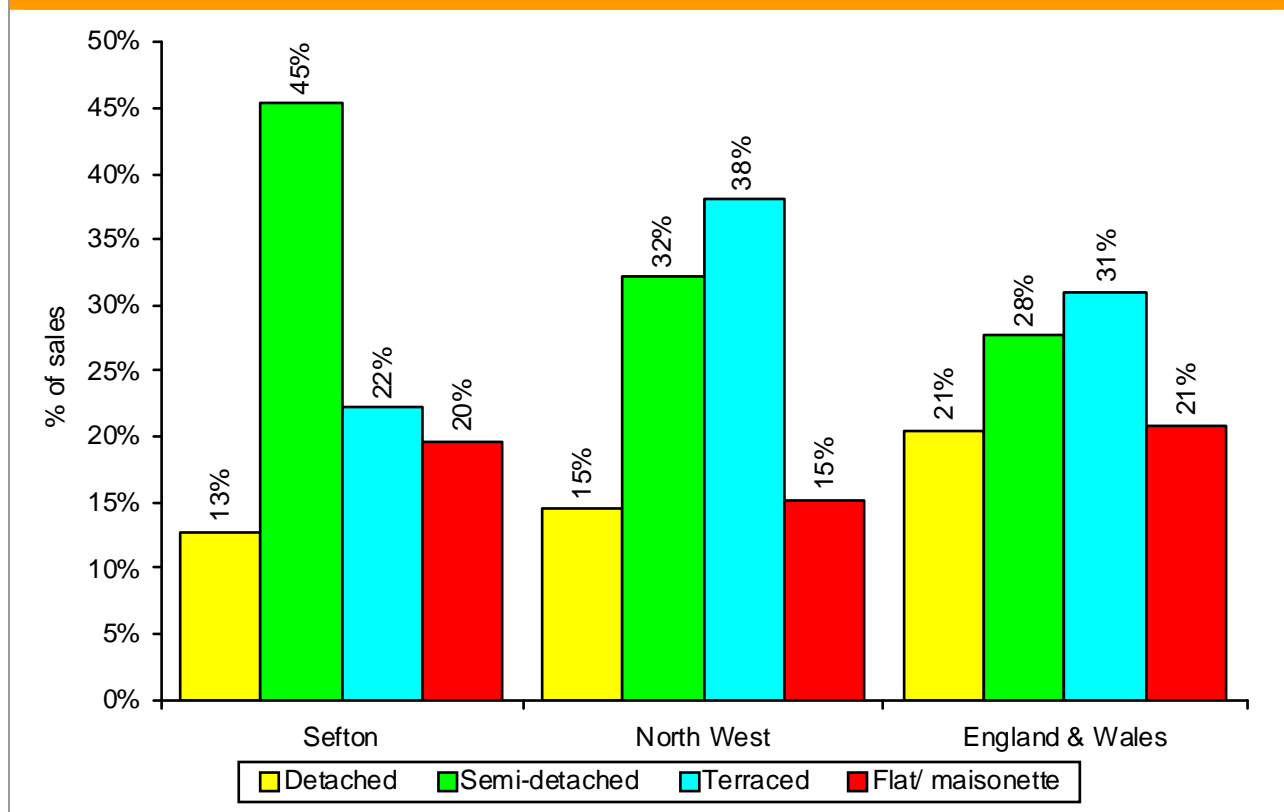
Prices by type

11.27 In addition to providing information about overall prices the Land Registry data provides a wealth of information about the types of properties sold, and how this varied over time.

11.28 The figure below shows that while Sefton contains more expensive detached houses than the regional average, terraced properties are on average lower in cost.



11.29 The figure below shows that sales in the Borough are dominated by semi-detached houses, at 45% of the total, unlike the regional or national situation. There are also considerably fewer sales of terraced houses than average for the North West, at just 22% of all sales.

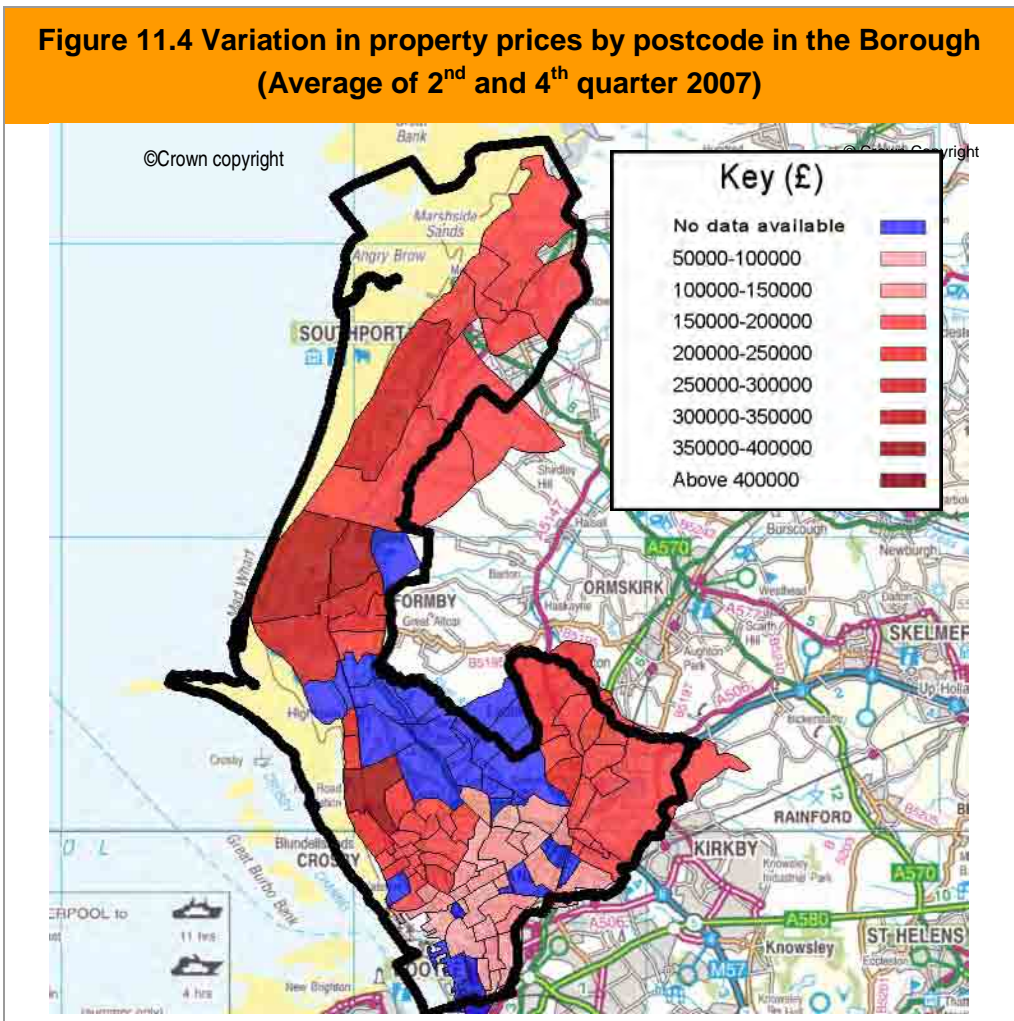
Figure 11.3 Land Registry volume of sales by type of dwelling (4th quarter 2007)

Source: Land Registry 2007

Price variation

11.30 The analysis so far has concentrated on the prices for the whole of the Borough. However it is of interest to see how these vary in different parts of the study area. We have therefore used Land Registry data to provide an idea about the variation in prices at a more detailed level in the Borough. The only data available for this purpose was average property price (both newbuild and second-hand) for postcode areas, and reliable information was not available for some parts of the Borough where few sales occurred.

11.31 The map shows a clear concentration of cheaper homes in the urban south of the Borough, with Crosby and Formby containing the most expensive property.



11.32 The existence of sub-markets across Sefton was examined via a range of sources, including Land Registry data, interviews with estate and letting agents an online market survey and the opinions of stakeholders. These sources identified some clear distinctions in Sefton with south of the Borough cheapest and Formby the most expensive area. The remaining parts of Sefton display similar characteristics but are not geographically contiguous, so were divided into two further price markets. Overall four price areas were identified based on the sub-area boundaries used by the Council (presented in Chapter 1) – Southport, Formby, Crosby/Maghuil and Netherton/Bootle.

Entry-level market costs

11.33 To fully understand the affordability of housing within a price market it is necessary to collect data on the cost of housing by bedroom size. This ensures that it is possible to assess the ability of households to afford market housing of the size required by that particular household as determined by the statutory bedroom standard. However no secondary data contains this information.

11.34 Costs were therefore obtained by bedroom size for all market tenures in each price area via an online search of properties advertised for sale during April 2008. The cost identified is the entry-level as this is the price at which households are able to access a tenure. In accordance with the Practice Guidance entry-level prices are based on lower quartile prices (an explanation of the term lower quartile is provided in the glossary). The costs produced from the online survey are adjusted by the typical proportion of asking price achieved by people selling their home according to the local estate and letting agents. These resultant costs were then checked against the qualitative research with estate and letting agents in the area.

Properties to buy

11.35 The table below shows that there are some significant variations in entry-level (lower quartile) prices within the Borough. For a two bedroom property in Netherton/Bootle the entry-level cost was found to be £70,500, whereas in Formby an entry-level two bedroom property was found to be £160,500.

Table 11.2 Entry-level purchase prices by settlement and size of dwelling				
Bedrooms	Southport	Formby	Crosby/Maghull	Netherton/Bootle
1 bed	£100,000	£130,000	£100,000	£61,500
2 bed	£130,500	£160,500	£128,500	£70,500
3 bed	£157,500	£195,000	£160,500	£97,500
4 bed	£227,000	£282,000	£206,000	£120,500

Source: Rightmove; searched 3.4.08

11.36 In all areas apart from Southport, the number of one bedroom properties available to purchase was relatively small; this should be borne in mind when viewing the entry-level prices provided for these dwellings in the above table. There were found to be a number of one bedroom retirement properties available to purchase; these properties were excluded from the entry-level price calculation since they are a specialist product not available to all households.

The private rented sector

11.37 The table below shows the entry-level (lower quartile) cost to rent (per calendar month) in some of the main settlements in the Borough. Once again, it should be noted that the number of one bedroom properties available to rent was found to be relatively small. The supply of four bedroom properties was deemed insufficient for such dwellings to be considered as an option within the Borough, therefore an entry-level rental price has not been provided.

Table 11.3 Entry-level private rental costs by settlement and size of dwelling (per calendar month)				
Bedrooms	Southport	Formby	Crosby/Maghull	Netherton/Bootle
1 bed	£450	£500	£475	£375
2 bed	£595	£550	£530	£425
3 bed	£695	£625	£585	£475

Source: Rightmove; searched 3.4.08

The social rented sector

11.38 The main other form of housing available in Sefton Borough (other than to purchase or privately rent) is social rented housing. The cost of social rented properties by dwelling size can be obtained from CORE and these are presented in the table below. CORE (Continuous Recording) is a national information source funded jointly by the Housing Corporation and the CLG that records information on the characteristics of both housing association and local authority new social housing tenants and the homes they rent and buy. The figures presented are Borough-wide and no information on distinctions between RSLs is provided. As can be seen the costs are significantly below those for private rented housing indicating a significant potential gap between the social rented and market sectors.

Table 11.4 Social rented cost in Sefton	
Bedrooms	Rent (per week)
1 bed	£55
2 bed	£60
3 bed	£66
4 bed	£73

Source: CORE 2007

11.39 Intermediate housing is defined in PPS3 as housing between a social rent and market entry. This is not a useful definition as technically intermediate housing could be priced £1 or so below the market entry level, and housing at such a cost (almost the same cost as market rent) would clearly not be of much use to households in housing need as an affordable solution. Therefore to assess the potential suitability for intermediate housing products in Sefton the cost of such accommodation was based on the mid-point between the cost of social rented and the cost of entry-level market housing (either for rent or for sale, whichever is the cheapest). This is referred to as the 'usefully affordable' point by Fordham Research as it represents a cost that it is feasible to produce intermediate housing at and a cost that will be affordable to a reasonable proportion of households unable to access the market, therefore providing a genuine step on the housing ladder. Within this 'usefully affordable' intermediate definition a distinction was made between households suitable for an equity based intermediate product (including shared ownership Low Cost Homes for Sale) and households only suitable for intermediate rent dependent on the capital sum that is available to the household. This distinction is discussed further in Chapter 28.

Newbuild properties to buy

11.40 Finally to complete the housing cost profile in the local market it is appropriate to present information on the price of newbuild market housing in the Borough. This is an important consideration as it represents the cost at which new market properties enter the market. The lower quartile price of newbuild homes in Sefton is presented in the table below.

Table 11.5 Newbuild purchase prices by settlement and size of dwelling				
Bedrooms	Southport	Formby	Crosby/Maghull	Netherton/Bootle
1 bed	£130,000	£169,000	£130,000	£79,950
2 bed	£169,650	£208,650	£167,050	£91,650
3 bed	£204,750	£253,500	£208,650	£126,750
4 bed	£295,100	£366,600	£267,800	£156,650

Source: Rightmove; searched 3.4.08

11.41 The tables below show the weekly costs tables for the four price areas identified in Sefton.

Table 11.6 Weekly costs table by tenure: Southport					
Bedrooms	Social rent	Intermediate	Entry-level private rent	Entry-level purchase	Newbuild purchase
1 bed	£55	£79	£104	£115	£150
2 bed	£60	£99	£137	£151	£196
3 bed	£66	£113	£160	£182	£236
4 bed	£73	£167	NA	£262	£340

Source: CORE 2007, Rightmove, searched 3.4.08

Table 11.7 Weekly costs table by tenure: Formby					
Bedrooms	Social rent	Intermediate	Entry-level private rent	Entry-level purchase	Newbuild purchase
1 bed	£55	£85	£115	£150	£195
2 bed	£60	£93	£127	£185	£241
3 bed	£66	£105	£144	£225	£292
4 bed	£73	£325	NA	£325	£423

Source: CORE 2007, Rightmove, searched 3.4.08

Table 11.8 Weekly costs table by tenure: Crosby/Maghull					
Bedrooms	Social rent	Intermediate	Entry-level private rent	Entry-level purchase	Newbuild purchase
1 bed	£55	£82	£110	£115	£150
2 bed	£60	£91	£122	£148	£193
3 bed	£66	£101	£135	£185	£241
4 bed	£73	£238	NA	£238	£309

Source: CORE 2007, Rightmove, searched 3.4.08

Table 11.9 Weekly costs table by tenure: Netherton/Bootle					
Bedrooms	Social rent	Intermediate	Entry-level private rent	Entry-level purchase	Newbuild purchase
1	£55	£63	£87	£71	£92
2	£60	£71	£98	£81	£106
3	£66	£88	£110	£112	£146
4	£73	£106	NA	£139	£181

Source: CORE 2007, Rightmove, searched 3.4.08

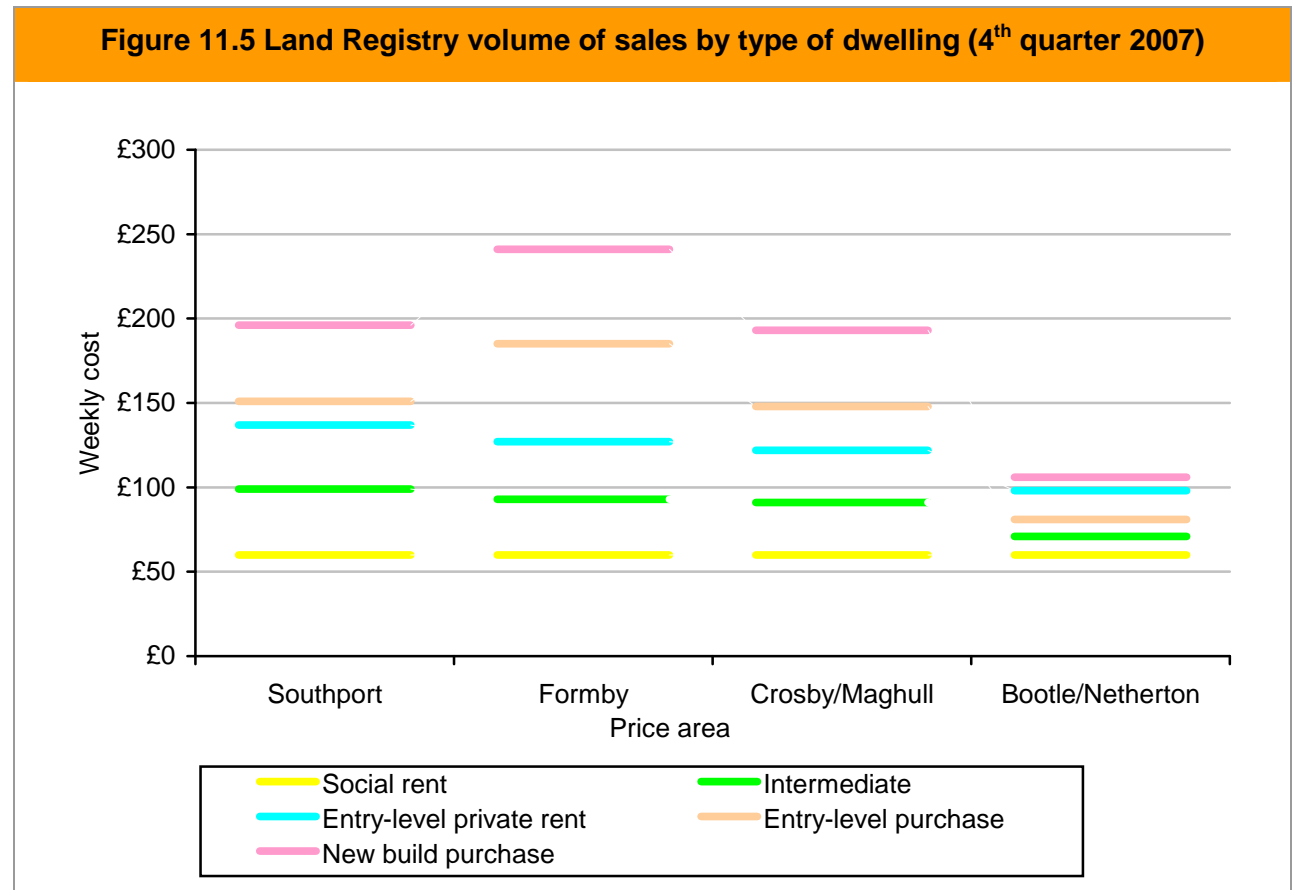
11.42 The tables above also include the weekly cost of entry-level and newbuild accommodation to buy. The method of converting these capital costs into weekly costs (by analogy like a mortgage payment) is described in Appendix A6.

11.43 The information presented in this table can be re-orientated to better conceptualise the cost of housing in the four price areas of Sefton and identify the gaps that exist within the market.

Housing market gaps

11.44 Housing market gaps analysis has been developed to allow easy comparisons of the costs of the tenure range, in order to facilitate the testing of different newbuild proposals, and to show generally the nature of the housing ladder in a particular locality.

11.45 The figure below illustrates the housing ladder that exists for a two bedroom property in each of the price areas in the Borough. The figure shows the 'housing ladder' with social rents at the bottom and moving up through market rents, second-hand purchase and newbuild purchase. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures - the smaller the gaps the easier it is for a household to ascend the ladder.



11.46 Between each of the bars is a gap. The main two gaps of interest are:

- The Rent/Buy gap: households in this gap can afford market rent without the need for Housing Benefit, but cannot afford to buy outright. Hence they are potentially candidates for partial equity forms of housing: shared ownership.
- The Intermediate gap: Intermediate housing is defined in PPS3 as housing at between a social rent and market rent. Although technically intermediate housing begins at £1 or so below market rent level, housing at such a weekly cost would clearly not be of much use to households in housing need as an affordable solution. We put the mid-point on the graph and infer the weekly costs. This normally addresses the needs of rather less than half of those in the intermediate gap, but that is a difficult enough task, as it is difficult to produce newbuild housing at this level of weekly cost.

Size of the housing market gaps

- 11.47 It has been a concern of Government for at least two decades that there should be a well functioning 'housing ladder' so that newly forming households could enter the market, and 'climb' towards home ownership, and then move as appropriate up the size scale. This public concern has grown more acute as house prices have risen rapidly especially over the last decade.
- 11.48 The figure above shows the 'housing ladder' with social rents at the bottom and moving up through market rents, second-hand purchase and newbuild purchase. Measurement of the size of the gaps between these 'rungs of the ladder' helps assess the feasibility of households moving between the tenures - the smaller the gaps the easier it is for a household to ascend the ladder.
- 11.49 The table below shows the size of the gaps in each of the four price areas of Sefton. The data is based on the cost of a two bedroom home. The table indicates, for example, that market entry rents in the Southport area are 128.3% larger than the cost of social rented accommodation.

Table 11.10 Scale of key housing market gaps in the Borough

Price area	Social rent/market entry private rent	Rent/buy gap	Social rent/market entry purchase	Intermediate/newbuild gap
Southport	128.3%	10.2%	151.7%	98.0%
Formby	111.7%	45.7%	208.3%	159.1%
Crosby/Maghull	103.3%	21.3%	146.7%	112.1%
Netherton/Bootle*	63.3%	-17.3%	35.0%	34.2%

*In the Netherton/Bootle sub-area market entry purchase prices are cheaper than market entry-rents

Source: Sefton SHMA 2008

- 11.50 The table shows that in all price areas (except Netherton/Bootle) the cost of entry-level market housing is private rented accommodation and is over double the cost of social rent.
- 11.51 In Netherton/Bootle, entry-level purchase prices represent the entry point to the market as the weekly cost of such accommodation is lower than the cost of renting privately in the area. This is further evidence of the low demand that exists in parts of this price market. The gap between social rents and market entry in Netherton/Bootle is however much smaller as a result, at 35.0%. It may be possible therefore for some households resident in social rented accommodation in the area to move to an owner-occupied property if their financial situation improved sufficiently.

- 11.52 The size of the rent/buy gap in the price areas of Southport, Formby and Crosby/Maghull is much smaller than the social rent/market entry gap. In Formby the rent/buy gap is 45.7%, which may be hard to surmount, however the gap in Crosby/Maghull requires household income to increase by a fifth and in Southport the income increase required is 10%. Whilst these figures are relatively small, the increases in income required are still relatively uncommon. Therefore the number of households who are able to move up the housing ladder to owner-occupation is likely to be limited.
- 11.53 Comments received through the public consultation indicate that local developers feel that whilst the large housing market gaps in Formby will enable any new housing to provide some social rented accommodation, additional affordable provision elsewhere within the Borough requires support for new private sector (as well as any publicly-funded) built housing. A response to the public consultation from Formby Parish Council however, indicated that there are limited sites within Formby for additional housing.

Summary

- i) Researchers visited all major settlements in Sefton, conducting interviews with local estate and letting agents, identifying key local issues and an understanding of local variations in the housing market.
- ii) Average property prices in the Borough are lower than the national figure, although not the regional, average. As of the fourth quarter of 2007 the average property price in the Borough was estimated to be £170,986.
- iii) Prices have risen dramatically over the past five years with the Borough recording an average increase of 99%, in line with the region as a whole; this compares with an increase of 71% seen nationally. Property sale figures in the Borough are dominated by semi-detached houses, unlike in the region as a whole.
- iv) The internet search of estate and letting agents identified entry-level purchase prices and rents for different sizes of accommodation from a number of settlements across the Borough. The lowest prices and rents overall were found in the south of the Borough, in Netherton and Bootle, and the highest in Formby, although private rents for larger sizes of accommodation were higher in Southport.
- v) There are substantial housing market gaps in Sefton, particularly in Formby.

12. Affordability of housing in Sefton

Introduction

- 12.1 Assessing the affordability of market housing in an area is crucial to understanding the sustainability of the housing market. Poor affordability can result in the loss of employees from an area, an increase in poverty and a high number of households requiring assistance with their housing. This can also result in a loss of mix and balance in the population within the area.
- 12.2 Information on the cost of housing and the level of income in Sefton has been presented in previous chapters of this report. This chapter will amalgamate this data and produce an assessment of the affordability of local housing. Housing affordability will be assessed based on both secondary and primary data.
- 12.3 The secondary data approach will measure the ratio of market housing costs to earnings. Although this does not accurately reflect the ability of local households to afford housing within Sefton, as it does not take into account the full range of financial resources that will be used to purchase a home such as savings and equity, it is useful to compare local affordability within a regional context.
- 12.4 Information on the full financial profile of households in Sefton collected within the SHMA household survey 2008 will be used to assess the ability of households to afford the size of accommodation that they require within their current sub-market. This enables variations in the affordability of housing within Sefton to be examined and helps inform which locations and which households would most benefit from new housing products. Initially the importance of using the full financial profile of a household, the financial capacity, is discussed.

Price: income ratios

- 12.5 Although price/income ratios alone tell us relatively little about affordable housing requirements in an area, with affordability more properly taking into account the full range of financial information, they are an established measure of affordability. It is therefore of interest to briefly chart how this ratio has been changing over time as they provide a useful historical perspective.

- 12.6 The tables and figure below show how the price/income ratio has changed over the past five years. Data for income is taken as the mean gross pay (for all employee jobs) from the Annual Survey of Hours and Earnings (ASHE) whilst average prices are taken from the Land Registry (first quarters). It should be noted that 'England and Wales' has been used as the national figure for both sources to ensure consistency (the Land Registry does not provide figures for England alone).
- 12.7 The data shows that there has been some increase in price/income ratios over the past five years. In Sefton the ratio has increased from 4.5 in 2002 to 7.4 in 2007. The change in this has not however been uniform over time, with the increase during 2005 to 2007 significantly less than in the previous years.
- 12.8 Regional and national figures also suggest that price income ratios have become more stable since 2004.

Table 12.1 Average incomes in the Borough (2002-2007)

Area	2002	2003	2004	2005	2006	2007
Sefton	£19,277	£19,675	£20,965	£22,531	£21,675	£23,138
North West	£19,281	£20,031	£20,895	£21,923	£22,052	£22,817
England & Wales	£20,596	£21,387	£22,317	£23,197	£23,604	£24,242

Source: Annual Survey of Hours and Earnings (ASHE)

Table 12.2 Average property price in the Borough (2002-2007)

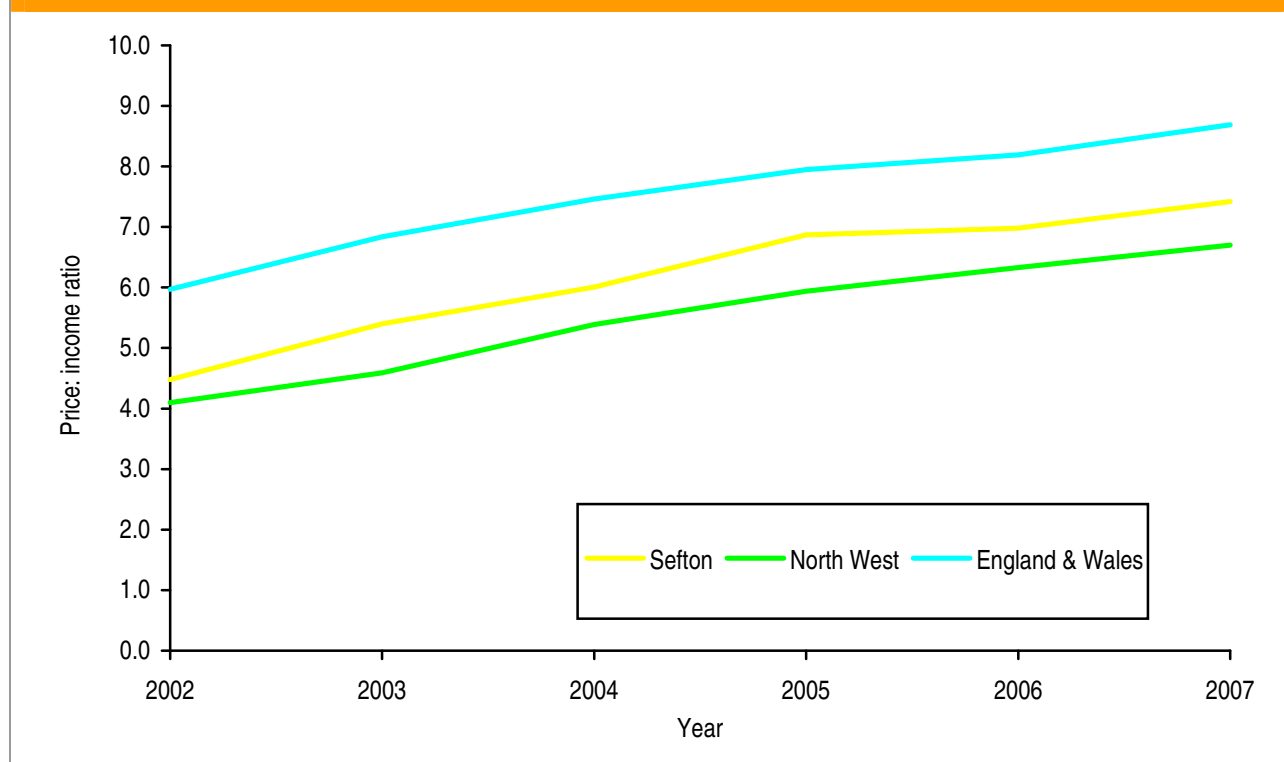
Area	2002	2003	2004	2005	2006	2007
Sefton	£86,291	£106,338	£126,076	£154,799	£151,281	£171,657
North West	£79,010	£91,979	£112,616	£130,142	£139,540	£152,941
England & Wales	£123,020	£146,227	£166,566	£184,351	£193,355	£210,637

Source: Land Registry (1st quarters)

Table 12.3 Price:income ratio in the Borough (2002-2007)

Area	2002	2003	2004	2005	2006	2007
Sefton	4.48	5.40	6.01	6.87	6.98	7.42
North West	4.10	4.59	5.39	5.94	6.33	6.70
England & Wales	5.97	6.84	7.46	7.95	8.19	8.69

Source: Annual Survey of Hours and Earnings (ASHE) & Land Registry (1st quarters)

Figure 12.1 Price:income ratio (2002-2007)

Source: Annual Survey of Hours and Earnings (ASHE) & Land Registry (1st quarters)

Financial capacity

- 12.9 An important part of the Sefton SHMA is an assessment of the financial situation of households, as there is no comprehensive (secondary) source for such data. Data was therefore collected in the SHMA household survey 2008 on a range of financial information including incomes, savings and equity. The latter combination of statistics, termed 'financial capacity', is essential to assess the ability of households to afford housing.
- 12.10 Price to income ratios do not enable a proper study of housing markets, as they omit two essential elements of affordability that affect most households: savings and owned equity. Since around two-thirds of households have owned housing for a decade or more, the dynamics of the housing market can only be understood by looking at all three elements:

Financial capacity: income+savings+equity

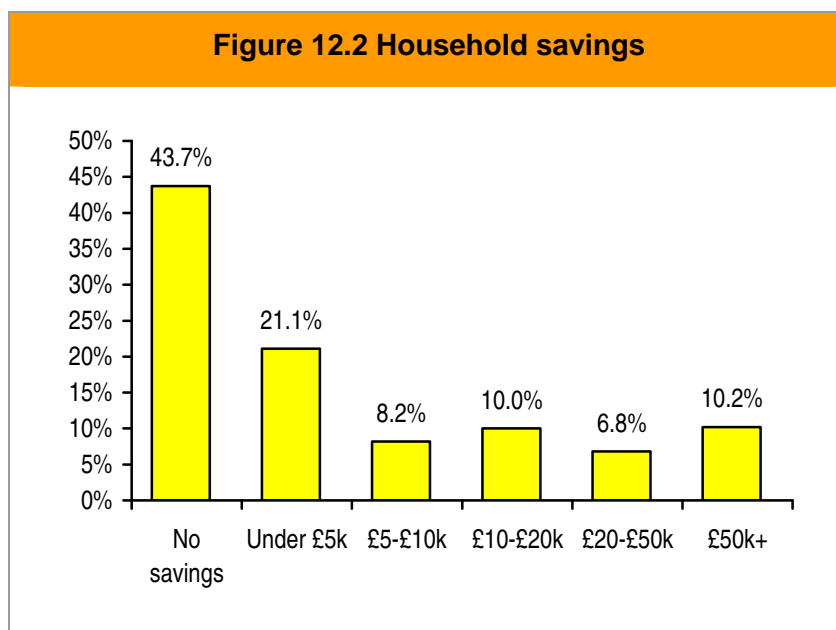
- 12.11 This chapter summarises the financial situation of households in Sefton to provide information on the financial capacity of key groups of households. Initially the overall profiles of the individual components of this measure are presented.

Household income

12.12 Survey results for household income are presented in Chapter 7. Overall the average (mean) gross household income level is £25,763 per annum, whilst the median income is £19,116 per annum.

Household savings and equity

12.13 The average (mean) household has £16,298 in savings (median of £1,109). The figure below shows the distribution of savings in the Borough. An estimated 64.8% of households had less than £5,000 in savings whilst 10.2% had savings of over £50,000. Households with no savings also include those in debt.



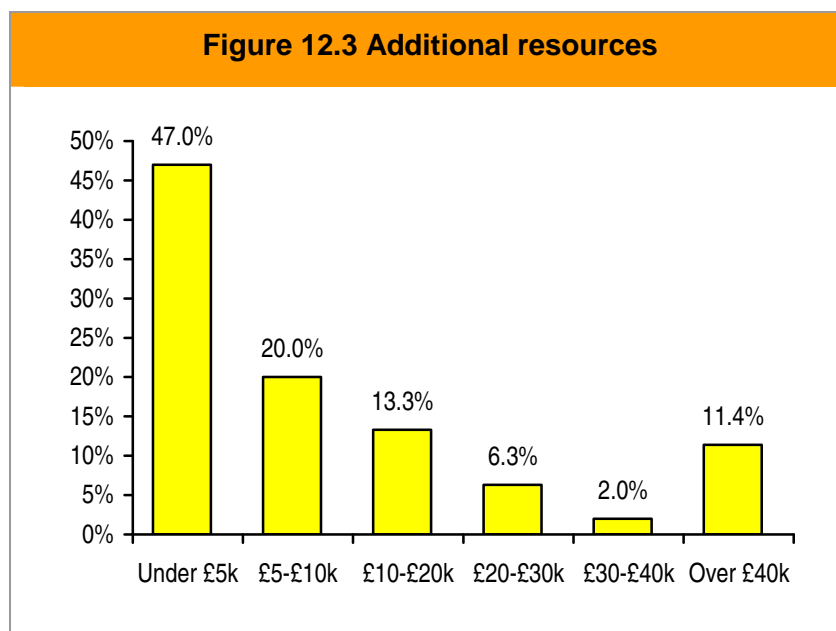
Source: Sefton SHMA household survey January 2008

12.14 The survey also collected information about the amount of equity owner-occupiers have in their property. For both owner-occupier groups together (with and without mortgages) the average (mean) amount of equity was estimated to be £143,960 (median of £129,532). It is estimated that 0.3% of owner-occupiers (281 households) are in negative equity.

Other financial information

12.15 In addition to the information collected about income, savings and equity the household survey asked households whether they had access to any other financial resources which might be able to be used towards a deposit on a property (and if so – how much). The vast majority (91.9%) of households stated that they had no further access to financial resources other than those already analysed.

12.16 The 9,434 households who do have access to additional financial resources (e.g. help from parents) have a varying amount of additional funds. Almost a fifth (19.7%) have access to more than £20,000, although the majority have access to less than £10,000. It is possible that such additional funds will be able to help a small number of households to afford suitable market housing without the need for any subsidy.



Source: Sefton SHMA household survey January 2008

Median financial capacity

12.17 The following table provides the median financial capacity figures by tenure. The median is used because it provides a 'typical' figure (the middle household in the range) and is not distorted by there being a few very wealthy households at the top end of the range, as the mean is.

Table 12.4 Median financial information by tenure

Tenure	Median annual gross household income	Median savings (or debt if negative)	Median equity	Financial capacity
Owner-occupied (no mortgage)	£17,610	£11,111	£172,304	£236,245
Owner-occupied (with mortgage)	£33,419	£253	£90,687	£191,196
RSL	£7,533	£136	£0	£22,736
Private rented	£9,370	£237	£0	£28,349
Average	£19,116	£1,109	£90,606	£149,063

Source: Sefton SHMA household survey January 2008

12.18 The total financial capacity figure is based on a '3 times' multiple of household income, as this is the standard practice amongst most mortgage lenders and allows the results to be presented transparently. It is worth noting that the effect of using different income multiples on the affordability of housing is examined in Chapter 27. The table shows some striking results:

- i) For owners without a mortgage (many of them retired) the proportion of equity and savings in overall financial capacity is some 77.6%. Even if a 3.5 multiple were used, the non-income element would still be around 75% of the overall purchasing power of this group.
- ii) For owners with mortgages the proportion of non-income elements of financial capacity falls to 47.6%, and would go down to 43.7% if the income multiple were raised to 3.5.
- iii) In the case of all rented tenures, there is only a small savings figure and of course no owned equity (though such households may be able to borrow or gain equity for example from other family members when considering a purchase). The financial capacity of such households varies slightly with tenure. The private rented households have a slightly higher financial capacity than social tenants due to higher average incomes.
- iv) When compared with the price of entry level purchase housing, which is estimated at the lowest end in Netherton/Bootle to be about £70,500 (for a second-hand two bed dwelling) it is obvious that the large majority of renting households have no hope of climbing to full scale equity ownership. Even the private renters, on average, have only about half of the necessary financial capacity. Of course within the broad private renting group there will be households on much higher incomes who can consider purchase, with or without external assistance from relatives or friends.

12.19 The importance of primary data on the full financial capacity of households is clear. Whilst traditional affordability ratios would suggest that average households are not close to being able to afford to purchase a home based on standard mortgage multiples, an analysis of the financial capacity of households indicates that the vast majority of owners in Sefton (owners comprise almost three-quarters of households in the Borough) would be able to purchase a home in Sefton.

12.20 Further information on the ability of households to afford market housing within Sefton, based on the individual financial capacity of households in the Borough recorded in the SHMA household survey 2008 will be presented later in this chapter. The following section describes how financial capacity helps inform an understanding of how the housing market operates.

Variations in financial capacity by household type and sub-area

12.21 The table below indicates how financial capacity varies by household type. The table indicates that households with two or more pensioners have the highest median financial capacity, whilst lone parent households record the lowest.

Table 12.5 Financial capacity by household type				
Household type	Median annual gross household income	Median savings	Median equity	Financial capacity
Single pensioners	£9,340	£2,731	£95,856	£126,607
2 or more pensioners	£15,966	£10,136	£155,091	£213,124
Single non-pensioners	£13,631	£619	£15,375	£56,886
2 or more adults - no children	£28,979	£801	£109,649	£197,389
Lone parent	£7,612	-£212	£2,318	£24,942
2+ adults 1 child	£34,091	-£449	£77,203	£179,027
2+ adults 2+ children	£35,314	£558	£94,513	£201,012
Average	£19,116	£1,109	£90,606	£149,063

Source: Sefton SHMA household survey January 2008

12.22 The table below indicates how financial capacity varies by location within Sefton. The table indicates that households in Formby have the highest median financial capacity, whilst households in Bootle record the lowest. Overall there is a clear distinction between the two sub-areas in the south of the Borough – Bootle and Netherton – and the sub-areas in the central and northern part of the authority. In Bootle and Netherton, income constitutes well over half of financial capacity, whilst in the other four sub-area it represents around 33%. This means that households in Bootle and Netherton have fewer choices when attempting to move around the housing market.

Table 12.6 Financial capacity by sub-area				
Sub-area	Median annual gross household income	Median savings	Median equity	Financial capacity
Southport	£20,005	£2,129	£109,966	£172,110
Formby	£25,358	£5,161	£184,908	£266,142
Maghull / Aintree	£23,317	£2,309	£128,842	£201,101
Crosby	£22,808	£1,475	£102,553	£172,451
Bootle	£12,710	£175	£4,529	£42,832
Netherton	£13,344	£578	£34,045	£74,654
Average	£19,116	£1,109	£90,606	£149,063

Source: Sefton SHMA household survey January 2008

Financial capacity of moving and non-moving households

12.23 The dynamics of the housing market are driven by those who are moving. The following analysis shows the financial capacity of households (again using a '3 times' multiple) according to tenure and according to whether they have moved into the Borough, within it, or not moved at all recently.

12.24 The following table presents the financial capacity for owners in the housing market area.

Table 12.7 Financial Capacity of owners				
Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the Borough	£31,125	£2,240	£110,377	£205,993
Moved within the Borough	£28,827	£401	£69,439	£156,321
Did not move home in the last two years	£24,821	£2,934	£132,761	£210,159

Source: Sefton SHMA household survey January 2008

12.25 As can be seen from the table above, the non-movers and in-migrant households show much higher financial capacity than the recent movers within the Borough, principally due to having greater equity. Households who have not moved recently are likely to contain many retired households that have redeemed their mortgage and have no intention of moving home again.

12.26 The following table presents the financial capacity for private renters in the housing market area, by the location of their previous home.

Table 12.8 Financial Capacity of private rented households				
Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the Borough	£16,957	-£171	£0	£50,701
Moved within the Borough	£7,402	£11	£0	£22,218
Did not move home in the last two years	£9,502	£523	£0	£29,029

Source: Sefton SHMA household survey January 2008

12.27 The table for private renters shows that those households that have moved into the Borough have significantly higher financial capacity than those who have moved within it. This is due to in-migrant households having more than double the average income of households moving within the Borough.

12.28 The following table presents the financial capacity for social renters in the Borough, by the location of their previous home.

Table 12.9 Financial Capacity of social rented households

Moves in the last two years	Median annual gross household income	Median savings	Median equity	Financial capacity
Moved into the Borough	£9,050	£50	£0	£27,200
Moved within the Borough	£6,454	£149	£0	£19,510
Did not move home in the last two years	£7,363	£156	£0	£22,246

Source: Sefton SHMA household survey January 2008

12.29 The highest financial capacity for social renters is shown by those who have moved into the Borough, while those households moving within the Borough show the lowest financial capacity. Clearly very few of this group, even allowing for the variations around the average, are likely to be within practical distance of any form of equity ownership.

Financial capacity of employed households

12.30 The role of Sefton in housing people employed across the North West area also affects the way the local housing market functions. The table below compares the financial capacity of households whose head works within Sefton, with the financial capacity for those households headed by someone employed outside the Borough. The results of households headed by someone not in employment are provided for comparison. The employment profile of the survey respondent is taken as the head of household.

Table 12.10 Financial Capacity by workplace location of household head

Employment status of household head	Median annual gross household income	Median savings	Median equity	Financial capacity
Employed within Sefton	£27,358	£374	£89,041	£171,489
Employed elsewhere	£39,884	£1,085	£89,904	£210,641
Not in employment	£11,053	£1,924	£91,896	£126,980

Source: Sefton SHMA household survey January 2008

12.31 The table shows that households employed outside of the authority have notably higher financial capacity than those working within Sefton. Whilst the median equity and savings recorded for these two groups of households is similar, the household income for those employed outside of the Borough is 45% higher. This suggests that there is potential for property prices to be driven up by more wealthy households that do not work within the Borough, meaning that some households employed within Sefton may be marginalised from the market.

- 12.32 This is supported by data from the Census on the nature of travel to work flows for those resident in Sefton. The table below shows the place of work for people living in Sefton and the number and proportion of these people who are in the highest National Statistics Socio-economic Classification category as outlined in the Annual Population Survey (described in Chapter 6). The highest National Statistics Socio-economic Classification category (NS-SeC Groups 1 to 3) refers to large employers and higher managerial occupations, higher professional occupations and lower managerial and professional occupations.
- 12.33 The table shows that people working in Sefton are less likely to be employed in NS-SeC Groups 1 to 3, than people employed in any of the other authorities identified. This supports the survey data that those that live and work in the Borough are likely to earn less than those that work outside Sefton.

Table 12.11 Place of work for people resident in Sefton			
Place of work	All employed people	In NS-SeC 1-3	% in NS-SeC 1-3
Sefton	69,751	21,031	30.2%
Liverpool	25,453	11,477	45.1%
Knowsley	4,388	1,818	41.4%
West Lancashire	4,342	1,786	41.1%
Wirral	1,190	631	53.0%
St. Helens	1,089	592	54.4%
Warrington UA	1,069	656	61.4%
Preston	823	492	59.8%
Manchester	792	562	71.0%
Halton UA	705	392	55.6%
Wigan	701	436	62.2%
South Ribble	436	224	51.4%
Salford	420	255	60.7%
Trafford	350	243	69.4%
Chorley	306	197	64.4%
Ellesmere Port and Neston	220	76	34.5%

Source: 2001 Census

The affordability of housing in Sefton

- 12.34 The information presented so far in this chapter has considered the median values of the various financial data for households within a range of groups of the population. Variations exist within these household groups and the SHMA household survey 2008 dataset contains an estimate of the overall financial capacity of each household in the Borough. This information can be used to examine the ability of households to afford housing locally taking into account the full range of financial resources available to them, rather than just income as is used in the standard affordability ratios.

12.35 The affordability criteria used are based on those set out in the Practice Guidance (CLG Strategic Housing Market Assessment Guidance, August 2007 page 42), and are set out below:

“Assessing whether a household can afford home ownership - A household is considered able to afford to buy a home if the residual cost is no more than 3.5 times the gross household income for a single earner household or no more than 2.9 times the gross household income for dual-income households. The residual cost is calculated by deducting any capital that is available for use towards home ownership (e.g. savings or equity) from the overall cost of the home.”

“Assessing whether a household can afford market renting - A household is considered able to afford market rented housing in cases where the rent payable would constitute no more than 25% of gross income.”

12.36 This test means that it is possible to distinguish whether a household would be able to afford either form of market housing or whether they would require affordable accommodation based on these income multiples.

12.37 The table below shows the current affordability of households by household type. This is the theoretical affordability of households as the analysis considers all households in the Borough and does not take into account their intention of moving.

Table 12.12 Affordability and household type			
Household type	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Single pensioners	7,992	21,401	37.3%
2 or more pensioners	1,837	13,114	14.0%
Single non-pensioners	7,386	16,564	44.6%
2 or more adults - no children	6,112	35,782	17.1%
Lone parent	4,092	5,158	79.3%
2+ adults 1 child	2,599	11,489	22.6%
2+ adults 2+ children	3,262	12,820	25.4%

Source: Sefton SHMA household survey January 2008

12.38 The table shows that 79.3% of lone parent households in the Borough would be unable to afford market housing if they were to move home now. Single person households are also relatively unlikely to be able to afford. Households that contain two or more adults and no children are most likely to be able to afford market housing in Sefton.

12.39 The table below shows the current affordability of households by workplace location of the household head. The table indicates that over a fifth of households headed by someone employed in Sefton would be unable to afford market housing in the Borough if they were to move now based on the income multiples described above. This compares to just over a tenth of households headed by someone employed outside of Sefton.

Table 12.13 Affordability and workplace location of household head

Employment status of household head	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Employed within Sefton	6,861	31,440	21.8%
Employed elsewhere	2,567	24,993	10.3%
Not in employment	23,851	59,895	39.8%

Source: Sefton SHMA household survey January 2008

12.40 The table below presents the same analysis by sub-area. The table shows that households in Formby are most likely to be able to afford market housing if they were to move home now, whilst households in Bootle are least likely to be able to afford market housing. Almost half of households in Bootle would be unable to afford market accommodation in the area.

Table 12.14 Affordability and sub-area

Sub-area	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Southport	10,111	38,523	26.2%
Formby	1,295	9,079	14.3%
Maghull / Aintree	2,176	15,053	14.5%
Crosby	5,154	20,353	25.3%
Bootle	8,283	17,597	47.1%
Netherton	6,261	15,723	39.8%
All areas	33,280	116,328	28.6%

Source: Sefton SHMA household survey January 2008

12.41 The pattern recorded in the table above partly reflects the current tenure profile in each sub-area. Households residing in social rented accommodation were shown earlier in this chapter to have the lowest financial capacity, therefore the presence of a large social rented population in the areas of Bootle and Netherton are skewing the results, as fewer households within this tenure can afford housing. To assess the locations in which the cost of market housing is putting households under most pressure, it is appropriate to exclude households that already have affordable accommodation. The table below therefore presents the affordability of market housing for households resident outside the affordable sector in each sub-area in Sefton.

**Table 12.15 Affordability and sub-area
(excluding social rented households)**

Sub-area	Affordability		
	Unable to afford market housing	Number of h'holds	% of h'holds unable to afford
Southport	7,486	35,898	20.9%
Formby	943	8,727	10.8%
Maghull / Aintree	1,345	14,222	9.5%
Crosby	2,577	17,725	14.5%
Bootle	2,137	11,144	19.2%
Netherton	1,129	10,189	11.1%
All areas	15,617	97,905	16.0%

Source: Sefton SHMA household survey January 2008

12.42 The table indicates that households in private sector accommodation in Southport are most likely to be unable to afford market housing based on the current affordability multiples, although the differences recorded between the sub-areas is much lower than in the previous analysis. The Council's Housing Strategy 2007-2012 (described in Chapter 2) identified Southport as the area of the Borough in which the cost of housing was most likely to adversely affect local residents (based partly on the previous Housing Needs Survey), and evidence from the survey data supports this.

Summary

- i) Secondary data sources indicate an affordability issue in the Borough. As of 2007 the price/individual income ratio stood at 7.4 having risen from 4.5 in 2002. The figure of 7.4 is notably higher than the equivalent for the North West region as a whole.
- ii) The collection of financial information is a fundamental part of any assessment of housing need and future housing demand. The survey estimates that mean annual gross household income across the Borough is some £25,763, but the median is noticeably lower at £19,116, showing the influence of relatively few high earners on the average.
- iii) The financial capacity figures (income+savings+equity) show that both types of owners (with and without mortgage) rely more heavily on equity rather than upon income to provide the financial capacity they require when buying. The non-income element of financial capacity varies from around half to nearly four fifths of the overall financial capacity.
- iv) When tenure groups are examined, in terms of whether they have recently moved, it is clear that owners coming into the Borough have a higher financial capacity than those moving within Sefton, although both sets of movers are lower than those who have not recently moved.
- v) An analysis of the workplace location of the household head showed that those who work outside the Borough have a financial capacity around £40,000 higher than those who work inside the authority.
- vi) SHMA household survey 2008 data taking into account the full financial situation of households in the Borough, indicates that lone parent households and single person households are most likely to be unable to afford market housing in Sefton.
- vii) Analysis of the SHMA household survey 2008 data revealed that Southport is the area in which the cost of market housing is putting local households under most pressure.

13. Overcrowding and under-occupation

Introduction

- 13.1 Studying levels of overcrowding in the housing stock is an important part of the SHMA. This is strongly recognised in the Practice Guidance which notes that *'if overcrowding is an issue, building one new larger property could help to resolve the needs of several households as households "move up" through the system into larger properties'* (page 52).
- 13.2 It should also be noted that the two sources of information used, the Census and Sefton SHMA household survey 2008, use different definitions, so that figures will vary according to source. The Census is based on the occupancy rating whilst the SHMA household survey 2008 is based on the bedroom standard. Although both are based on the number of rooms required by the household, dependent on the age and gender of household members and their relationships to each other, the bedroom standard only considers bedrooms whilst the occupancy rating considers all rooms in the dwelling. Both of these approaches are defined in the glossary.
- 13.3 In addition, where there are significant levels of under-occupancy it may be desirable to establish a package of measures to assist households to move to more suitably sized accommodation and as a result provide family sized housing for larger households.

Census data

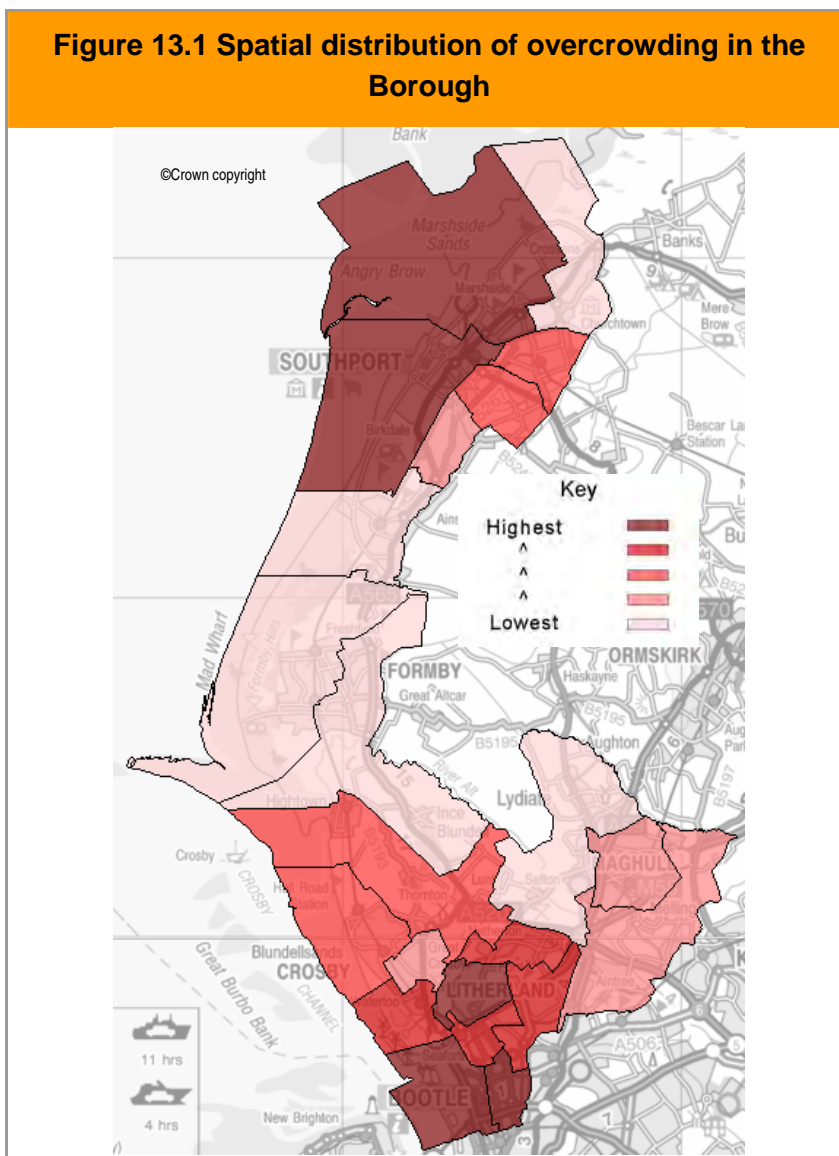
- 13.4 The most complete source of information about overcrowding at a local level is the 2001 Census. Although this is now rather out of date it does provide us with the opportunity to compare the broad situation in Sefton with other areas.
- 13.5 One drawback of the Census data is that it does not provide information against the generally accepted measure of overcrowding (the bedroom standard), instead using an occupancy rating (as described in the glossary).
- 13.6 The table below shows occupancy rating data for Sefton, the North West and England. The data shows that households in the Borough are less likely to be overcrowded than is the case nationally or regionally, 4.8% of households have a negative occupancy rating compared with 7.1% nationally and 5.4% regionally. The level of under-occupation by this measure is higher than average, at 57.8% of all households, compared to 49.1% nationally.

Occupancy rating	Area		
	England	North West	Sefton
Occupancy rating of + 2 or more	49.1%	50.9%	57.8%
Occupancy rating of + 1	25.5%	26.6%	22.7%
Occupancy rating of 0	18.2%	17.1%	14.7%
Occupancy rating of -1 or less	7.1%	5.4%	4.8%
All Households	100.0%	100.0%	100.0%

Source: Office for National Statistics 2007 (from 2001 Census data).

A negative occupancy rating indicates overcrowding.

13.7 The map below shows the spatial distribution of overcrowding in the Borough at ward level. Broadly speaking, overcrowding occurs mostly in Bootle and Southport, and to a lesser extent in Crosby. There is very little overcrowding in the Formby or Maghull areas of the Borough.



Source: Office for National Statistics 2007 (from 2001 Census data)

13.8 The table below shows overcrowding by tenure in the Borough. The data shows that overcrowding is relatively rare in the owner-occupied sector, affecting just 2.2% of such households in the Borough. In contrast it is estimated that 14.0% of households in the private rented sector and 11.0% in the social rented sector are overcrowded in Sefton.

Table 13.2 Overcrowding by tenure (2001)				
Area	Owner-occupied	Private Rented	Social Rented	All Tenures
Sefton	2.2%	14.0%	11.0%	4.8%
North West	2.9%	12.3%	10.5%	5.4%
England	3.3%	16.4%	14.9%	7.1%

Source: NOMIS 2007 (from 2001 Census data)

13.9 The table below shows overcrowding by household type in Sefton. The data shows that overcrowding is relatively rare in pensioner households (3.3% of households are overcrowded across the Borough). In contrast it is estimated that 7.3% of lone parent households are overcrowded.

Table 13.3 Overcrowding by household type (2001)					
Area	Pensioner	Adult(s) with no children	Lone parent	Two or more adults with children	Total
Sefton	3.3%	4.2%	7.3%	5.3%	4.8%
North West	3.3%	4.0%	8.4%	7.0%	5.4%
England	3.9%	6.1%	11.6%	8.3%	7.1%

Source: Census, 2001

Survey data

13.10 Using data from the Sefton SHMA household survey 2008 we are able to study levels of over-crowding using the bedroom standard. Essentially this is the difference between the number of bedrooms needed to avoid undesirable sharing (given the number of household members and their relationships to each other) and the number of bedrooms actually available to the household. A full definition is provided in the glossary. The bedroom standard also provides the opportunity to look at the type of households who under-occupy their dwelling.

13.11 The standards used to check for overcrowding/under-occupation were as follows:

- **Overcrowding:** each household was assessed as to the number of bedrooms required. Any household without enough bedrooms was deemed to be overcrowded.

- **Under-occupation:** households with more than one spare bedroom are deemed to be under-occupied.

13.12 The table below shows a comparison between the number of bedrooms in each home against the number of bedrooms required for all households.

Table 13.4 Overcrowding and under-occupation (2007)					
Number of bedrooms required	Number of bedrooms in home				Total
	1	2	3	4+	
1 bedroom	11,211	19,960	30,859	6,158	68,188
2 bedrooms	458	4,556	16,318	6,573	27,905
3 bedrooms	0	814	10,173	6,192	17,179
4+ bedrooms	206	156	1,271	1,421	3,054
Total	11,875	25,486	58,621	20,344	116,326

Source: Sefton SHMA household survey January 2008

KEY: Overcrowded households Under-occupied households

Note: The bottom two cells of the 4+ bedroom column contain some households that are either overcrowded or under-occupied – for example they may require three bedrooms but live in a five bedroom property or may require a five bedroom property but are currently occupying a four bedroom property.

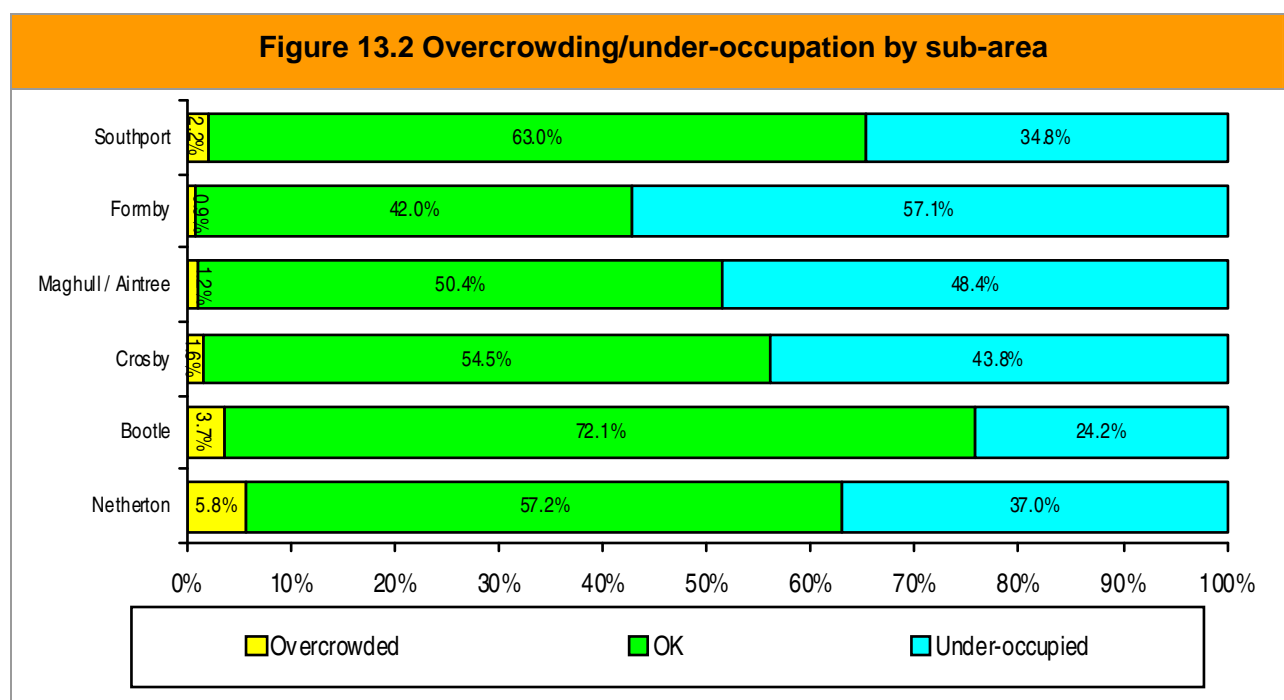
13.13 The estimated number of overcrowded and under-occupied households in Sefton is as follows:

- **Overcrowded:** 2.6% of households = 3,020 households
- **Under-occupied:** 38.6% of households = 44,868 households

13.14 The latest Survey of English Housing (SEH) data on overcrowding suggests that nationally around 2.5% of households are overcrowded, very close to the level of 2.6% recorded from survey data in Sefton. The figure for the North West presented in the SEH is 2.0%

13.15 The dataset indicates that 47.8% of households in the owner-occupied sector under-occupy their dwelling compared to 13.4% of private rent dwellings and 11.7% of social rented households. One Vision Housing are currently looking at how to address the under-occupation of their RSL stock in the Borough.

13.16 The figure below shows level of overcrowding and under-occupation by sub-area. Netherpton has the highest levels of overcrowding (5.8%) followed by Bootle (3.7%). Households in Formby were the most likely to under-occupy.



Source: Sefton SHMA household survey January 2008

- 13.17 Further survey data suggests that overcrowded households are more likely to be living in rented accommodation, and are particularly likely to state a need or likelihood of moving home over the next two years.
- 13.18 Stakeholders identified that it would be desirable to reduce the level of under-occupation in the Borough. Information from the Sefton SHMA household survey 2008 indicates that just 5.2% of under-occupied households in Sefton intend to move to a smaller property within the next two years. This suggests that only a small number of under-occupied dwellings are likely to become available through household flows and that significant incentives may be required to entice people to move home, as generally those under-occupying their dwelling do not wish to downsize.

Summary

- i) Census data suggests that overcrowding according to the occupancy rating in Sefton in 2001 was slightly below the regional average, at 4.8%. Overcrowding is concentrated strongly in Bootle and Netherton, although there is also a significant concentration shown in Southport.
- ii) Results from the Sefton SHMA household survey January 2008 suggest that on average 2.6% of all households in the Borough are overcrowded and 38.6% under-occupy their dwelling according to the bedroom standard.
- iii) Information from the Sefton SHMA household survey indicates that just 5.2% of under-occupied households in Sefton intend to move to a smaller property within the next two years, suggesting that significant incentives may be required to entice people to move to a smaller home where appropriate.

14. Activity in the market

Introduction

14.1 This chapter will present information on the turnover of dwellings in the three main tenures in Sefton. Whilst the Practice Guidance indicates that the number of vacant dwellings in an area should also be presented at this stage, this information has already been provided in Chapter 8.

Turnover in the owner-occupied sector

14.2 The 2001 Census is the most recent source of an accurate estimate of the owner-occupied stock at local authority level. However to consider the current rate of turnover in the sector and recent changes to this turnover rate it is necessary to model the probable change in the total size of the sector since 2001.

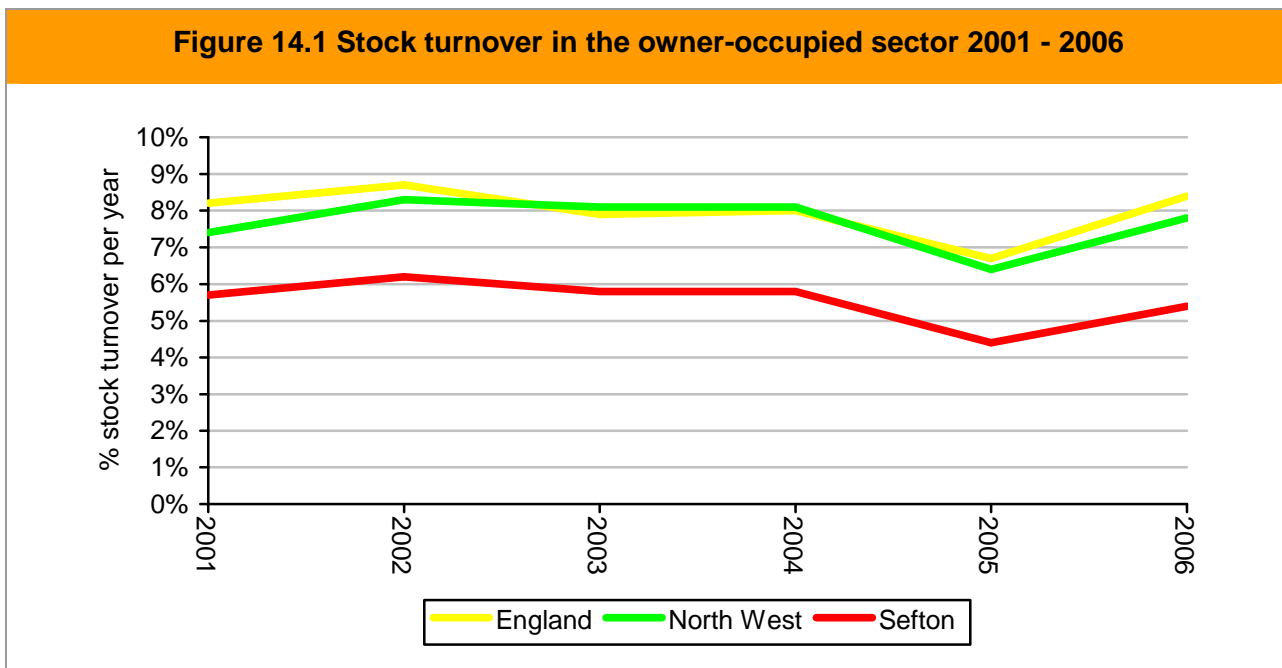
14.3 To do this it is assumed that the size of the owner-occupied sector in each authority has increased by the same rate as has been recorded nationally for this tenure in the Survey of English Housing. This suggests that nationally the owner-occupied sector increased in size by 2.36% between 2001 and 2006, and also that the number of households in owner-occupation in the 2001 Census was a 1.64% underestimate.

14.4 The table below shows the number of property sales recorded in 2007 from Land Registry data alongside the modelled estimate of the owner-occupied stock for this date and the derived turnover rate. The table shows that the turnover in the owner-occupied sector in the study area is considerably lower than that recorded across the North West and England as a whole.

Table 14.1 Estimated owner-occupied stock turnover			
	Estimated owner-occupied stock	Sales of dwellings	Turnover
Sefton	90,170	4,904	5.4%
North West	2,026,680	158,242	7.8%
England	14,621,000	1,223,129	8.4%

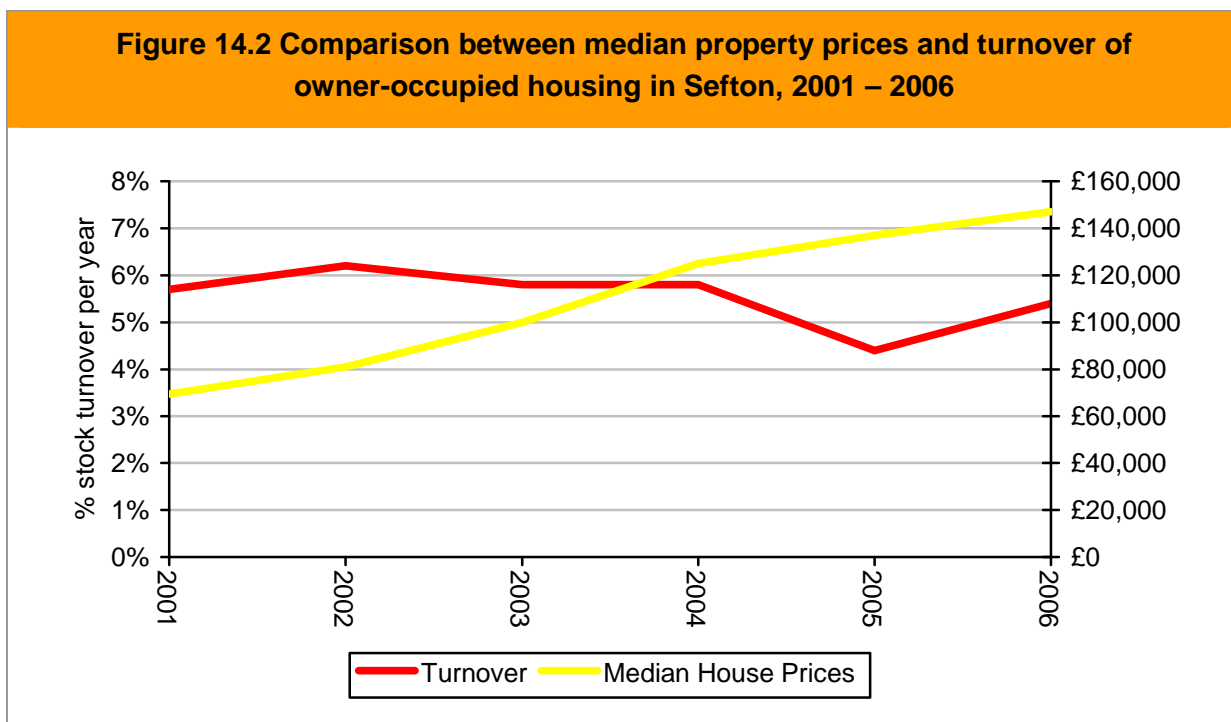
Source: Land Registry 2007, ONS 2001 Census, Survey of English Housing 2006

14.5 The figure below shows how the turnover in owner-occupied stock has changed in the Borough over the last five years. There was a dip of about 1.5% in turnover in 2005, but this trend was reversed in 2006. Sefton shows a consistently lower turnover than either the nation or region, at just over 2% below average over the whole period.



Source: Land registry 2006, 2001 Census, Survey of English Housing

- 14.6 The Practice Guidance suggests that to better understand the implications of changes in turnover in the owner-occupied sector it is appropriate to compare them to changes in property prices. The figure below therefore compares changes in turnover in the owner-occupied sector to changes in median property prices between 2001 and 2006.
- 14.7 The figure below presents these results for Sefton. The figure suggests that there is no clear connection between turnover and median house price in the Borough.



Source: Land registry 2006, 2001 Census, Survey of English Housing

Turnover in the private rented sector

14.8 The Practice Guidance acknowledges that there is a lack of secondary data at a local level on the number of lettings in the private rented sector, as is the case in the study area, so it is not possible to derive a locally based turnover rate for this sector. The 2006 Survey of English Housing records that nationally turnover in the private rented sector is around 33% per year. It could be expected that the private rented sector in the study area would record a similar turnover rate to national levels.

Turnover in the social rented sector

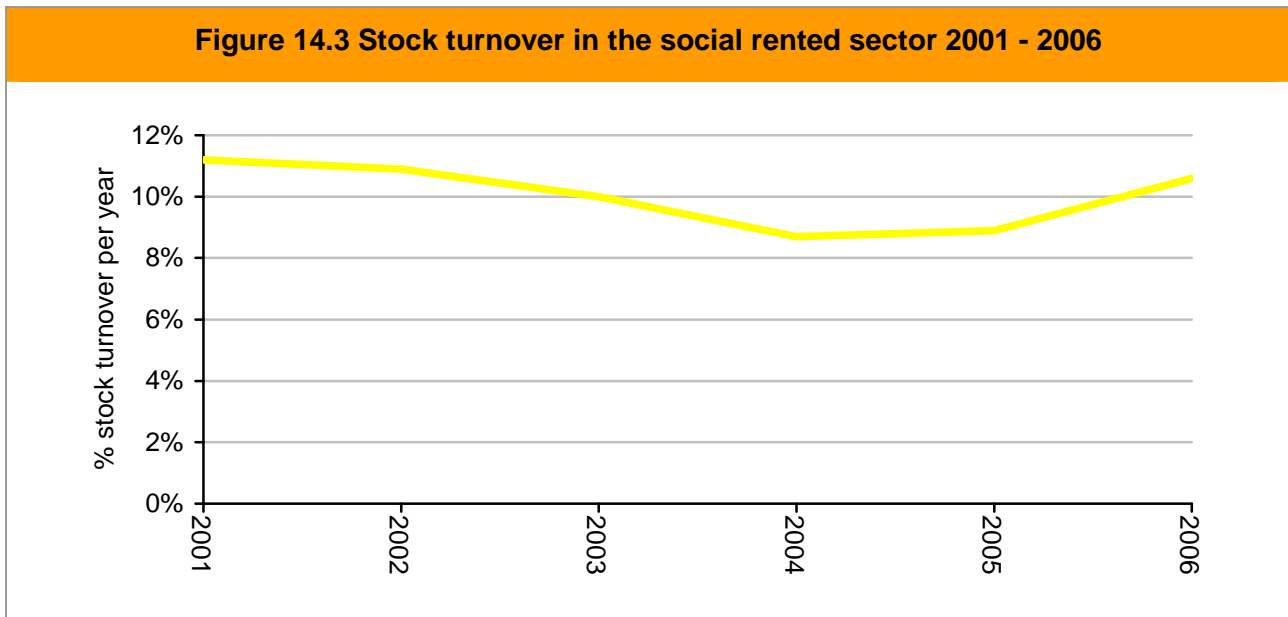
14.9 The Practice Guidance indicates that CORE is the primary source of information about the number of lettings within the social rented stock, although it is necessary to use the HSSA (see bibliography) for lettings data from Local Authority stock in Sefton before 2005, as this information is incomplete. However, CORE data has been used in preference to HSSA data for lettings where it exists, in line with advice in the Practice Guidance.

14.10 The table below shows the number of lets within the social rented sector recorded in CORE and the HSSA (where appropriate) in 2006 alongside the estimated size of the social rented stock for this date and the derived turnover rate. It is important to note that the number of lettings includes transfers. This turnover rate is slightly higher than the national average of 8.0% recorded in the 2006 HSSA.

Table 14.2 Estimated social rented stock turnover (2006)			
	Estimated size of social rented stock	Number of lettings	Turnover
Sefton	17,269	1,837	10.6%

Source: CORE data, HSSA 2006

14.11 The figure below shows how the turnover in the social rented stock has changed in the Borough over the last five years, showing a slight decline overall over time, although countered by a recent rise.



Source: CORE data, HSSA 2006

Summary

- i) Rates of turnover in the owner-occupied stock are below average in Sefton, at 5.4% compared to a regional figure of 7.8% and a national figure of 8.4%, and have been since at least 2001.
- ii) In the social rented sector there was a turnover rate of 10.6% in 2006 (higher than the national average of 8.0%).

SECTION E: BRINGING THE EVIDENCE TOGETHER

This section summarises the information presented in the previous three sections. The section examines the geographical variations in the Borough-level wide trends recorded and attempts to discover areas with similar characteristics, which would be suitable for further grouped analysis. The section then uses the trend information presented previously to identify the key drivers within the market and outline what the key issues for future housing policy in Sefton are to address. The section aims to answer the following questions:

- What is the spatial variation of market characteristics?
- What are the key drivers in Sefton?
- What are the key issues for future policy/strategy?

This section contains four chapters:

15. Spatial variations in the market

16. The Housing Market Renewal Area

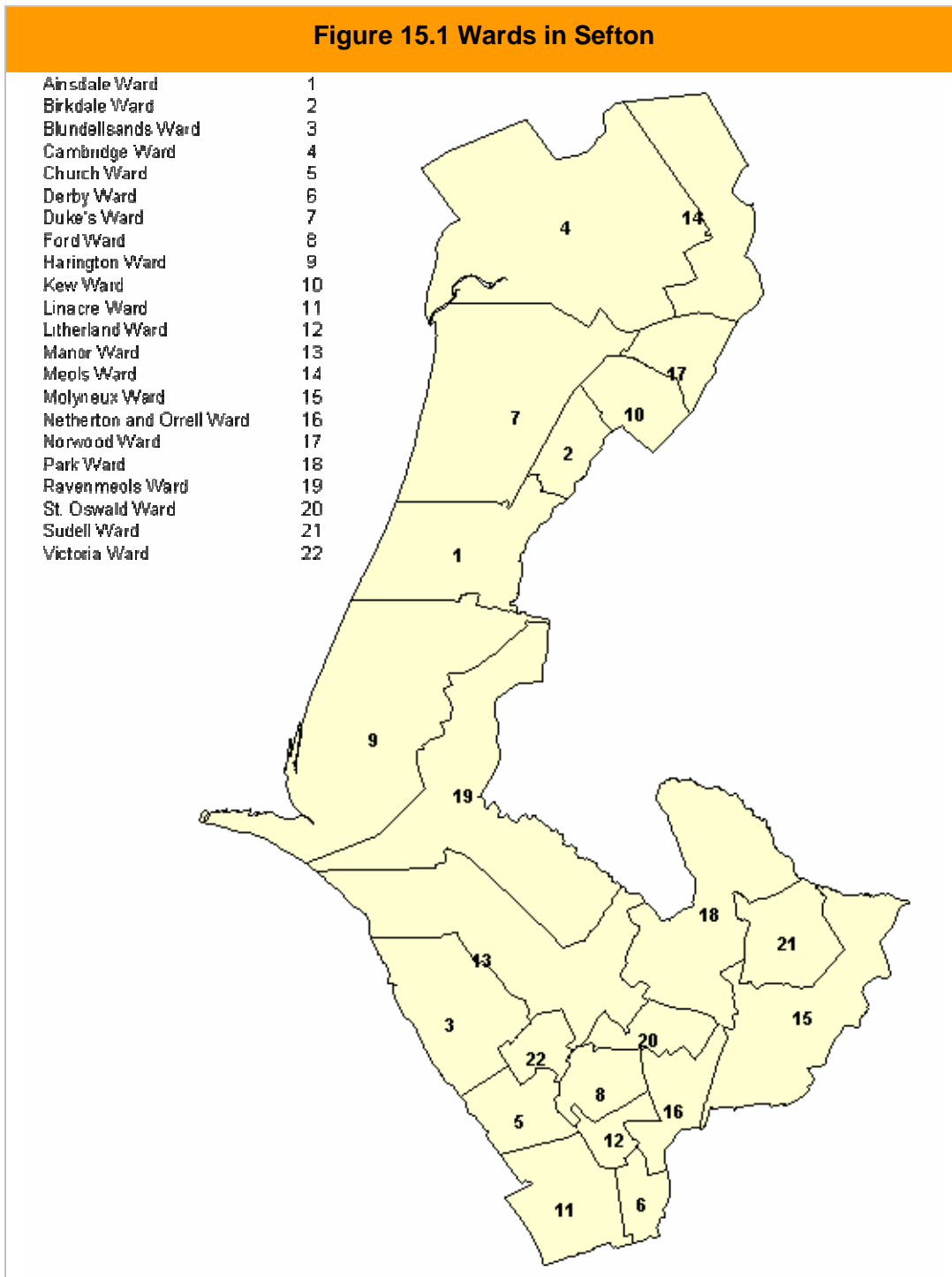
17. Key trends in the market

18. Issues for future policy

15. Spatial variations in the market

Introduction

- 15.1 Sefton is a diverse authority containing distinct geographical divisions in both the housing stock and the resident population. Throughout the analysis presented so far, maps showing how the stock and population profile varies across the Borough have been presented.
- 15.2 This chapter will summarise the outputs of the maps presented earlier in the report, before presenting additional maps to highlight other important trends. Due to the lack of secondary data available below a local authority level, the majority of maps produced within this report are based on information contained within the Census. It is possible, however, to map specific variables collected within the results of the SHMA household survey 2008 at ward level, although these are subject to a greater degree of error than data presented at the sub-area level (as discussed in Appendix A1).
- 15.3 An analysis of the geographical concentrations of these key themes will be used to identify areas with similar characteristics, which would be suitable for further grouped analysis.
- 15.4 Finally this chapter will discuss the variation between the urban and rural parts of the Borough.
- 15.5 Before this discussion is presented, it is appropriate to show the location of the twenty-two wards in Sefton. This is displayed in the figure below.



Source: Fordham Research (2008)

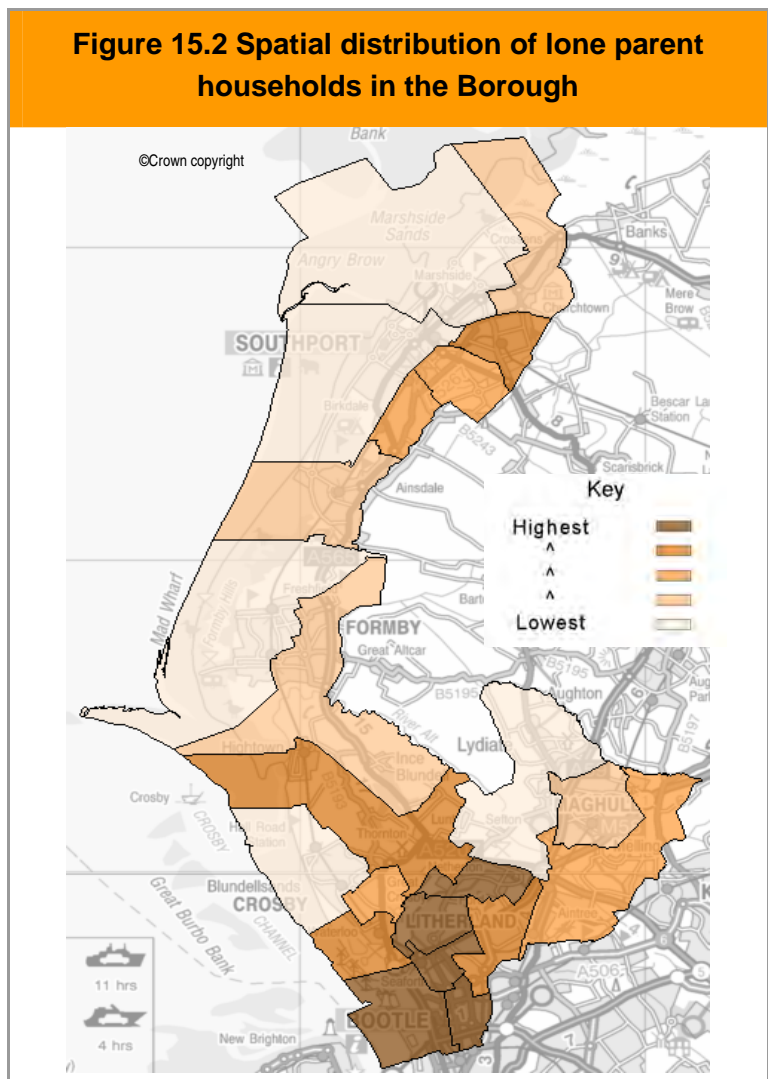
Geographical variation in the Borough

15.6 In Chapter 3, which defines the boundary of the Sefton housing market, the patterns of movement of migrating households and the travel to work flows were examined, indicating that there was little interaction between the Bootle and Netherton sub-areas and the remainder of the Borough. The chapter concluded that these two parts of the Borough could almost be considered as distinct markets.

- 15.7 Chapter 11, which assessed the cost of housing in the Borough, identified four price areas. These are Southport, Formby, Crosby/Maghull and Netherton/Bootle. Formby was identified as the most expensive area, followed by Southport and Crosby/Maghull, which recorded similar housing costs. The cost of market housing in Netherton/Bootle was found to be markedly cheaper than the other areas in the Borough. Furthermore the cost of owner-occupation in Netherton/Bootle was lower than the cost of renting privately in the area, providing evidence of the low demand that exists in this part of the Borough.
- 15.8 Chapter 4 contained a map that presented the location of households in each of the three main tenure groups. The maps indicated that wards in Formby and Maghull have the highest proportion of owner-occupied households, whilst private rented households are most prevalent in wards in Southport. Finally the maps showed that the wards in Bootle and Netherton contain the highest proportion of social rented households.
- 15.9 Chapter 6 contained a map that presented the location of employed people in the Borough. The map showed that the wards in Bootle contain by far the highest level of unemployment, whilst wards in Formby, Crosby and parts of Maghull record the lowest unemployment rates.
- 15.10 A high proportion of terraced properties are associated with areas of low demand in Sefton. Chapter 8 contained a map displaying the spatial variation in the level of terraced housing across the Borough. The map showed that the wards with the highest proportion of terraced accommodation were within the Bootle and Southport sub-areas, whilst the wards within Formby were the least likely to contain terraced properties.

Further evidence for areas sharing similar characteristics

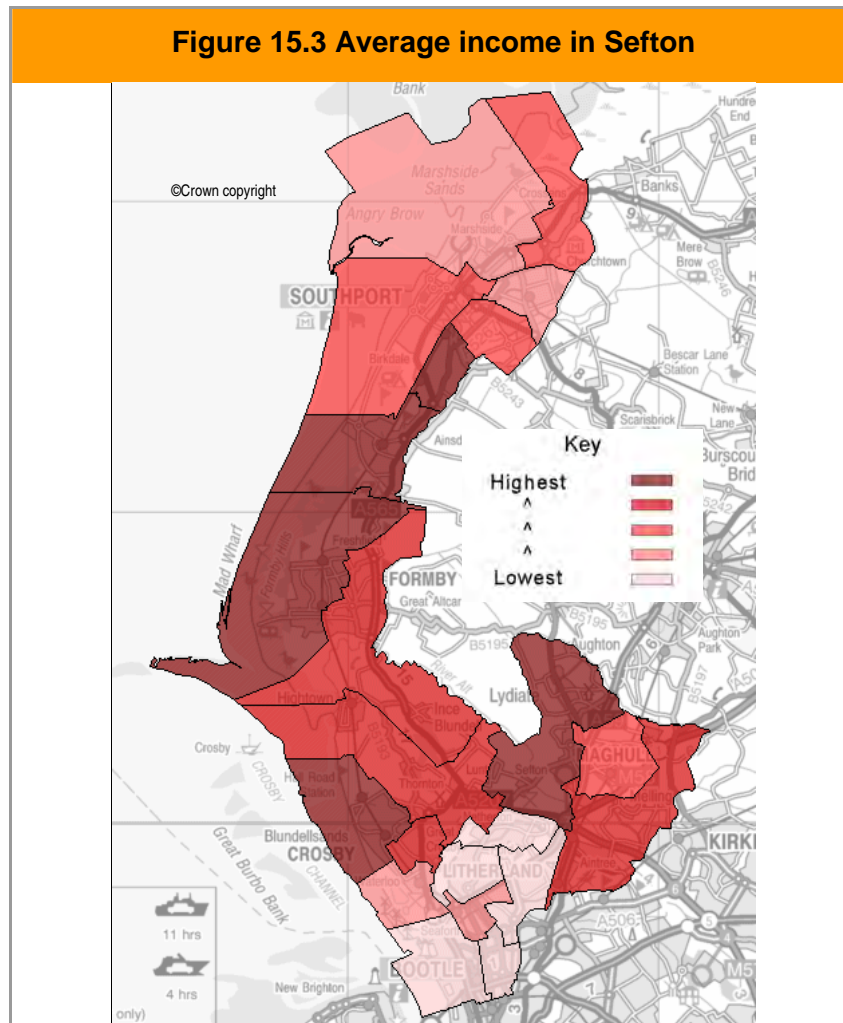
- 15.11 The evidence presented in Chapter 24 will show that lone parent households are the household group most likely to reside in unsuitable housing. It is therefore appropriate to consider the location of these households. The map below shows the distribution of lone parent households by ward.
- 15.12 The map shows a clear pattern with a cluster of wards to the south of the Borough recording the highest proportion of lone parent households and the wards recording the lowest proportion of lone parents are generally located on the coast.



Source: Office for National Statistics 2007 (from 2001 Census data)

15.13 Appendix A1 of this report presents information from the Sefton SHMA household survey January 2008 disaggregated to ward level. Whilst the figures produced at this level should be treated with caution due to the smaller sample sizes involved, there is no other source of income data at a sub-Borough level. The map below therefore shows the variation in mean household income across the wards in the Borough.

15.14 The map indicates that the highest average incomes are found in coastal wards within the centre of the Borough and Park ward within the Maghull sub-area. The wards that record the lowest average income are found within the Bootle and Netherton sub-areas. Comments received within the public consultation indicate that this income distribution accords with the experience of RSL partners in the Borough.



15.15 Whilst the discussion of the geographical variation of a range of housing market indicators shows a consistent pattern – extremes in the Bootle and Netherton sub-areas and the Formby sub-area – it is useful to assess how strong this correlation is. To do this, the market aspects for which ward analysis has been presented so far in this chapter will be ranked and the average ranking score for each ward will be calculated. All variables, with the exception of income, will be ranked with the ward containing the highest proportion of the particular variable receiving the highest rank and the ward containing the lowest proportion receiving the lowest ranking. Income will be ranked in reverse, with the ward recording the highest average income receiving the lowest rank and the ward with the lowest average income receiving the highest rank. This ensures that a lower rank is associated with greater market choice.

15.16 The results of this analysis are presented in the table below. The final column presents the average ranking allocated to each ward.

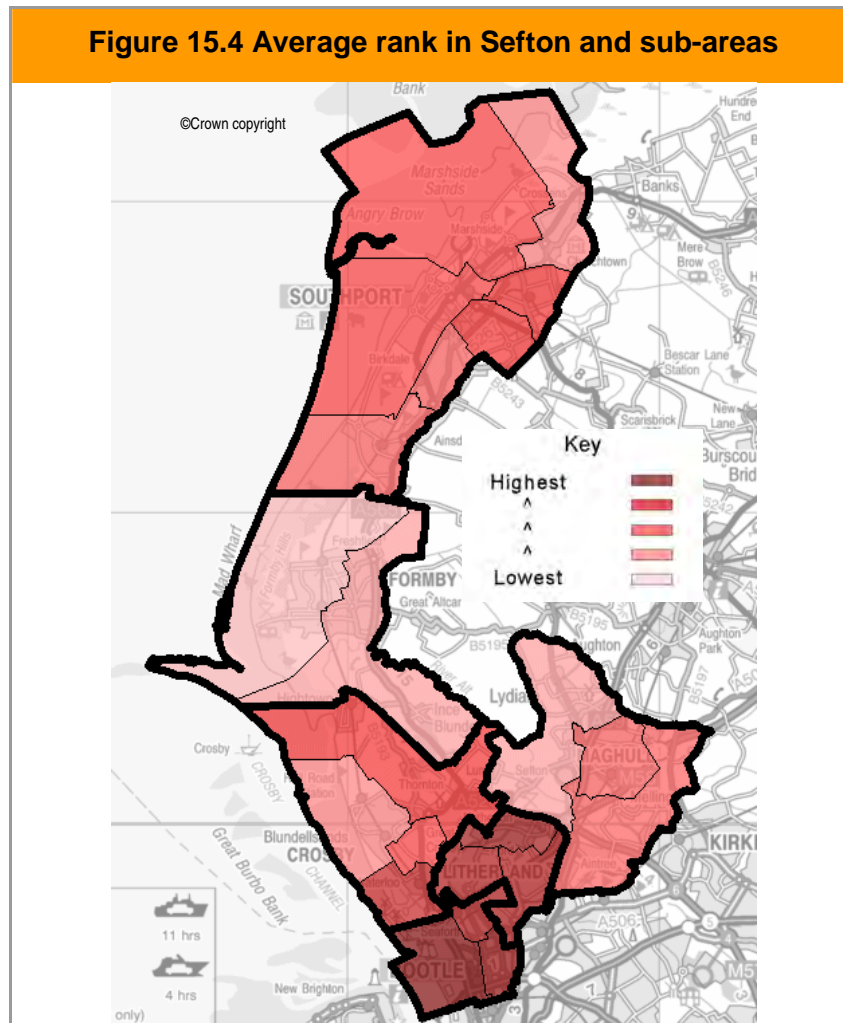
Table 15.1 Ward rank correlation results

Ward	Proportion of people unemployed	Proportion of households social rented	Proportion of households lone parents	Proportion of dwellings terraced	Average annual gross household income	Average
Ainsdale	8	13	9	6	3	8
Birkdale	7	6	12	9	5	8
Blundellsands	5	2	4	13	2	5
Cambridge	11	14	5	4	17	10
Church	19	16	15	18	14	16
Derby	21	19	21	22	21	21
Duke's	15	12	2	12	12	11
Ford	18	20	18	17	20	19
Harington	1	1	1	2	1	1
Kew	13	9	13	11	11	11
Linacre	22	22	22	19	22	21
Litherland	20	17	20	20	15	18
Manor	10	15	14	14	8	12
Meols	4	4	7	3	13	6
Molyneux	12	8	11	1	7	8
Netherton and Orrell	17	18	17	16	18	17
Norwood	14	11	16	8	16	13
Park	3	5	3	7	4	4
Ravenmeols	2	3	6	5	9	5
St Oswald	16	21	19	21	19	19
Sudell	6	7	8	10	10	8
Victoria	9	10	10	15	6	10

Source: Sefton SHMA 2008

15.17 The ward of Harington records an average ranking of 1, which is the best average ranking score by a clear margin. It means that residents within this ward are likely to have the greatest choice within the market. The wards of Derby and Linacre record the joint worst average rank of 21. The map below shows the data in the last column in the table above spatially.

15.18 The map clearly indicates that the wards in Bootle and Netherton all record the worst average rank, whereas the wards with the best average rank are distributed across the other sub-areas of the Borough. The only ward with a high average rank outside of the Bootle and Netherton sub-areas is Church in the southern corner of the Crosby sub-area. Part of this ward is within the HMRI area so it is not unexpected that it scores a high average rank.



*The lowest rank indicates the areas associated with the best prevailing conditions Source: Sefton SHMA 2008

- 15.19 This analysis confirms the findings of Chapter 3 – the biggest distinction within the Borough is between the sub-areas of Bootle and Netherton and the remainder of the Borough. Detailed analysis offering insights into the way the housing market functions and the imbalances that exist in the market presented in subsequent chapters will be provided for these two distinct parts of Sefton in addition to the Borough as a whole.
- 15.20 The Netherton/Bootle area includes the majority of the HMRI pathfinder area, which has the worst deprivation in the Borough. This HMRI pathfinder area is subject to a major regeneration initiative and a particular output required by the Council from this study is further detail on households resident in this area. The following chapter therefore presents household survey data on this particular area to meet this purpose. It is important to note that whilst the majority of the HMRI area is in the Bootle and Netherton sub-areas the HMRI area is not contiguous with sub-area boundaries so they should not be considered as the same.

The rural population in Sefton

15.21 Households in the Sefton SHMA household survey January 2008 were coded according to the urban or rural classification of the postcode that they are resident in, listed within the National Statistics Rural and Urban Classification of Output Areas (May 2007). The table below indicates the urban and rural classification that each household in Sefton is recorded in. The data shows that 98.8% of households live in an urban area with the remaining 1.1% split between the other three categories (mainly town and fringe).

Table 15.2 Households in urban/rural areas		
Classification	Number of households	Percentage of households
Urban	114,967	98.8%
Town and Fringe	755	0.6%
Village	475	0.4%
Hamlet	131	0.1%
Total	116,328	100.0%

Source: Sefton SHMA household survey January 2008

15.22 The National Statistics Rural and Urban Classification indicates that all classifications listed above other than urban can be considered rural. The Sefton SHMA household survey January 2008 provides detail on the rural population in Sefton, although the sample of rural households was small so the results should be treated with caution as they are not able to provide a detailed understanding of the diversity of the rural areas of the Borough. It is worth noting that Sefton's current policy approach is that there is no part of the countryside in Sefton that is more than a few kilometres away from an urban area where both market and affordable housing requirements can be met.

15.23 The table below shows the variation in the tenure profile of urban and rural households. The data indicates that rural households are more likely to owner-occupy (with a mortgage), with urban households much more likely to rent (either social or private rented).

Table 15.3 Rural households and tenure				
Tenure	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Owner-occupied (no mortgage)	39,063	34.0%	304	22.3%
Owner-occupied (with mortgage)	45,852	39.9%	906	66.6%
RSL	18,380	16.0%	43	3.1%
Private rented	11,671	10.2%	108	7.9%
Total	114,967	100.0%	1,361	100.0%

Source: Sefton SHMA household survey January 2008

15.24 When considering the differences between types of household we find that a higher proportion of single pensioners are based within the urban area, while rural areas have a higher proportion of households with two or more adults and no children.

Table 15.4 Rural households and household types				
Household type	Urban		Rural	
	Number of households	% of households	Number of households	% of households
Single pensioners	21,315	18.5%	86	6.3%
2 or more pensioners	12,911	11.2%	203	14.9%
Single non-pensioners	16,404	14.3%	160	11.8%
2 or more adults - no children	35,166	30.6%	616	45.3%
Lone parent	5,158	4.5%	0	0.0%
2+ adults 1 child	11,390	9.9%	99	7.3%
2+ adults 2+ children	12,623	11.0%	197	14.4%
Total	114,967	100.0%	1,361	100.0%

Source: Sefton SHMA household survey January 2008

15.25 The table below compares the incomes and savings levels of households in the two areas. The data clearly shows that households in rural areas are more affluent than those in the urban areas as they record both a higher annual household income and higher levels of savings. This favourable financial profile of rural households suggests that the Council does not require a separate rural housing policy.

Table 15.5 Income and savings levels of rural households		
Categories	Annual gross household income	Average household savings (mean)
Urban	£25,604	£16,293
Rural	£39,213	£24,800
All households	£25,763	£16,393

Source: Sefton SHMA household survey January 2008

15.26 Survey data indicates that rural households are slightly more likely to contain an employed household member than urban households and are notably more likely to contain two or more employed people.

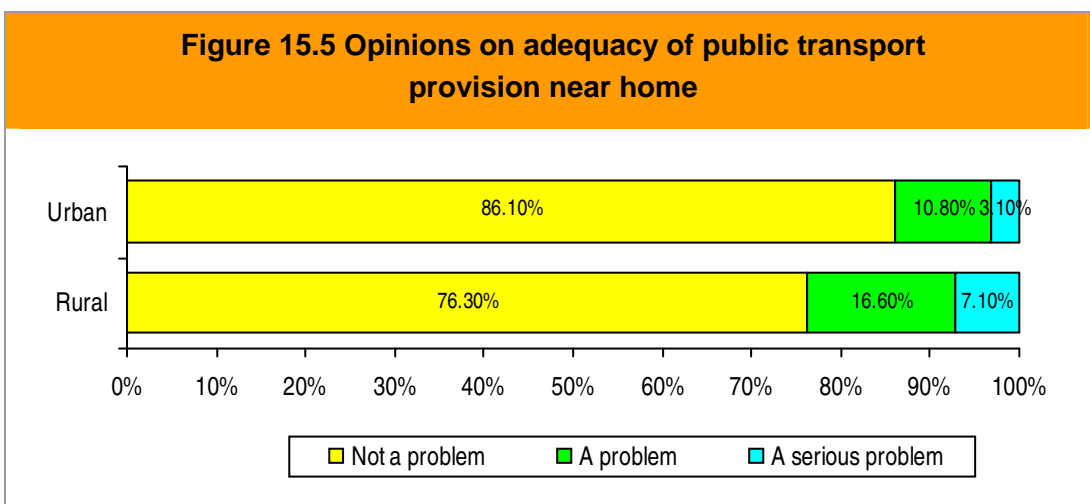
15.27 An analysis of workplace migration reveals that rural household heads in employment are more likely to work outside of the Borough than urban equivalents, with Liverpool the most common location.

15.28 In urban areas of Sefton we find that 30.9% of households have no access to a car, this compares with 3.5% of households living in rural areas. Average car/van ownership/use varies from 1.02 for households in urban areas to 1.67 for rural areas.

Table 15.6 Rural households and car ownership				
Number of cars/vans available for use	Urban		Rural	
	Number of households	% of households	Number of households	% of households
0	35,530	30.9%	48	3.5%
1	47,807	41.6%	537	39.4%
2	25,620	22.3%	594	43.7%
3+	6,010	5.2%	182	13.4%
Total	114,967	100.0%	1,361	100.0%
Average number of cars/vans	1.02		1.67	

Source: Sefton SHMA household survey January 2008

15.29 The survey asked households whether public transport provision near their home was adequate for the household's needs. The responses received are presented in the figure below. The figure indicates that households within rural areas were more likely to record public transport provision as being inadequate than households within urban areas. In both areas however the proportion that indicated that it was a problem was low. Regardless of location over 85% of households stated no problems with public transport provision.



Source: Sefton SHMA household survey January 2008

Summary

- i) An analysis of the spatial distribution of average income in the Borough showed that coastal wards in the centre of the Borough have the highest average incomes.
- ii) Bootle and Netherton have been identified in earlier chapters of the report as being distinct from the rest of the Borough. An analysis of the ward ranks for a variety of relevant variables indicated that the wards in Bootle and Netherton all record the worst average ranks and are therefore associated with limited housing choice.
- iii) The ward of Harington was calculated as having the best average ranking score by a clear margin whilst the wards of Derby and Linacre record the joint worst average rank.
- iv) The overwhelming majority of households in Sefton reside in an urban area (98.8%).
- v) Households in rural areas are more likely to be owner-occupiers (with a mortgage) and record higher household income and savings levels. This favourable profile of rural households suggests that the Council does not require a separate rural housing policy, particularly given the close proximity of the rural areas to the urban parts of the Borough. However the small sample achieved by the dataset within rural households means that these findings should be treated with caution, particularly as previous studies have found that deprivation exists within the rural areas of Merseyside.

16. The Housing Market Renewal Area

Introduction

- 16.1 NewHeartlands is one of the Government's Housing Market Renewal (HMR) pathfinders, charged with finding innovative solutions to the problem of low demand and housing market collapse in neighbourhoods across Merseyside, including parts of the local authorities of Sefton, Liverpool and Wirral.
- 16.2 A major part of the programme focuses on improving the quality and diversity of the housing stock with a wider aim to improve economic prosperity, the environment, community safety, cohesion, educational attainment and health.
- 16.3 In this report we have used the survey data to highlight which households are living within the HMR area of Sefton and compare this with information for other households in the Borough. The HMR boundary does not follow other boundaries used for analysis (e.g. sub-areas). Almost 90% of dwellings in the Bootle sub-area are located in the HMR area, as are a small proportion of dwellings in the Crosby and Netherton sub-areas. There are six wards which contain some properties within the HMR area: Church, Derby, Linacre, Litherland, Netherton & Orrell and Victoria.
- 16.4 Overall it is estimated that 22,506 households live in the HMR area – this represents 19.3% of all households in the Borough.

Housing characteristics

- 16.5 The table below looks at the type of dwellings in the HMR area compared with the rest of the Borough. The stock profile in the two broad areas is very different, with the HMR area being dominated by terraced housing. In total terraced homes make up 51.8% of all housing in the HMR area compared with 11.9% elsewhere in the Borough. The HMR area also has a higher proportion of households living in flatted accommodation. Consequently there are relatively few detached and semi-detached homes in the HMR area.

Table 16.1 Dwelling types in HMR area

Dwelling type	HMR area		All other areas	
	Number of households	% of households	Number of households	% of households
Detached house/bungalow	1,223	5.4%	16,819	17.9%
Semi detached house/bungalow	4,908	21.8%	49,107	52.3%
Terraced house/bungalow	11,668	51.8%	11,175	11.9%
Flat/maisonette	4,707	20.9%	16,721	17.8%
Total	22,506	100.0%	93,822	100.0%

Source: Sefton SHMA household survey January 2008

- 16.6 It is also possible to look at the sizes of accommodation in the HMR area (as shown in the table below). This shows that dwellings in the HMR area are typically smaller with a higher proportion of one and two bed homes and relatively few larger (four+ bedroom) properties.

Table 16.2 Dwelling sizes in HMR area

Dwelling size	HMR area		All other areas	
	Number of households	% of households	Number of households	% of households
1 bedroom	3,004	13.3%	8,871	9.5%
2 bedrooms	6,323	28.1%	19,164	20.4%
3 bedrooms	10,809	48.0%	47,812	51.0%
4+ bedrooms	2,370	10.5%	17,975	19.2%
Total	22,506	100.0%	93,822	100.0%

Source: Sefton SHMA household survey January 2008

- 16.7 The table below shows household tenure types in the HMR area and the rest of the Borough. The data shows that the HMR area has a far greater proportion of social rented housing than in the rest of the Borough. The proportion of households in the social rented sector is approaching four times the proportion in the rest of the Borough. The proportion of owner-occupiers is consequently lower.

Table 16.3 Tenure in HMR area

Tenure	HMR area		All other areas	
	Number of households	% of households	Number of households	% of households
Owner-occupied (no mortgage)	4,661	20.7%	34,707	37.0%
Owner-occupied (with mortgage)	7,104	31.6%	39,654	42.3%
Social rented	8,457	37.6%	9,966	10.6%
Private rented	2,284	10.1%	9,495	10.1%
Total	22,506	100.0%	93,822	100.0%

Source: Sefton SHMA household survey January 2008

Household characteristics

16.8 The table below provides some key summary statistics for the HMR area and the rest of the Borough. The table highlights a series of interesting findings:

- The HMR area has a greater proportion of households with children (particularly lone parents). In total, 9.9% of households in the HMR area are lone parents compared with 3.1% of households in the rest of the Borough. The HMR area shows a lower proportion of pensioner households and a much higher proportion of single non-pensioner households
- The data on household sizes is also interesting with the HMR area having a greater proportion of both single persons and larger households. An estimated 37.2% of households in the HMR area are single persons (compared with 31.5% in the rest of the Borough). In addition, 2.9% of households in the HMR area contain six or more people compared with only 1.6% elsewhere in the Borough.
- Households in the HMR area are far more likely than other households to contain someone with a support need (31.7% of households compared with 23.9%)
- The HMR area contains a lower proportion of people in work and a lower proportion of retired people. Consequently unemployment and 'other-not working' levels are higher in the HMR area. Unemployment in the HMR area is estimated to be around two and a half times that in the rest of the Borough. The high proportion of 'other not-working' in the HMR area is likely to be linked to the high level of support needs as many in this group are classified as permanently sick or disabled.
- The data suggested that households in the HMR area are more likely to be from a White-Irish background although some care needs to be taken with this result due to the small sample sizes involved

Table 16.4 Household characteristics in HMR area

Characteristic	HMR area		All other areas	
	Number of households	% of households	Number of households	% of households
Household type				
Single pensioners	3,532	15.7%	17,869	19.0%
2 or more pensioners	1,461	6.5%	11,654	12.4%
Single non-pensioners	4,843	21.5%	11,721	12.5%
2 or more adults - no children	6,610	29.4%	29,172	31.1%
Lone parent	2,234	9.9%	2,924	3.1%
2+ adults 1 child	2,001	8.9%	9,488	10.1%
2+ adults 2+ children	1,825	8.1%	10,994	11.7%
Total	22,506	100.0%	93,822	100.0%
Household size				
1 person	8,375	37.2%	29,590	31.5%
2 people	6,718	29.9%	30,726	32.7%
3 people	3,247	14.4%	13,440	14.3%
4 people	2,783	12.4%	13,343	14.2%
5 people	738	3.3%	5,243	5.6%
6+ people	644	2.9%	1,480	1.6%
Total	22,506	100.0%	93,822	100.0%
Average household size	2.3	-	2.3	-
Support needs				
Household with support needs	7,129	31.7%	22,450	23.9%
No support needs	15,377	68.3%	71,371	76.1%
Total	22,506	100.0%	93,822	100.0%
Working status				
Working	10,548	46.9%	45,885	48.9%
Unemployed	1,962	8.7%	3,372	3.6%
Retired	6,035	26.8%	35,786	38.1%
Other	3,962	17.6%	8,779	9.4%
Total	22,506	100.0%	93,822	100.0%
Ethnic group				
White-British	21,804	96.9%	89,482	95.4%
White-Irish	442	2.0%	997	1.1%
White-other	83	0.4%	1,177	1.3%
All other groups	177	0.8%	2,166	2.3%
Total	22,506	100.0%	93,822	100.0%

Source: Sefton SHMA household survey January 2008

Housing circumstances

16.9 The table below shows overcrowding and under-occupation in the HMR area. The table shows that overcrowding is a more acute problem in the HMR area than elsewhere in the Borough. Levels of overcrowding in the HMR area are approaching double that found elsewhere in the Borough and it is estimated that 3.9% of all households in the HMR area are overcrowded. Levels of under-occupation in the HMR area are also lower than found elsewhere in the Borough.

Table 16.5 Overcrowding and under-occupation in HMR area

Overcrowding and under-occupation	HMR area		All other areas	
	Number of households	% of households	Number of households	% of households
Overcrowded	876	3.9%	2,144	2.3%
Neither overcrowded or under-occupied	15,370	68.3%	53,069	56.6%
Under-occupied	6,260	27.8%	38,608	41.2%
Total	22,506	100.0%	93,822	100.0%

Source: Sefton SHMA household survey January 2008

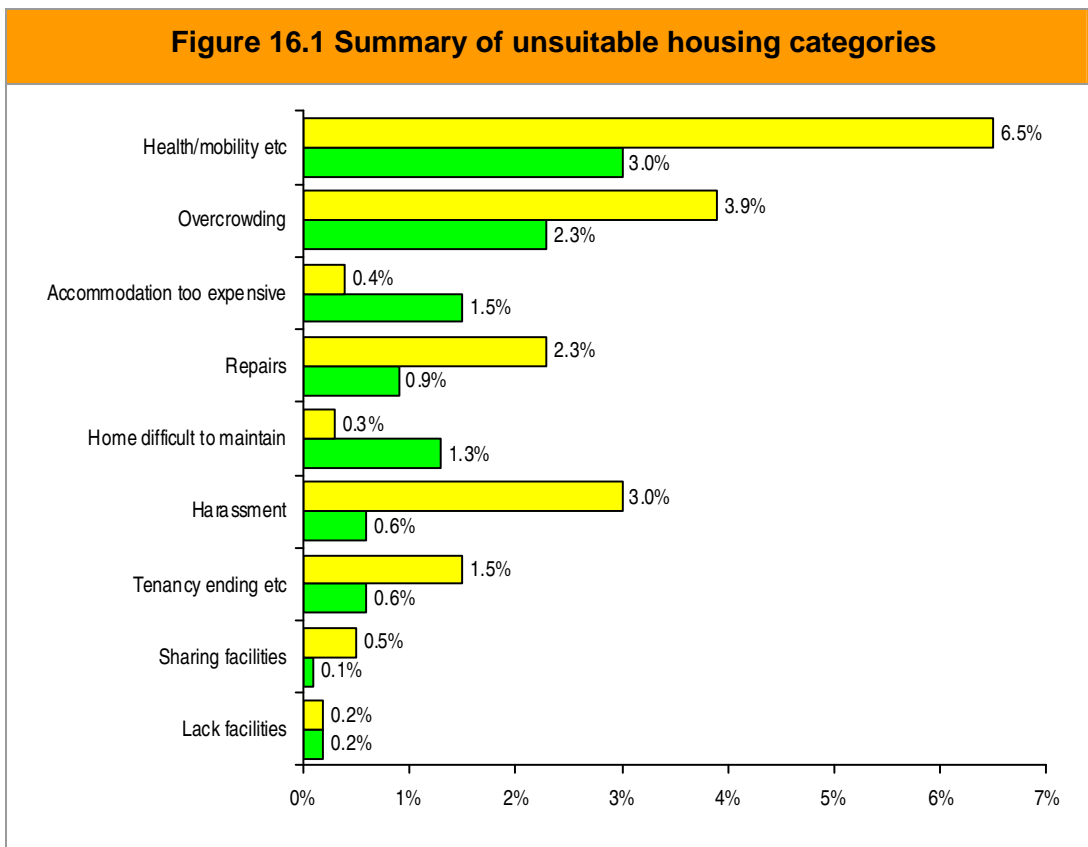
16.10 Given the high level of overcrowding in the HMR area it is no surprise to find higher levels of unsuitable housing. The table below shows that households living in the HMR area are noticeably more likely to be living in unsuitable housing than other households.

Table 16.6 Unsuitable housing in HMR area

Unsuitable housing	HMR area		All other areas	
	Number of households	% of households	Number of households	% of households
Not in unsuitable housing	19,534	86.8%	85,695	91.3%
In unsuitable housing	2,972	13.2%	8,127	8.7%
Total	22,506	100.0%	93,822	100.0%

Source: Sefton SHMA household survey January 2008

16.11 The figure below further investigates the reasons for unsuitability in the two areas. The data shows that for most unsuitability categories the proportions in the HMR area are significantly higher than in the rest of the Borough with the most noticeable difference being for health or mobility issues. The two categories where figures for the HMR area are lower are 'accommodation too expensive' and 'difficulties maintaining home'. These findings may be explained by the lower housing costs in the HMR area combined with a larger stock of rented housing and relatively few pensioner households.



Source: Sefton SHMA household survey January 2008

Financial situation

16.12 Following on from the information above we have used survey data to look at the general economic and financial situation of households in the HMR area. We start by looking at car ownership in the area.

16.13 The table below shows that car ownership in the HMR area is significantly lower than in the rest of the Borough. An estimated 54.3% of households in the HMR area have no access to a car or van, this compares with only 24.9% in the rest of the Borough. At the other end of the scale some 11.7% of households in the HMR area have two or more cars/vans whilst the figure for the rest of the Borough is 31.7%. As a result the average number of cars/vans owned or available differs significantly from 0.61 per household in the HMR area to 1.13 elsewhere in the Borough.

Table 16.7 Car ownership/use in HMR area

Number of cars/vans owner or available to households	HMR area		All other areas	
	Number of households	% of households	Number of households	% of households
No cars/vans	12,222	54.3%	23,356	24.9%
1 car/van	7,660	34.0%	40,683	43.4%
2 cars/vans	1,910	8.5%	24,304	25.9%
3+ cars/vans	713	3.2%	5,479	5.8%
Total	22,506	100.0%	93,822	100.0%
Average cars/vans	0.61	-	1.13	-

Source: Sefton SHMA household survey January 2008

16.14 The table below shows estimated income, savings and equity levels for households in both the HMR area and elsewhere in the Borough. To this we have added estimates of any additional capital which might be available plus an average property value (as estimated by the survey respondent). The data shows that for all measures the figures in the HMR area are significantly below those for the rest of the Borough. For example, the average income in the HMR area of £18,965 is only 69% of the average for the rest of the Borough.

Table 16.8 Financial information by location

Financial measure	HMR area	All other areas	Borough-wide
Average annual gross household income	£18,965	£27,394	£25,763
Average savings	£7,733	£18,470	£16,393
Average other capital	£506	£1,094	£980
Average equity (owners only)	£88,665	£152,720	£143,970
Average property value (owners only)	£124,052	£197,974	£187,876

Source: Sefton SHMA household survey January 2008

Past and future moves

16.15 The table below shows the number of households who moved to their current accommodation over the past two years along with information about whether or not they have in-migrated. In this case in-migration refers to being in migrant to the Borough and not just the HMR area. The data shows that there is relatively little difference between households in the HMR area and those elsewhere in the Borough.

Table 16.9 Recently moving households in HMR area			
	HMR area	All other areas	Borough-wide
Number of households moved in past two years	3,213	13,119	16,331
Total households	22,506	93,822	116,328
% of households moving	14.3%	14.0%	14.0%
Number of in-migrants	972	3,694	4,666
% of movers who are in-migrant	30.2%	28.2%	28.6%

Source: Sefton SHMA household survey January 2008

16.16 Taking this information forward we have looked at the reasons why households moved to their current accommodation. The table below shows reasons for moving for households currently living in the HMR area and those living elsewhere in the Borough. It should be noted that households could state as many reasons as applied so the figures do not add up to 100%. Key findings include the fact that households living in the HMR area are more likely to have moved due to their previous home being too small whilst households in other areas were more likely to move due to previous accommodation having been too big.

Table 16.10 Reasons for moving to current accommodation		
Reason for moving	HMR area	All other areas
To move to cheaper accommodation	14.4%	13.0%
Previous home was too small	31.0%	21.5%
Previous home was too big	9.0%	13.7%
Access problems	12.4%	9.1%
Relationship breakdown	12.4%	11.1%
To move to live with partner	9.4%	9.6%
To move closer to transport links	2.8%	4.9%
To move closer to friends/family	24.5%	17.1%
To live closer to employment or other facilities	6.0%	7.1%
To move closer to shops and services	9.4%	8.4%
To move to a better environment	16.8%	22.5%
To move to a safer area	11.2%	17.2%
To move into a school catchment area	11.2%	7.2%
To live independently	11.8%	15.5%
To receive higher levels of care	1.9%	1.4%
Unable to manage in previous home	6.7%	2.9%
All other reasons	20.3%	17.7%
Total households	3,213	13,119

Source: Sefton SHMA household survey January 2008

16.17 In terms of future moves we find that households in the HMR area are more likely to need or expect to move over the next two years than other households. It is also interesting to note that households in the HMR area are more likely to want to out-migrate. In this instance out-migration is taken as those households who would like to move away from the Borough.

Table 16.11 Future moving households in HMR area			
	HMR area	All other areas	Borough-wide
Number of households moving in next two years	4,184	13,782	17,966
Total households	22,506	93,822	116,328
% of households moving	18.6%	14.7%	15.4%
Number of out-migrants	820	2,402	3,222
% of movers who are out-migrant	19.6%	17.4%	17.9%

Source: Sefton SHMA household survey January 2008

16.18 The table below shows the reasons for moving home for those households who need or expect to move home within the next two years. The data shows that the main reason for moving generally is to move to a better environment and that this is particularly the case for households in the HMR area. It is also notable that households in the HMR area are less likely to have stated the need for cheaper accommodation as a reason for moving.

Table 16.12 Reasons for moving from current accommodation		
Reason for moving	HMR area	All other areas
To move to cheaper accommodation	9.0%	23.2%
Current home is too small	26.4%	32.8%
Current home is too big	11.9%	14.9%
Access problems	7.9%	8.1%
Relationship breakdown	3.8%	2.0%
To move to live with partner	7.9%	6.0%
To move closer to transport links	3.0%	2.8%
To move closer to friends/family	29.9%	11.5%
To live closer to employment or other facilities	12.0%	3.9%
To move closer to shops and services	7.3%	6.3%
To move to a better environment	41.7%	24.4%
To move to a safer area	24.8%	12.4%
To move into a school catchment area	7.8%	3.2%
To live independently	4.1%	4.4%
To receive higher levels of care	4.5%	3.7%
Unable to manage in current home	12.3%	8.0%
All other reasons	33.8%	22.8%
Total households	4,184	13,782

Source: Sefton SHMA household survey January 2008

Summary

- i) There are clear differences in the housing and socio-economic circumstances of households living in the HMR area compared with other households in the Borough. Households in the HMR area show characteristics suggesting that they are generally more disadvantaged than other households. In total it is estimated that 22,506 households (19.3%) live in the HMR area. Key findings in relation to the HMR area include:
- The housing stock in the HMR area is dominated by terraced housing, 51.8% of households in the HMR area live in terraced accommodation compared with 11.9% of other areas
 - Dwellings in the HMR area are typically smaller and more likely to contain only one or two bedrooms
 - Levels of social renting are particularly high in the HMR area
 - Households in the HMR area are more likely to be lone parent households but also single non-pensioners
 - Households in the HMR area show a higher proportion of support needs and higher proportions of people not working, but not retired
 - Levels of both overcrowding and housing unsuitability are noticeably higher in the HMR area
 - Levels of car ownership are low in the HMR area as indeed are income levels - the average income of households in the HMR area is only 69% of the average for the rest of the Borough
 - Key reasons for households within the HMR area to move include 'to be closer to employment and other facilities', 'to be closer to friends/family' and 'quality of life issues' such as 'to move to a better environment', 'to move to a safer area' and 'to move to a different school catchment area'

17. Key trends in the market

Introduction

- 17.1 This chapter will summarise some of the key economic and demographic changes recorded in Sefton earlier in the report. It will then use information from the SHMA household survey 2008 to understand what drives the housing market. This analysis will be split between demographic and economic influences.
- 17.2 The chapter will go on to discuss the role of each tenure in facilitating moves through the market. Finally the chapter will investigate what the survey data available about pressures on the market implies about the elasticity of different tenures.

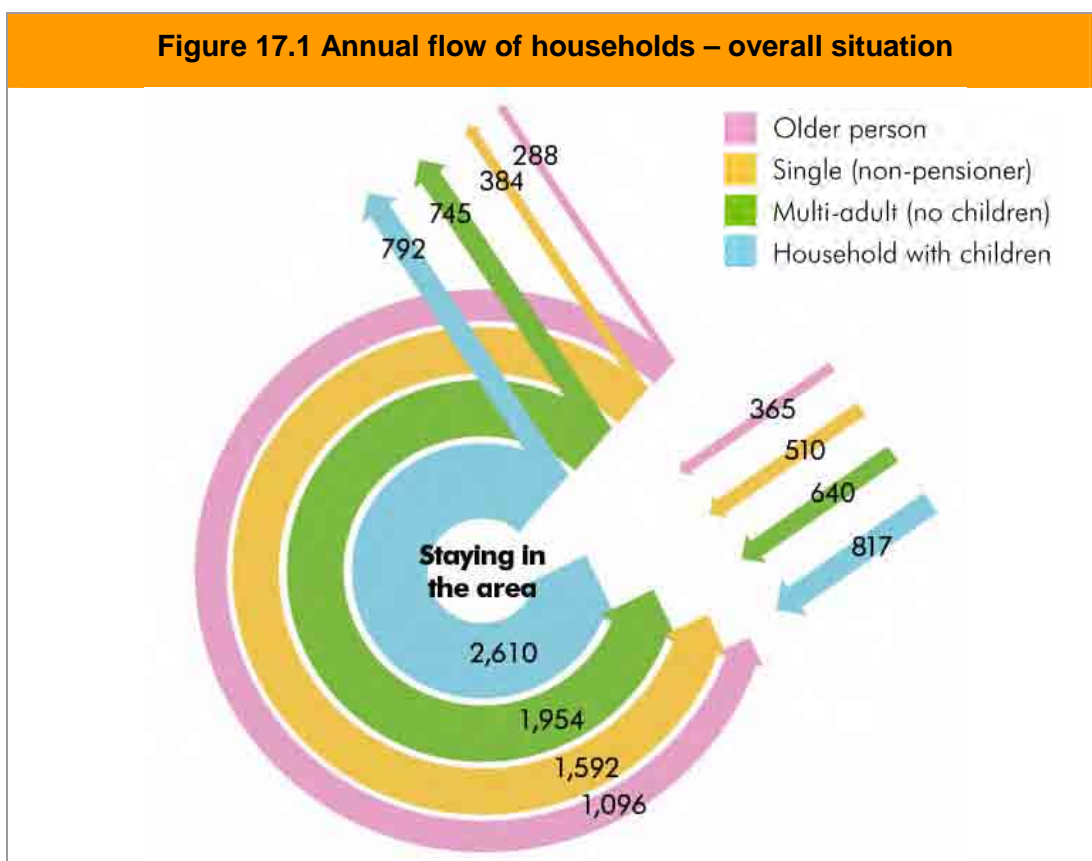
Changes in the demographic and economic profile

- 17.3 Section B presented a range of data on the population in Sefton and historical changes that had been recorded in the Borough. Chapter 4 noted an increase in the number of households in Sefton over the five year period 2001 to 2006 despite a 2% decrease in the population of the Borough over that period. This has resulted in a reduction of the average household size in Sefton.
- 17.4 Chapter 4 recorded that single person households comprised a smaller proportion of all households in the Borough in 2001 than in 1991, whilst the proportion of families with dependent children and multiple adult households increased.
- 17.5 In terms of tenure trends, a comparison of the 1991 and 2001 Census indicated that the number of social rented households in the Borough has decreased since 1991, whilst the number of private rented and owner-occupied households increased.
- 17.6 Chapter 6 showed that whilst the number of employee jobs (the number of people in employment that are not self-employed, government-supported trainees or employed in HM Forces) in Sefton increased faster than the national average between 1996 and 2002; since 2002 the number of employee jobs available has fallen. Over this same period the proportion of the economically active population that is unemployed has remained consistent. This would imply that since 2002 there has been an increase in the proportion of residents in Sefton that work elsewhere.
- 17.7 Data within Chapter 6 also identified that the proportion of employees resident in the Borough working within the highest occupational group – associate professions and technical occupations – has increased since 2002.

Demographic drivers of the market

17.8 In terms of understanding how the demography of an area affects the housing market, it is necessary to examine the nature of households that move. The diagram below presents a graphic illustration of the flow of households within the housing system in Sefton. This illustrates household change through migratory change, the change as a result of natural growth will be considered later.

17.9 The diagram below shows the estimated movement of households into, out of and within the Borough (based on annualised SHMA household survey 2008 data over a two year period). The figures are distinguished according to the types of household, to match the requirements of PPS3 (para 22). Data for in-migration is based on past trends whilst information about out-migration is based on households' future expectations.



Source: Sefton SHMA household survey January 2008

17.10 The figure shows for example that each year 1,096 older person households are expected to move within the Borough, 365 are expected to move into the Borough and 288 are expected to leave Sefton. The figure indicates that households with children form the largest group for all three flows.

17.11 The data suggests that 2,332 households are expected to move into the Borough per annum in the future with an estimated 2,209 households moving out. This suggests that the Borough can expect an increase of 123 households per annum due to migration. The table below presents a summary of the information presented in the diagram.

Table 17.1 Current annual flows of moves – overall situation				
	Older person	Single (non-older)	Multi-adult (no children)	Households with children
Moved into the Borough	365	510	640	817
Moving within the Borough	1,096	1,592	1,954	2,610
Moved out of the Borough	288	384	745	792
Net movement	78	126	-105	25
Household dissolution			1,358	
Newly forming households			2,144	
Net natural change			+ 786	

Source: Sefton SHMA 2008 (combination of data sources)

17.12 The profile of in and out-migration is also of interest with data suggesting that there will be a net inflow of all of the household types except multi-adult households without children. Single (non-older) households show the largest net inflow.

17.13 The net change in households due to migration does not provide the necessary information for indications of the likely net change in the number of households in the Borough. This will also be influenced by the function between the number of new households and the number of household dissolutions (i.e. death). Figures for each of these components are also shown in the table above.

17.14 The table shows that there are an estimated 2,144 households likely to form per annum (from households currently living in Sefton). This figure is offset by an estimated 1,358 household dissolutions. Hence the net change in households due to 'natural change' is estimated to be 786 extra households per annum.

17.15 Overall therefore the data suggests that from both sources there will be **a net change in households in the Borough of 909 per annum** (123 + 786).

17.16 Chapter 15 illustrated that the Borough can be divided into two distinct areas, the south (Bootle and Netherton) and the north and central part (the rest of the Borough), and the sample of the SHMA household survey 2008 is sufficient for the analysis presented above to be replicated for these two parts of the Borough.

17.17 The diagram below shows the estimated movement of households into, out of and within the north and central part of the Borough. The data is summarised in the following table.

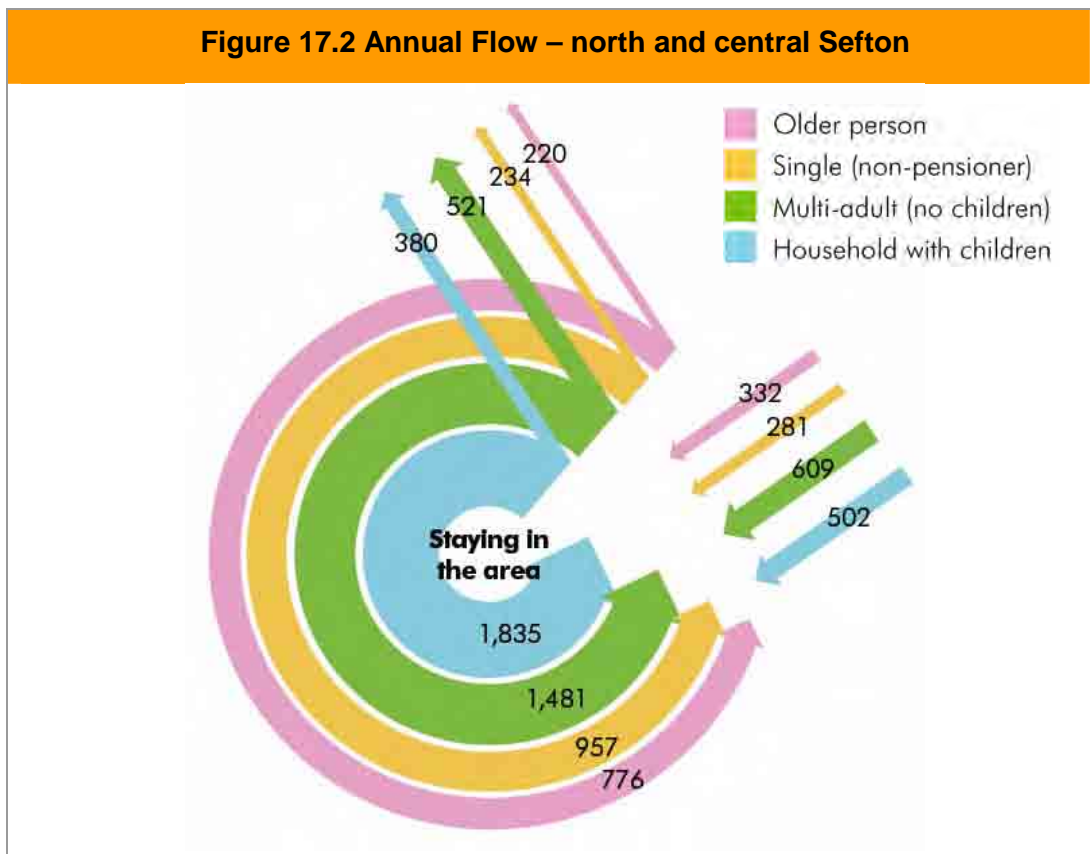


Table 17.2 Current annual flows of moves – north and central Sefton

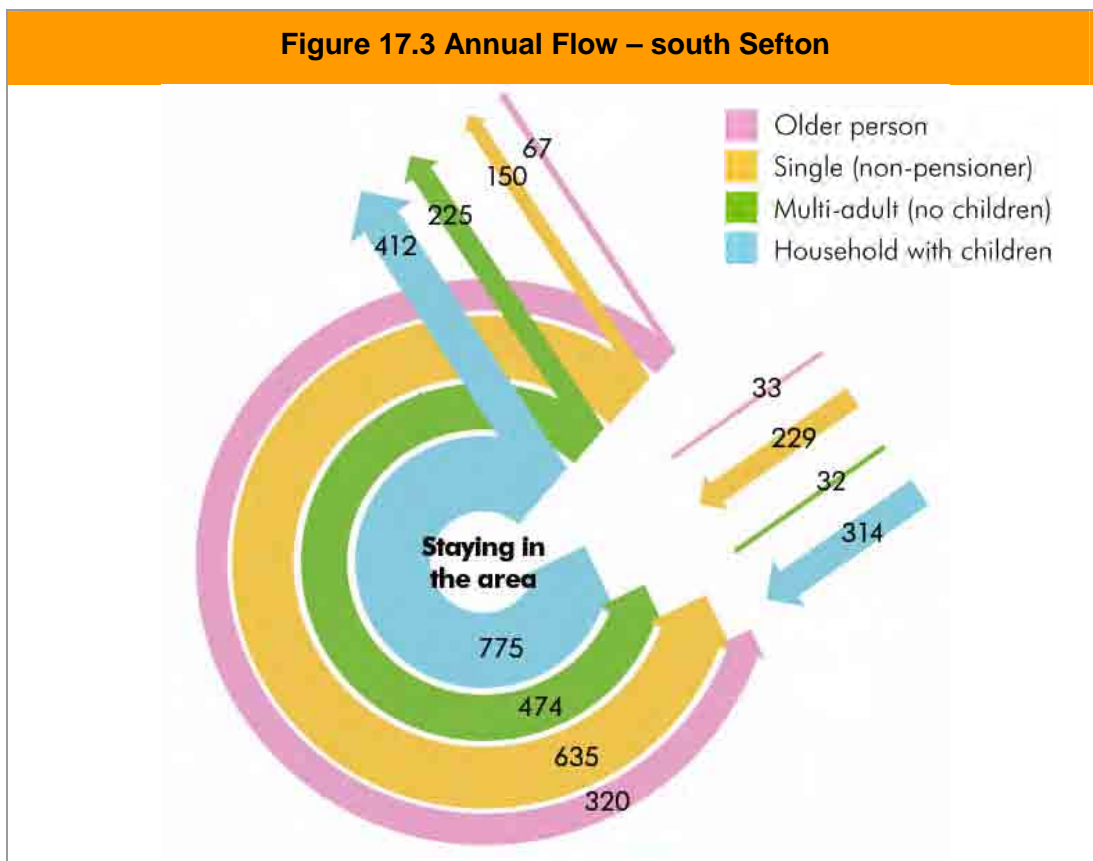
	Older person	Single (non-older)	Multi-adult (no children)	Households with children
Moved into the Borough	332	281	609	502
Moving within the Borough	776	957	1,481	1,835
Moved out of the Borough	220	234	521	380
Net movement	112	47	88	122
Household dissolution			1,020	
Newly forming households			1,228	
Net natural change			+ 208	

Source: Sefton SHMA 2008 (combination of data sources)

17.18 The data indicates that 1,724 households are expected to move into the north and central part of the Borough per annum in the future with an estimated 1,335 households moving out. This suggests that the north and central part of the Borough can expect an increase of 369 households per annum due to migration.

17.19 The data indicates that there will be a net inflow of all of the household types. Households with children record the largest net inflow. The analysis also indicates that the proportion of moves that are internal is greatest amongst households with children and lowest amongst multi-adult households with no children. This implies that multi-adult households with no children are most likely to move further.

- 17.20 The table shows that there are an estimated 1,228 households likely to form per annum from households currently living in the north and central part of Sefton. This figure is offset by an estimated 1,020 household dissolutions. Hence the net change in households in north and central Sefton due to ‘natural change’ is estimated to be 208 extra households per annum.
- 17.21 Overall therefore the data suggests that from both sources there will be a **net change in households in the north and central part of the Borough of 577 per annum** (369 + 208).
- 17.22 The diagram below shows the estimated movement of households into, out of and within the south of the Borough. The data is summarised in the following table.



Source: Sefton SHMA household survey January 2008

Table 17.3 Current annual flows of moves – south Sefton				
	Older person	Single (non-older)	Multi-adult (no children)	Households with children
Moved into the Borough	33	229	32	314
Moving within the Borough	320	635	474	775
Moved out of the Borough	67	150	225	412
Net movement	-34	79	-193	-97
Household dissolution			338	
Newly forming households			917	
Net natural change			+ 579	

Source: Sefton SHMA 2008 (combination of data sources)

- 17.23 The data indicates that 609 households are expected to move into the south of the Borough per annum in the future with an estimated 855 households moving out. This suggests that the south of the Borough can expect a decrease of 246 households per annum due to migration.
- 17.24 The data indicates that there will be a net outflow of all household types except single (non-older) households. Multi-adult households without children record the largest net outflow. The analysis also indicates that the proportion of all moves that are internal is greatest amongst older person households and lowest amongst households with children. This implies that households with children are most likely to move further in the south of the Borough.
- 17.25 The table shows that there are an estimated 917 households likely to form per annum from households currently living in the south of Sefton. This figure is offset by an estimated 338 household dissolutions. Hence the net change in households in south Sefton due to 'natural change' is estimated to be 579 extra households per annum.
- 17.26 Overall therefore the data suggests that from both sources there will be **a net change in households in the south of the Borough of 333 per annum (-246 + 579).**
- 17.27 The analysis presented so far considers the types of household moving within the market each year; to fully understand how changes in demography drive the market it is appropriate to examine the propensity of different household groups to move. This is presented in the table below for Sefton as a whole and the two distinct parts of the Borough.
- 17.28 The table shows that across the Borough single (non-older) person households are the most likely to move home, followed by households with children. Older person households are least likely to move. There is little difference between the two parts of the Borough, although in South Sefton households with children are more likely to move than single (non-older) households.

Table 17.4 Propensity of different household groups to move

	Older person	Single (non-older)	Multi-adult (no children)	Households with children
Sefton	5.1%	15.0%	9.3%	14.3%
North and Central Sefton	5.1%	14.8%	9.9%	13.0%
South Sefton	4.9%	15.3%	7.7%	17.6%

Source: Sefton SHMA household survey January 2008

17.29 Chapter 20 discusses the demographic projections in Sefton and their potential impact on the market.

Economic drivers of the market

17.30 Some of the data presented in Chapter 6 implied that since 2002 there has been an increase in the proportion of residents in Sefton that work elsewhere, as was discussed earlier in the chapter. SHMA household survey 2008 data, presented in Chapter 12, indicated that those that work and live in Sefton have a lower financial capacity than those that live in Sefton, but work elsewhere. It is therefore appropriate to examine the nature of the flow of employed households across the market, to assess how the changes in travel to work patterns drive the market.

17.31 The table below shows the estimated movement of households into, out of and within the Borough by workplace location of the household head based on annualised SHMA household survey 2008 data over a two year period. Again data for in-migration is based on past trends whilst information about out-migration is based on households' future expectations.

Table 17.5 Current annual flows of moves by workplace location of household head – overall situation

	Employed within Sefton	Employed elsewhere	Not in employment
Moved into the Borough	394	802	1,137
Moving within the Borough	1,961	1,775	3,516
Moved out of the Borough	532	643	1,034
Net movement	-139	159	103

Source: Sefton SHMA household survey January 2008

17.32 The data shows that there will be a net outflow of households headed by someone employed within the Borough, a net inflow of households headed by someone employed elsewhere and a net inflow of households headed by someone not in employment. The table indicates that households headed by someone not in employment form the largest group for all three flows.

- 17.33 The data suggests that the role of Sefton as a place to live from which to commute to work elsewhere is set to increase. The data also implies that the distances travelled to work by people in the wider Manchester-Liverpool area are increasing.
- 17.34 The trend of households employed in Sefton leaving the Borough will be a concern for the Council if the decision is made not through choice. This will be analysed in the next chapter.
- 17.35 Again this analysis can be repeated for the two parts of the Borough. The table below shows the estimated movement of households into, out of and within north and central Sefton by workplace location of the household head based on annualised SHMA household survey 2008 data over a two year period. The data shows the same trend as recorded for the Borough as a whole, with a net outflow of households headed by someone employed within the Borough, a net inflow of households headed by someone employed elsewhere and a net inflow of households headed by someone not in employment.

Table 17.6 Current annual flows of moves by workplace location of household head – north and central Sefton			
	Employed within Sefton	Employed elsewhere	Not in employment
Moved into the Borough	330	569	825
Moving within the Borough	1,483	1,318	2,248
Moved out of the Borough	413	379	563
Net movement	-83	190	263

Source: Sefton SHMA household survey January 2008

- 17.36 The table below shows the estimated movement of households into, out of and within south Sefton by workplace location of the household head, based on annualised SHMA household survey 2008 data over a two year period. The data shows a net outflow of households headed by someone employed within the Borough, a net inflow of households headed by someone employed elsewhere and a net outflow of households headed by someone not in employment.

Table 17.7 Current annual flows of moves by workplace location of household head – south Sefton			
	Employed within Sefton	Employed elsewhere	Not in employment
Moved into the Borough	33	229	32
Moving within the Borough	320	635	474
Moved out of the Borough	67	150	225
Net movement	-34	79	-193

Source: Sefton SHMA household survey January 2008

- 17.37 As households that live in Sefton and work elsewhere have a higher financial capacity than other groups, an increase of these households in the south part of the Borough may have a positive impact on attempts to regenerate the area.
- 17.38 Chapter 21 discusses the economic projections in Sefton and their potential impact on the market.

Function of the tenures

- 17.39 The Sefton SHMA household survey January 2008 contains a range of data examining the nature of moves recorded by households in Sefton that moved to their current home over the last two years. The table below shows the tenure mobility of these households.

Table 17.8 Previous tenure by current tenure (households moving in past two years)					
Tenure	Previous tenure				Total
	Newly formed household	Owner-occupied	Social rented	Private rented	
Owner-occupied (no mortgage)	0	1,670	0	78	1,748
Owner-occupied (with mortgage)	1,302	3,785	61	628	5,776
RSL	827	277	1,646	935	3,685
Private rented	1,865	344	551	2,361	5,121
Total	3,994	6,076	2,258	4,002	16,330

Source: Sefton SHMA household survey January 2008

- 17.40 Overall, movement within sectors was more common than movement between them, however the table does indicate that there was a good degree of tenure mobility. Around 40% of all moves involved the private rented sector – households moving into it, out of it or within it – showing how important the sector is in providing mobility in the housing market. By comparison it is estimated that around 10% of all households in Sefton currently live in the private rented sector.
- 17.41 The private rented sector shows the highest turnover of any tenure and it can be considered the ‘motor of the market’ as it helps facilitate the flow of households through the housing market. The private rented sector is the tenure from which households are most commonly able to access both owner-occupation and social rented accommodation. Some 17.6% of households in Sefton that moved from a private rented home moved to an owner-occupied dwelling, whilst 23.4% moved to a social rented home.
- 17.42 Newly forming households moved to a range of tenures, some 47% moved into private rented accommodation, whilst 33% moved into owner-occupation and a fifth moved into a socially rented dwelling.

17.43 The survey indicates that almost a quarter of households (24.4%) previously resident in the social rented sector moved to a private rented home. This figure compares with exit surveys collected by One Vision Housing, which reveal that up to 40% of their leaving tenants are moving into private rented accommodation.

17.44 This analysis is repeated for the two parts of Sefton in the tables below. The tables indicate that there is greater movement between tenures in the south part of the Borough, which reflects the smaller gaps between the cost of the different types of housing shown in Chapter 11.

Table 17.9 Previous tenure by current tenure (households moving in past two years) – north and central Sefton

Tenure	Previous tenure				Total
	Newly formed household	Owner-occupied	Social rented	Private rented	
Owner-occupied (no mortgage)	0	1,559	0	0	1,559
Owner-occupied (with mortgage)	882	3,341	0	542	4,765
RSL	247	50	528	627	1,452
Private rented	1,431	278	310	1,904	3,922
Total	2,560	5,227	838	3,073	11,698

Source: Sefton SHMA household survey January 2008

Table 17.10 Previous tenure by current tenure (households moving in past two years) – south Sefton

Tenure	Previous tenure				Total
	Newly formed household	Owner-occupied	Social rented	Private rented	
Owner-occupied (no mortgage)	0	112	0	78	189
Owner-occupied (with mortgage)	421	443	61	87	1,012
RSL	580	228	1,118	307	2,234
Private rented	435	66	241	457	1,199
Total	1,436	849	1,421	928	4,632

Source: Sefton SHMA household survey January 2008

17.45 Analysis of the SHMA household survey 2008 provides further detail on the nature of households resident in each of the tenures in Sefton.

17.46 The data reveals that within the owner-occupied sector in Sefton:

- The average age of household heads is 56 (56 within the north and central part of the Borough and 55 in the south)
- 71% of households contain two or more adults (72% in the north and central part of Sefton and 68% in the south)
- 56% of households are headed by someone in employment (55% in the north and central part of Sefton and 60% in the south)
- 2.1% of households are in receipt of Income Support (1.6% in the north and central part of Sefton and 3.6% in the south). (Income Support is the equivalent of Housing Benefit for owner-occupiers. It helps owners that require it meet their mortgage payments).

17.47 The household survey reveals that within the social rented sector in Sefton:

- The average age of household heads is 55 (61 within the north and central part of Sefton and 52 in the south)
- 39% of households contain two or more adults (32% in the north and central part of Sefton and 42% in the south)
- 22% of households are headed by someone in employment (19% in the north and central part of Sefton and 23% in the south)
- 75.7% of households are in receipt of Housing Benefit (74.9% in the north and central part of Sefton and 76.0% in the south)

17.48 The data shows that within the private rented sector in Sefton:

- The average age of household heads is 49 (48 within the north and central part of Sefton of the Borough and 50 in the south)
- 40% of households contain two or more adults (42% in the north and central part of Sefton and 32% in the south)
- 49% of households are headed by someone in employment (50% in the north and central part of Sefton and 46% in the south)
- 52.7% of households are in receipt of Housing Benefit (50.8% in the north and central part of Sefton and 58.3% in the south)

17.49 The fact that 52.7% of households in the private rented sector are in receipt of Housing Benefit emphasises that in Sefton this tenure is half genuine market accommodation and half substitute affordable accommodation.

Responsiveness of the market to demand

17.50 This section will investigate evidence for the responsiveness of housing supply in meeting demand across the market, using information from the SHMA household survey 2008.

17.51 Firstly, data collected within the household survey on the aspirations and expectations of households that need and/or are likely to move over the next two years is considered. The table below compares the tenure existing households moving in the next two years would both like and expect. It would be anticipated that as existing households are already part of the housing market, their aspirations are likely to be fairly realistic.

17.52 The results suggest that whilst 59.9% of all households would like to move to owner-occupation, only 51.4% expect to secure this type of accommodation. More households expect to rent privately than would like to. The discrepancy between aspirations and expectations for social rented accommodation is smaller.

Table 17.11 Existing households tenure aspirations and expectations

Tenure	Like		Expect	
	Households	%	Households	%
Owner-occupied	10,762	59.9%	9,228	51.4%
Social rented	5,606	31.2%	6,165	34.3%
Intermediate housing	178	1.0%	263	1.5%
Private rented	1,419	7.9%	2,310	12.9%
Total	17,966	100.0%	17,966	100.0%

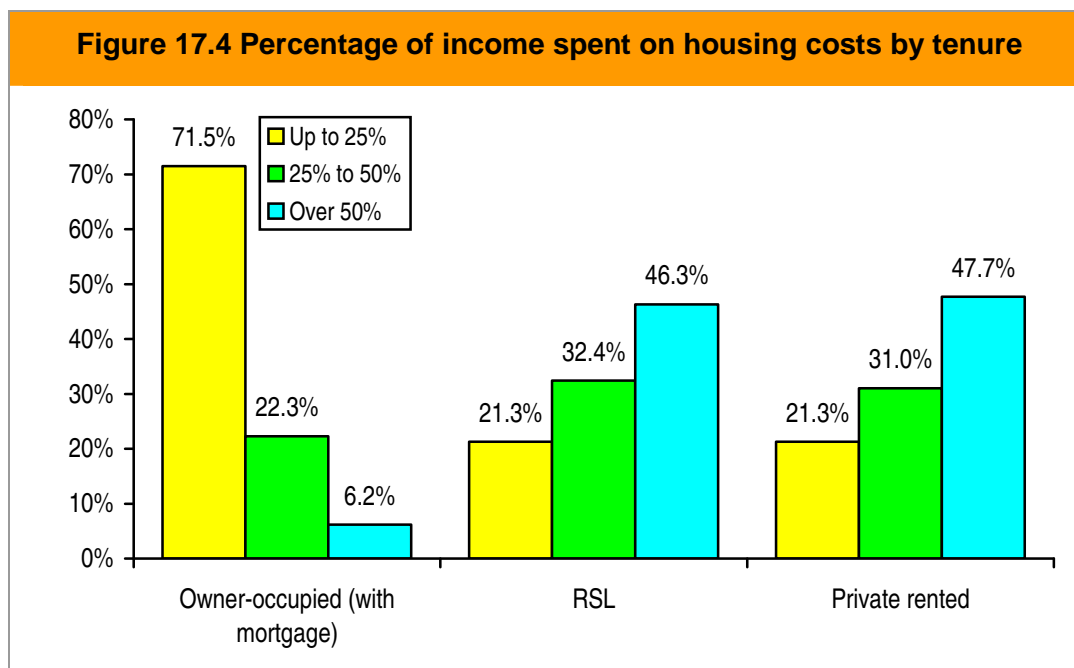
Source: Sefton SHMA household survey January 2008

17.53 This data suggests that the market is fairly responsive, with the number of existing households expecting to not be able to achieve their aspiration being fairly small, although there is evidence that the supply of owner-occupied housing is less than the demand for it.

17.54 The elasticity of the market can also be determined by studying the amount of income that households are spending on their housing costs (whether rent or mortgage). A large proportion of households spending more than the Practice Guidance recommended 25% (see Chapter 24) of their gross income on housing costs indicates a pressure on the market.

17.55 The figure below shows the number of households in each tenure group by the proportion of their gross income (before tax and national insurance are deducted) spent on housing. The figure shows that there are a significant number of households spending over 25% and in many cases in excess of 50%.

17.56 Nearly half (47.7%) of households in the private rented sector are spending more than 50% of their income on housing. Households spending more than 50% of their income on housing are more likely to be found in the social and private rented sectors.



Source: Sefton SHMA household survey January 2008

17.57 It is interesting to note that of those in the private rented sector spending over 50% of their income on housing, around three quarters (73.0%) are in receipt of Housing Benefit (see glossary). This suggests that in Sefton the private rented sector is in many circumstances housing households that would most appropriately be housed in social rented accommodation. Although this is the case in many districts across the country (as is described in Chapter 5), the large number of households in this situation is clear evidence that the market is failing to meet demand and that the social rented sector in Sefton is unresponsive.

Summary

- i) The primary driver for household growth in the Borough is natural change (household creation in excess of household dissolution), rather than migration.
- ii) Migration however has a large impact on changing the household composition in Sefton - data suggests that there will be a net inflow of all of the household types except multi-adult households (without children). Single (non-older) households record the largest net inflow.
- iii) North and central Sefton show a net inflow of all household types, with households with children contributing the largest net inflow.
- iv) South Sefton records a net outflow of all of the household types except single (non-older) households.
- v) Overall single (non-older) person households are the most mobile, with older person households the least mobile.
- vi) Analysis by the workplace location of the household shows a net outflow of households headed by someone employed within the Borough, a net inflow of households headed by someone employed elsewhere and a net inflow of households headed by someone not in employment.
- vii) The private rented sector is important for facilitating the flow of households through the housing market – 40% of all moves in Sefton in the last two years involved this tenure, although it comprises 10% of the inhabited dwelling stock.
- viii) There is evidence that the social rented sector in Sefton is not responsive to the demand for this tenure.

18. Issues for future policy

Introduction

18.1 The previous chapter illustrated how the market in Sefton operated and identified the key drivers of market change. This chapter will draw out the key trends in the housing market that correspond with current housing strategy in the Borough and use information from the SHMA household survey 2008 to assess the progress towards strategy goals.

Regeneration of the south of the Borough

18.2 Evidence in the previous chapter showed that the south of the Borough is a low demand area – the net migration into the south of the Borough each year is negative. The summary of the Housing Strategy presented in Chapter 2, showed that the regeneration of the south of the Borough centred around the HMRI area in Bootle and Netherton was one of the aims of the Council.

18.3 One of the indicators of success in regenerating the deprived part of Sefton within Bootle and Netherton would be an improved impression of the area, particularly amongst those living outside this part of the Borough. Attracting more affluent households to the area from other parts of Sefton will help establish a more diverse social mix in the area, however this is dependent on it being viewed a suitable place to live amongst those not currently resident there.

18.4 This section therefore will present data from the SHMA household survey 2008 on the attitudes to the south of the Borough amongst households living outside it. In the SHMA household survey 2008, households that stated that they need and/or are likely to move in the next two years were asked where they would like to move to, with the areas of Southport, Bootle and the rest of Sefton amongst the options.

18.5 The table below shows the preferred location of existing households planning a move within the next two years not currently resident in Bootle or Netherton. The table shows that no existing households indicated a preference for moving to Bootle.

Table 18.1 Preferred location of moving - existing households currently living outside Netherton/Bootle

Sub-area where households currently live	Area where households would like to move				Total
	Southport	Bootle	Elsewhere in Sefton	Elsewhere in the UK/Abroad	
Southport	5,264	0	372	1,131	6,767
Formby	168	0	748	346	1,262
Maghull / Aintree	494	0	819	282	1,595
Crosby	275	0	2,088	472	2,836
Total	6,202	0	4,028	2,231	12,460

Source: Sefton SHMA household survey January 2008

18.6 The table below shows the preferred location of newly forming households moving in the next two years not currently resident in Bootle or Netherton. The table shows that some 4.7% of newly forming households indicated a preference for moving to Bootle. Although the figure for newly forming households is higher than the figure for existing households, newly forming households are generally less affluent.

Table 18.2 Preferred location of moving - newly forming households currently living outside Netherton/Bootle

Sub-area where households currently live	Area where households would like to move				Total
	Southport	Bootle	Elsewhere in Sefton	Elsewhere in the UK/Abroad	
Southport	820	0	43	596	1,459
Formby	40	54	365	338	797
Maghull / Aintree	63	60	472	506	1,101
Crosby	0	98	440	607	1,145
Total	923	212	1,320	2,047	4,502

Source: Sefton SHMA household survey January 2008

18.7 The SHMA household survey 2008 data shows unequivocally that there is still much work to be done to improve the impression of the south of the Borough so that it is a location of choice for those living elsewhere in Sefton.

Worsening affordability in the north of the Borough

18.8 One of the key findings from the previous chapter was that there will be a net outflow of households headed by someone employed within the Borough. Whilst this trend was recorded in both parts of the Borough, over three-quarters of households headed by someone employed in Sefton that are expected to move from the Borough are located in the north and central part of the Borough.

18.9 The Housing Strategy identified the relative cost of housing in Southport as potentially having a detrimental affect on those employed in the town. As an excerpt of the Housing Strategy quoting a report by Fordham Research on the subject states:

“Existing shortages of skilled and managerial staff [in Southport] are likely to become worse due to the large proportion who expect to leave Southport to find suitable affordable housing.....For many this means leaving Southport, despite it being a desirable location to live, to move and work in a cheaper area where they can afford to buy.” [Southport Housing and Labour Supply Study (2006), pg 4]

18.10 It is appropriate therefore to use SHMA household survey 2008 data to identify whether any of those households in the north of the Borough headed by someone employed in Sefton expect to leave the Borough because of the cost of housing in the area is prohibitively expensive. This can be done by investigating the reasons for moving responses collected within the survey.

18.11 The data estimates that 43.4% of the households employed locally that are expected to leave the Borough are moving because of the lack of availability of cheaper suitable accommodation locally. This indicates that the Council may wish to take action to ensure that there is provision of suitable affordable accommodation in the area for these households to ensure the local economy can continue unaffected.

Summary

- i) Two of the key issues that need to be addressed in Sefton are regenerating the south of the Borough around the HMRI area and ensuring that locally employed households are not forced to leave the Borough because of a shortage of affordable housing.
- ii) The survey showed that should the Council wish to attempt to change the socio-economic mix of the south of the Borough with more affluent households from elsewhere in Sefton, much work will be required to improve the image of the area. The household survey showed that no households moving in the next two years that currently live elsewhere in Sefton would like to move to Bootle.
- iii) The survey showed that 43.4% of the households resident in north Sefton that are employed locally and are expected to leave the Borough are moving because of the lack of availability of cheaper suitable accommodation locally.

SECTION F: MODELLING THE MARKET

This section investigates the housing required to meet short-term and long-term housing demand in Sefton. Information from the SHMA household survey 2008 on future accommodation required will be compared to secondary data on the likely supply of housing to identify the type of accommodation required to meet short-term market imbalances. Secondary data on long-term demographic and economic trends will be presented and the possible impact on the housing market of these changes will be discussed. Survey data on the financial situation of households and the flow of households will be used to investigate the potential impact of changes in the cost of market housing in the Borough. The section aims to answer the following questions:

- What type of new stock is required in the Borough to help address current imbalances in the market?
- How will the demographic structure of the population of Sefton change in the future?
- What will be the housing requirement of the future population of the Borough?
- How might economic factors influence demand?
- What is the potential impact of variations in affordability on the housing market?

This section contains four chapters:

19. Balancing Housing Markets

20. Demographic drivers of market change

21. Economic drivers of market change

22. Future affordability scenarios

23. Improving market balance over the longer term

19. Balancing Housing Markets

Introduction

- 19.1 Although not a formal step within the Practice Guidance, an understanding of the imbalance between the demand for housing in an area and the supply of housing likely to arise from the current stock is an essential output from a strategic housing market assessment. The 'Balancing Housing Markets' (BHM) model has been developed to undertake this analysis and inform the nature of housing required in an authority in the short-term. It identifies the type of housing required across the housing market to help adjust the current stock profile to better reflect the demand arising from households moving within Sefton in the future. The outputs produced as a result of conducting this analysis meet the requirements of PPS3.
- 19.2 A BHM model looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size. It works at the simplest level by comparing the likely demand for housing of particular types to the expected supply arising from vacancies in the existing stock so as to provide a broad indication of the shortages (and in some cases surpluses) of particular types of dwelling. The demand for housing is assessed from the SHMA household survey 2008, whilst the supply is based on historic trends recorded by secondary data sources.
- 19.3 The BHM approach produces estimates for all tenures (market and affordable) and sizes of dwellings required using an adapted gross flows approach (described in glossary). It is important to note that it is distinct from the Practice Guidance needs assessment model, which is described in Chapters 24 to 27 of this report.
- 19.4 The Practice Guidance needs assessment model produces an estimate of the annual need for affordable housing by following a series of detailed steps described in the Practice Guidance. The BHM model has a different purpose: to consider demand for housing across the whole housing market rather than just the affordable sector analysed by the Practice Guidance needs assessment model. Furthermore the BHM is based on the demand for housing principally assessed by the stated future expectations of households likely to be moving within the authority in the future, whilst the Practice Guidance needs assessment model assesses the ability of applicable households to afford using an objective affordability criteria set out in the Practice Guidance. Demand within this BHM model is not just the amount of housing required but the tenure and size of accommodation required by the moving households and it includes the requirement for affordable housing as part of the model.

Relationship between the BHM and the Practice Guidance needs assessment model

- 19.5 The Practice Guidance needs assessment model produces a number for the annual amount of extra affordable housing which would, after a period, mean that there is no further need for affordable housing in an area. The presence of households living in unsuitable housing, or in the private rented sector on Housing Benefit would stop. As the present rate of production of new affordable housing is smaller than the need for it in most parts of Britain, it is clear that housing need will continue to exist for many decades. Therefore it can be viewed that the Practice Guidance needs assessment model is geared to an ideal state of affairs, not the current reality.
- 19.6 One particular assumption that affects the estimates is that no more than 25% of gross income should be spent on housing. However the reality is that many households will be spending significantly over 30% of their gross income on housing (as is discussed in Chapter 17), sometimes because they are forced to, but sometimes because they prefer to achieve a particular type or location of housing and are prepared to make sacrifices to achieve it.
- 19.7 As the BHM model is based on expectations of households (in terms of their perception as to whether they are likely to be able to access market housing) and the financial reality of the market (in terms of the amount of income households may choose to pay to access market housing), only households that are likely to access affordable housing are identified as having a demand for it. The BHM model therefore records a lower and more realistic requirement for affordable housing than the Practice Guidance needs assessment model. The BHM model provides an estimate of the scale of the affordable housing demand that the Council can actually act upon and ensures that the affordable housing produced meets those most likely to present themselves to the Council as requiring affordable housing.
- 19.8 A further assumption within the Practice Guidance needs assessment model is that households should not be living in the private rented sector on Housing Benefit. The prospective supply of new affordable housing is so low relative to the need for affordable housing which means that this need will continue. The BHM model uses information on the current tenure of moving households to acknowledge that some of the requirement for affordable housing will be met in the private rented sector.
- 19.9 The Practice Guidance needs assessment model is an important component of the evidence base provided within a SHMA, however in order to provide realistic outputs for the suitable requirement for affordable housing, it is necessary to use a different and more pragmatic approach to analysing the housing market – the BHM. In addition the BHM model can inform the two PPS3 requirements that relate specifically to market housing.

PPS3 requirements

19.10 PPS3 sets out specific requirements of Strategic Housing Market Assessments (SHMAs). For the reader's convenience the key requirements are repeated here:

- *'The likely overall proportions of households that require market or affordable housing, for example, x% market housing and y% affordable housing.*
- *The likely profile of household types requiring market housing e.g. multi-person, including families and children (x %), single persons (y %), couples (z %).*
- *The size and type of affordable housing required' [PPS3 para 22]*

19.11 However, no approach is presented in the Strategic Housing Market Assessment Practice Guidance that enables these outputs to be produced. Therefore the BHM model has also been designed to produce these outputs. The BHM model presents information on the imbalances between the main housing sectors (market, intermediate and social rented housing) by property size. The following box summarises in detail the way in which the BHM works:

Figure 19.1 Summary of the BHM process

The basic principle behind the BHM model is matching future demand for housing against the likely supply of housing in the Borough. Housing demand and housing supply are calculated separately.

Demand is calculated using information from the SHMA household survey January 2008 and is comprised of three separate components – newly forming households, in-migrant households and households moving within the Borough:

Demand from in-migrant households: Derived by analysing the size and tenure of accommodation secured by households that moved into the Borough in the last two years.

Demand from newly forming households: Derived by assessing the ability of newly forming households to afford the size and tenure of housing that they expect, based not only on the standard affordability test but also the housing cost to income ratios used by similar households that have recently formed into the same tenure. The affordability assessment is therefore not based on the single test used in the Practice Guidance needs assessment model, but reflects the prevailing practices in Sefton.

Demand from existing households: The same method as for newly-forming households (above) is adopted. The demand profile also acknowledges that some households that would like to access affordable accommodation will be housed in the private rented sector on Housing Benefit.

The likely supply of housing is derived from secondary data and is calculated over four stages:

Stage one: The size profile of the stock recorded in each tenure is derived from the Census.

Stage two: The second stage is to obtain an estimate of the number of dwellings that are likely to become available in each tenure over a year. This is done by examining past trends:

- Figures from the Land Registry on the number of dwellings sold in the two year period April 2005-March 2007 are averaged to provide an estimate of the likely annual supply of owner-occupied properties. The annual turnover rate is then calculated by dividing the estimated future supply by the total stock.
- The number of lettings in the social rented sector (excluding households transferring within the social rented stock) recorded in the HSSA, provides an estimate of the likely supply in this tenure (again using an annual average for the two year period April 2005-March 2007). The annual turnover rate is then calculated by dividing the estimated future supply by the total stock.
- The supply of social rented dwellings from households transferring within the social rented sector in the Borough is calculated from the SHMA household survey January 2008 rather than secondary data, because secondary sources (including Council and RSL transfer waiting lists) suggest that the number of transfers that take place is limited by the lack of availability of social rented stock. Some households that would like to transfer within the tenure are unable to because the Council face pressure to house households in greater priority need (although the Council has discharged statutory re-housing responsibilities via local Registered Providers). The use of SHMA household survey January 2008 data ensures that the mismatch between size of dwelling required and size of dwelling supplied by these households is accounted for and that the net figure produced reflects the pressure on the sector from within it as well as from outside of it.
- The supply of private rented properties is calculated by obtaining the Census figure on the number of households that moved to a private rented property in the year up to April 2001, and then up-rating it to March 2007 by applying the same change in activity in the tenure as is recorded by the Survey of English Housing. The annual turnover rate is then calculated by dividing the estimated future supply by the total stock.
- The number of intermediate units in Sefton as of March 2007 is determined from Housing Corporation data on the size of the stock in 2004 (the most recent data available) alongside information about recent completions of intermediate housing since 2004 from the HSSA data. It is assumed that the relet rate for this tenure is the average of that recorded in the owner-occupied and social rented sectors (as intermediate housing is a hybrid of these two tenures). This relet rate is applied to the estimated shared ownership stock level to derive an estimated annual supply of shared ownership accommodation.

Stage three: The annual turnover rate in each tenure is adjusted to reflect the relative rate of turnover of different property sizes. For example, the turnover of one bedroom properties is greater than four bedroom properties in all tenures.

Stage four: These adjusted turnover rates are applied to the stock profile derived at stage one to produce the estimated likely future supply of housing in the Borough.

Source: Fordham Research 2007

BHM outputs

19.12 The following sections move on to look at the different stages of analysis set out above providing information on housing demand and supply by tenure and size of dwelling. All the figures are stated in annual terms, based on data over a two year period.

Demand for housing

Stage 1 – Demand from in-migrant households

19.13 The table below shows the estimated demand from in-migrant households. This is based on the profile of households who have moved into the Borough over the past two years. Figures are annualised.

19.14 The table shows that the vast majority of in-migrant households have secured some form of market housing. In total it is estimated that only around 13% of in-migrant households require an affordable housing solution.

Table 19.1 Demand I: Demand from in-migrants by tenure and size required					
Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market housing	162	500	1,001	361	2,023
Intermediate	0	0	0	0	0
Social rented	187	65	58	0	310
Total	349	565	1,059	361	2,332

Source: Sefton SHMA household survey January 2008

Stage 2 – Demand from newly forming households

19.15 The table below shows an estimate of the housing requirements of newly forming households. The table is based on the number of newly forming households who need or expect to form over the next two years within the Borough. Figures are annualised.

19.16 An estimated 74% of newly forming households are expected to secure a market solution. In terms of dwelling sizes it is notable that the bulk of both market and affordable demand is for smaller (one and two bedroom) homes.

Table 19.2 Demand II: Household formation by tenure and size required					
Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market housing	330	860	291	45	1,525
Intermediate	0	0	0	0	0
Social rented	338	282	0	0	619
Total	668	1,142	291	45	2,144

Source: Sefton SHMA household survey January 2008

Stage 3 – Demand from existing households

19.17 The table below shows estimated future demand from existing households. The figures are based on households that expect to move within the Borough in the next two years. Figures are again annualised.

19.18 Although most of this demand is for market dwellings there is a notable demand for affordable housing, much higher than for in-migrant households. In total, an estimated 24% of the demand is for affordable accommodation.

Table 19.3 Demand III: Demand from existing households by tenure and size required					
Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market housing	569	1,695	2,286	991	5,540
Intermediate	40	44	30	0	113
Social rented	60	448	786	305	1,599
Total	669	2,186	3,102	1,296	7,252

Source: Sefton SHMA household survey January 2008

Overall demand

19.19 The table below shows an overall summary of the demand situation and is calculated as the sum of the tables above. The table shows an estimated demand for 11,728 dwellings of all sizes and tenures. Around four-fifths (78%) of this demand is for market dwellings.

19.20 The market demand is greatest for three bedroom homes, followed by two bedroom dwellings; demand in the affordable sector shows a similar pattern to that recorded in the market sector.

Table 19.4 Demand IV: Total demand by tenure and size required

Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market housing	1,061	3,055	3,577	1,396	9,088
Intermediate	40	44	30	0	113
Social rented	585	794	844	305	2,528
Total	1,685	3,892	4,451	1,701	11,728

Source: Sefton SHMA household survey January 2008

19.21 One of the requirements of paragraph 22 of PPS3 is *'the likely profile of household types requiring market housing'*. The BHM model has identified the overall demand for market housing. It is possible to present further detail on the types of households that require market accommodation in the future in Sefton. This is presented in the table below.

Table 19.5 Demand for market housing by household type

Household type	Annual demand for market housing
Single pensioners	452
2 or more pensioners	554
Single non-pensioners	2,100
2 or more adults - no children	3,137
Lone parent	602
2+ adults 1 child	968
2+ adults 2+ children	1,275
Total	9,088

Source: Sefton SHMA household survey January 2008

19.22 The table shows that the majority of market demand comes from non-pensioner households without children. Households with children comprise a third of demand whereas there is demand for market housing from around 1,000 pensioner households per year. The table also indicates that the number of one person households requiring market accommodation (2,552) far exceeds the demand for one bedroom market accommodation (from 1,061 households as shown in Table 19.4), highlighting the importance of considering a household's desire for a degree of under-occupation when planning future market housing in the Borough.

Overall supply

19.23 The table below is the overall estimated annual supply for each tenure and size group as derived from secondary data sources. The table shows that there is expected to be an annual supply of 10,819 dwellings from the current stock of housing in the Borough. The supply is expected to be around 79% market housing with 21% in the affordable sector.

19.24 In terms of the sizes of accommodation likely to become available it is notable that in the market sector around 66% of dwellings released are expected to be two and three bedroom homes whilst one and two bedroom homes are the main supply in the affordable sector (71% of affordable supply).

Table 19.6 Total supply					
Tenure	Size released				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market housing	1,603	2,772	2,877	1,335	8,587
Intermediate	14	11	9	0	34
Social rented	692	862	518	125	2,197
Total	2,309	3,645	3,404	1,460	10,819

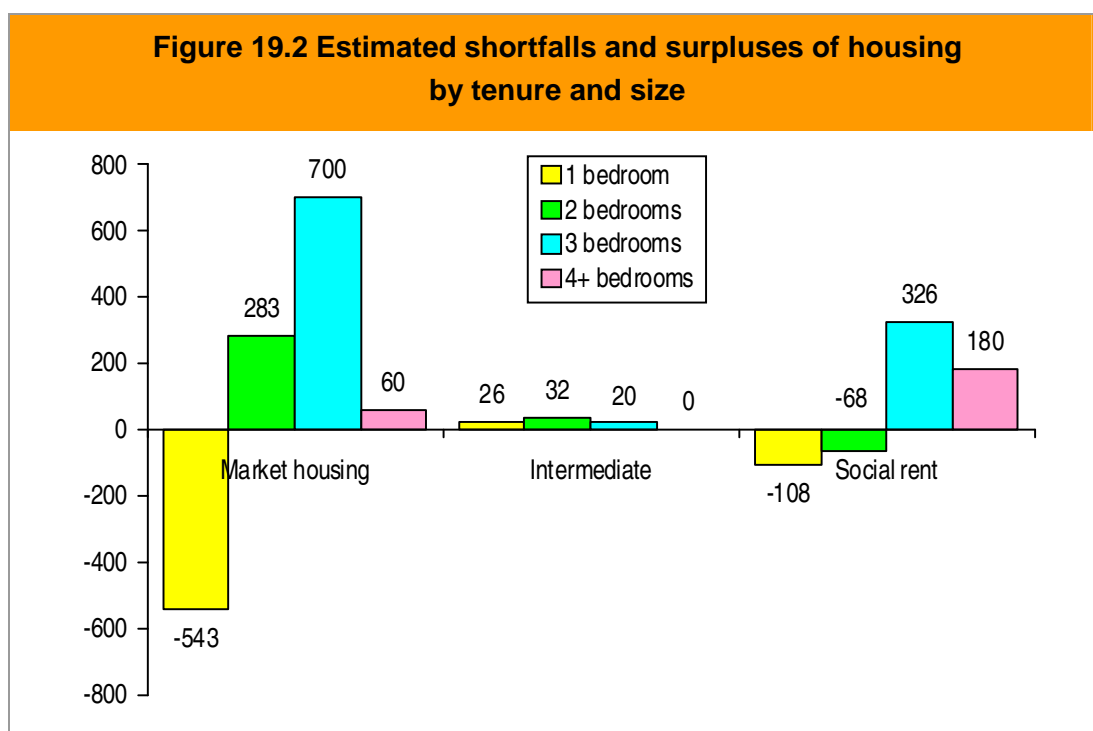
Source: Sefton SHMA 2008 (combination of data sources)

Net housing demand

19.25 The table below shows the overall net demand situation in Sefton. This is calculated by deducting the total supply from the overall demand. The table shows that overall there is expected to be a greater demand for housing than there is the supply to meet it. Overall, across all tenures there is an apparent shortfall of 909 dwellings per annum. Of this shortfall around 45% is for affordable housing.

Table 19.7 Balancing Housing Markets results for Sefton (per annum)					
Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market housing	-543	283	700	60	500
Intermediate	26	32	20	0	79
Social rented	-108	-68	326	180	330
Total	-624	247	1,046	240	909

Source: Sefton SHMA 2008 (combination of data sources)



19.26 The above table and figure looked at demand shortfall and surpluses by tenure and it is worthwhile to briefly describe the findings in each of these groups.

Market housing

19.27 In the market sector there is an apparent shortfall of 500 units per annum (55% of the overall shortfall). The majority of this shortfall is for three bedroom homes although a shortage is also shown for other sizes, except one bedroom accommodation of which there is estimated to be a large surplus.

Intermediate housing

19.28 The requirement for intermediate housing makes up around 9% of the net shortfall of housing in the Borough and there are shortages shown for all dwelling sizes except four bedroom homes.

Social rented housing

19.29 The shortage of social rented housing makes up around 36% of the total shortfall of housing in the Borough. The net demand for social rented housing is for three and four bedroom units and there is a surplus of one and two bedroom properties in this sector.

Net housing demand in different parts of Sefton

- 19.30 The total sample achieved in the survey is insufficient for a BHM analysis to be conducted for all six sub-areas in Sefton, however it is possible to provide information on the geographical differences in housing demand across the Borough by aggregating the sub-areas into two larger areas. The most appropriate division of the Borough in terms of socio-economic characteristics of the resident households is between the north and central part of Sefton and south Sefton. The north and central part of Sefton contains the sub-areas of Southport, Formby, Maghull/Aintree and Crosby, whilst the south part of Sefton contains the sub-areas of Bootle and Netherton. The following discussion therefore presents the results of a BHM analysis in the two parts of Sefton.
- 19.31 The table below shows the overall net demand situation in north and central Sefton. Overall 36.3% of the demand is for market housing, 8.3% of the demand is for intermediate housing and 55.4% of the demand is for social rented accommodation.
- 19.32 The majority of the demand for market housing is for three bedroom properties, with a notable demand for four bedroom homes also displayed. A surplus is recorded within the market sector for one bedroom homes. The largest shortfall within the affordable sector is for three bedroom dwellings followed by two bedroom properties, with a surplus of one bedroom properties again shown.

Table 19.8 Balancing Housing Markets results for north and central Sefton (Southport, Formby, Maghull/Aintree and Crosby) per annum

Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market housing	-555	43	606	120	209
Intermediate	0	33	21	0	48
Social rented	-112	138	275	18	320
Total	-667	214	903	138	577

Source: Sefton SHMA 2008 (combination of data sources)

- 19.33 The table below shows the overall net demand situation in south Sefton. Overall 87.5% of the demand is for market housing, 9.2% of the demand is for intermediate housing and 3.3% of the demand is for social rented accommodation.
- 19.34 The majority of the demand for market housing is for two bedroom properties, with a notable demand for three bedroom homes also displayed. A surplus is recorded within the market sector for four bedroom homes. The largest shortfall within the affordable sector is for four bedroom dwellings followed by three bedroom properties, with a surplus of two bedroom properties shown.

Table 19.9 Balancing Housing Markets results for south Sefton (Bootle and Netherton) per annum

Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Market housing	14	241	96	-59	292
Intermediate	26	-1	-1	0	31
Social rented	4	-206	52	162	11
Total	45	34	147	102	333

Source: Sefton SHMA 2008 (combination of data sources)

Summary

- i) A 'Balancing Housing Markets' (BHM) model looks at the whole local housing market, considering the extent to which supply and demand are 'balanced' across tenure and property size.
- ii) It has a different purpose to the Practice Guidance needs assessment model and assesses the household moves that are likely to take place considering the prevailing income to housing cost ratios to produce a pragmatic estimate of the demand for new housing of various tenures.
- iii) The BHM model compares the likely future demand for housing in Sefton recorded within the SHMA household survey January 2008, against the likely supply of housing derived from secondary data sources.
- iv) The analysis reveals that overall in Sefton there is a shortage of around 909 units per annum (excess of demand over supply). Just under half of this shortfall is shown to be for affordable housing, with around a fifth of the affordable requirement being for some form of intermediate housing.
- v) When looking more closely at property sizes it was found that in the market sector the main shortages are for three bedroom homes, with a shortfall also found for two and four bedroom dwellings and a surplus recorded for one bedroom dwellings.
- vi) In the intermediate sector there is a demand for all accommodation sizes except four bedroom homes. In the social rented sector the main requirement is for three and four bedroom accommodation, with a surplus of one and two bedroom properties recorded. The surplus of one bedroom accommodation reflects their inability to meet most housing needs, unpopularity and inflexibility.

20. Demographic drivers of market change

Introduction

- 20.1 The Office of National Statistics (ONS) publishes annual projections of future demographic change for every authority in England with data broken down by age and gender. The latest projections are 2004 based and run to 2029. CLG publish estimates of the projected change in the number of households for each authority partly informed by the ONS population projection data.
- 20.2 This chapter will present a summary of the changes recorded by these two sets of projections in the period 2006 to 2026². The two sets of projections will then be combined to derive the implied future change to household size.
- 20.3 Information from the Census on the relationship between the age of household head and household composition presented in Chapter 4 will be applied to the projection data and used to estimate possible changes in the household composition of Sefton in the future. Further information from the Census will be used to suggest what the implications of this changing population will be on the housing market.

Population – projected change

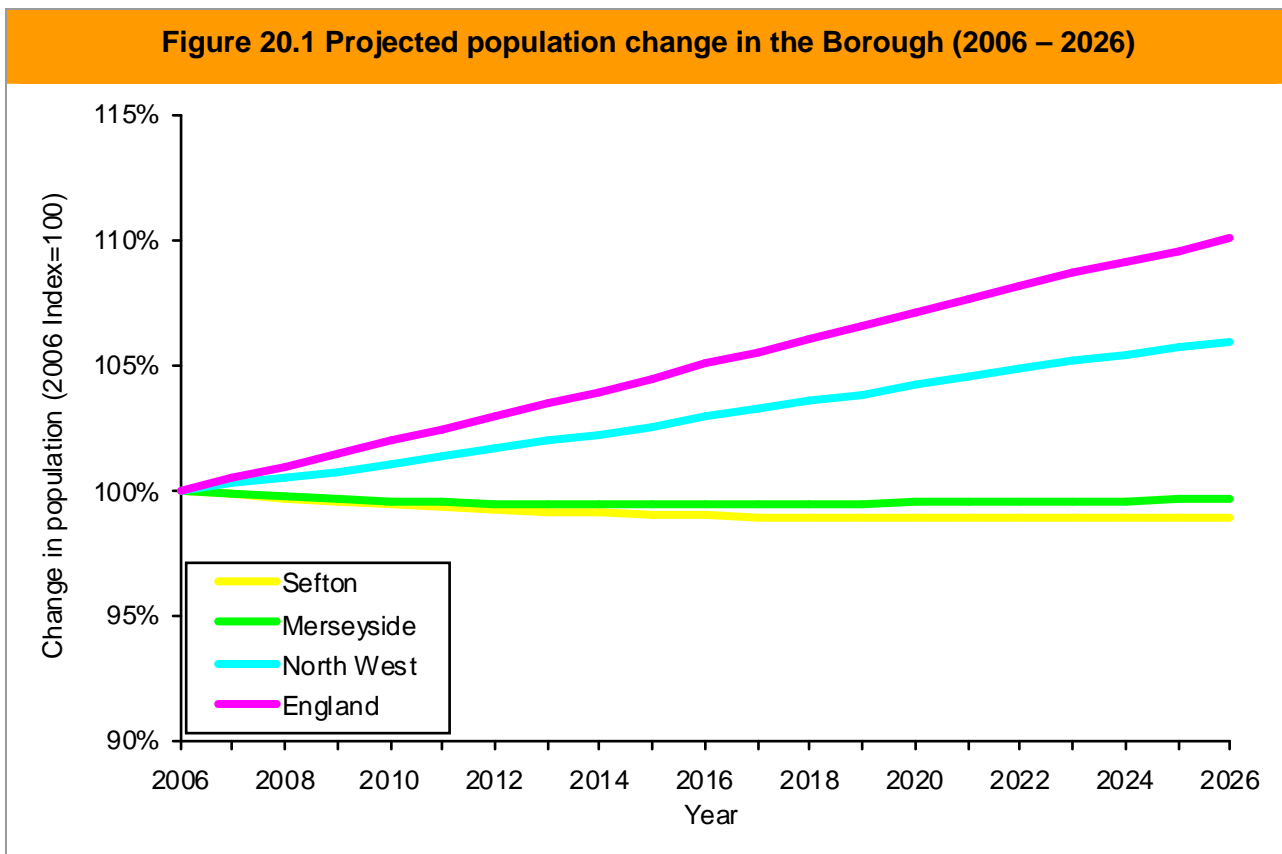
- 20.4 Official 2004-based projections showed a total population of 279,900 in the Borough in 2006. This is projected to fall to 277,000 by 2026, a loss of 2,900 people or 1.0%. This percentage fall is larger than that expected in Merseyside, and goes against a trend of increasing population nationally and regionally.

Table 20.1 Projected population change in the Borough (2006 – 2026)

Area	Population (2006)	Population (2026)	Absolute change	% change
Sefton	279,900	277,000	-2,900	-1.0%
Merseyside	1,356,800	1,352,300	-4,500	-0.3%
North West	6,863,000	7,276,200	+413,200	+6.0%
England	50,714,200	55,823,400	+5,109,200	+10.1%

Source: ONS revised 2004-based sub-national population projections

² Full projection information is however available from ONS at <http://www.statistics.gov.uk/statbase/Product.asp?vlnk=997>



Population – changing age profile

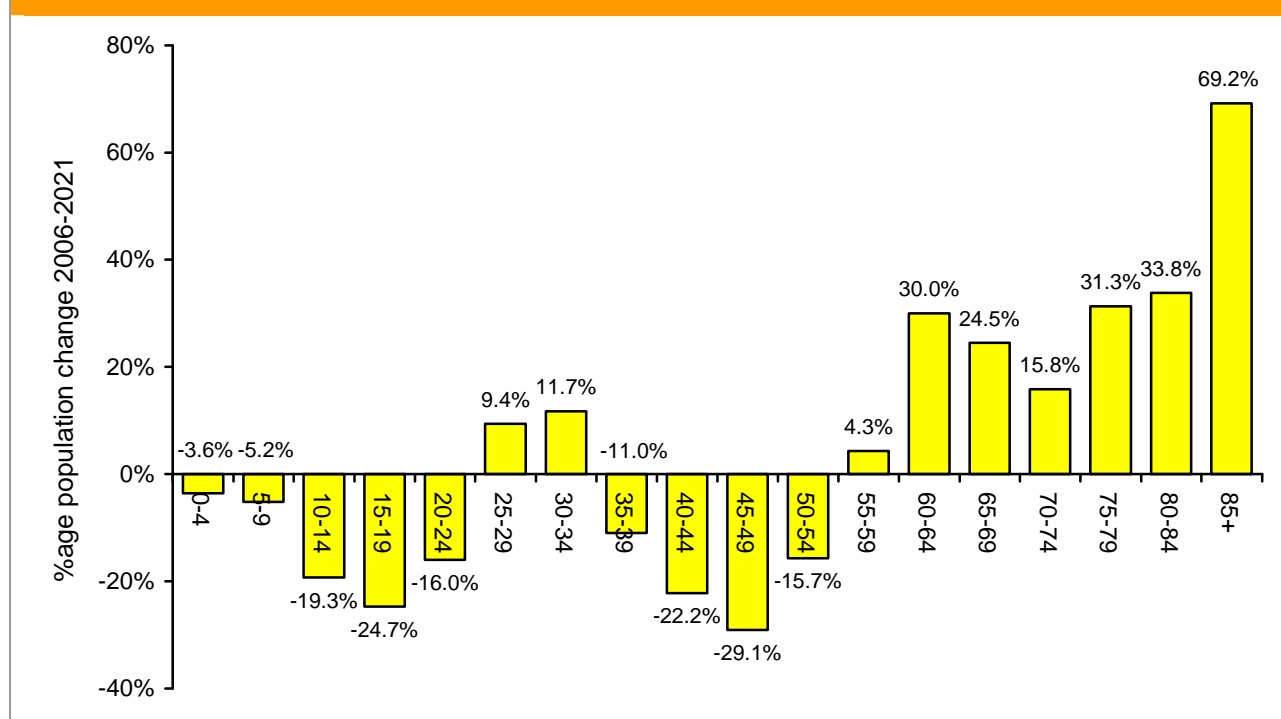
20.5 The population projections are broken down into five-year age cohorts so it is possible to examine how the age structure of the population in Sefton is expected to change in the future. The figure below shows the percentage change in the population within each age cohort (five-year age bands) from 2006 to 2026. The table below records the change in age profile using broader age bands compared across different areas.

20.6 The results are striking, although consistent with forecast national trends. The data shows that over the next twenty years in Sefton there is expected to be a dramatic increase in the population of those aged over 60, but decreases in the population of most other demographic groups.

Table 20.2 Percentage change by age band in Sefton (2006 – 2026)

Age band	Area			
	Sefton	Merseyside	North West	England
0-14	-10.2%	-6.9%	-2.7%	2.0%
15-29	-12.8%	-12.1%	-5.6%	-1.2%
30-44	-9.7%	-4.2%	-0.7%	0.8%
45-59	-14.0%	-11.1%	-0.9%	6.0%
60-74	+23.8%	+24.6%	+29.0%	+33.0%
75+	+41.5%	+36.9%	+50.9%	+53.6%
Total	-1.0%	-0.3%	+6.0%	+10.1%

Source: ONS revised 2004-based sub-national population projections

Figure 20.2 Forecast population change by age group in the Borough, 2006 - 2026

Source: ONS revised 2004-based sub-national population projections

- 20.7 The population projection data indicates that the largest reductions will be in the 40-54 and 10-24 age ranges, indicating a particular reduction in the number of families living in the Borough. These households are more likely to be economically active and in addition may be the more affluent section of the population.
- 20.8 Overall, from 2006 to 2026 population projection data suggests that the number of people aged 60 or over will increase from 71,000 to 92,500 across the Borough (up 30.3%). This may have a significant impact on local housing requirements as these households may be more likely to require some form of specialised accommodation, particularly the 85+ age group which shows an increase of 69.2%.

20.9 Information on the proportion of people in each five-year age cohort over the age of 50 that were resident in a medical or care establishment at the time of the Census can be transposed to the ONS age based population projections to provide an estimate of the likely scale of demand for medical or care establishments there will be in Sefton in the future. This is presented in the table below.

Table 20.3 People over 50 in medical or care establishment, based on population age projections

	2001	2006	2011	2016	2021	2026
Number of people	3,632	3,749	4,022	4,445	4,894	5,441
% of population	1.3%	1.3%	1.4%	1.6%	1.8%	2.0%

Source: Sefton SHMA 2008 (combination of data sources)

20.10 The table indicates that if the rate of residence in specialised accommodation amongst the relevant demographic group remains the same as was recorded in 2001, then the number of people living in a medical or care establishment would increase to 5,441 by 2026. This would represent some 2.0% of all people in Sefton and an increase in the number of people in this accommodation of 49.8%.

20.11 During the stakeholder consultation an issue was raised about the condition of the properties that some older people in the Borough were living in. It was felt that some properties contained hazards that were a potential risk to the occupiers, increasing the risk of a fall. This in turn increased the risk that the occupier may need to move to a care home.

Households – projected change

20.12 The overall population in the Borough is expected to decrease in the future (by around 145 persons per annum). This finding cannot however be directly translated into the change in the number of households in the area. Household sizes in England have been declining for many years and are predicted to continue to do so in the future. It is therefore important to also consider the likely change in the number of households in the area.

20.13 The most recent household projections are those published by CLG in 2008. These take a mid-2004 base and project forward to 2026. The projections are based on updated projections of household formation taking account of the 2001 Census ONS sub-national population projections and the Government Actuary's Department's national population projections (2004 based) as well as the latest estimates of the distribution of migrants across the country. The household projections are trend based and indicate what would happen if past demographic changes continue³.

³ Full details of these projections can be found at www.communities.gov.uk.

20.14 The table below shows the projected increase in households in Sefton from 2006 to 2026, compared with regional and national equivalents. The data shows that despite the population decrease, the total number of households is projected to increase by around 12,000 over the next 20 years (10.1%). This growth rate represents an average of around 600 per year. This growth rate is lower than regionally and nationally, but still clearly significant for the Borough.

Table 20.4 Household projections				
Date	Households ('000s)			
	Sefton	Merseyside	North West	England
2006	119	586	2,940	21,518
2011	122	604	3,074	22,646
2016	125	623	3,215	23,836
2021	128	639	3,345	24,973
2026	131	652	3,453	25,975
Change 2006-26	12	66	513	4,457
% change 2006-26	10.1%	11.3%	17.4%	20.7%

Source: Community and Local Government (CLG) household projections (2004 based)

Estimated change in household size

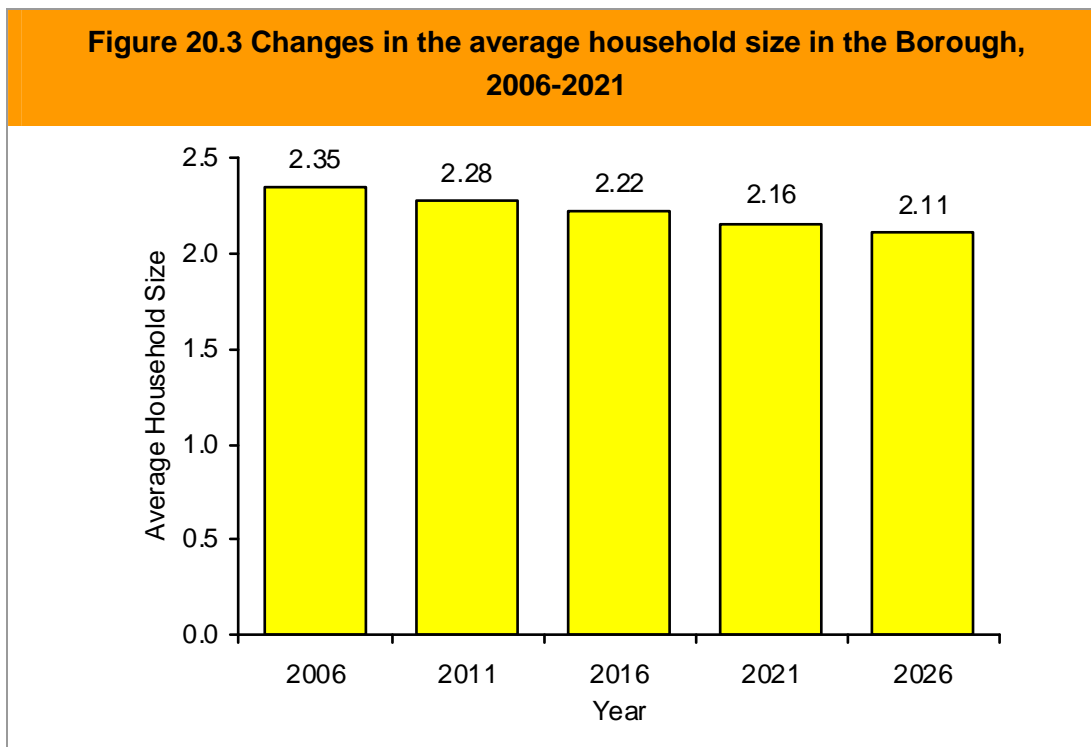
20.15 By combining the population and household projection data we are able to consider how average household sizes in the Borough are likely to change. The table below shows this calculation up to 2026. It should be noted that the figures should be treated with some degree of caution as the two datasets used have come from different sources.

Table 20.5 Change in average household size 2006 - 2026						
Area	Population (2006)	Households (2006)	Average household size (2006)	Population (2026)	Households (2026)	Average household size (2026)
Sefton	279,900	119,000	2.35	277,000	131,000	2.11
Merseyside	1,356,000	591,000	2.29	1,352,300	652,000	2.07
North West	6,863,000	2,946,000	2.33	7,276,200	3,453,000	2.11
England	50,714,200	21,519,000	2.36	55,823,400	25,975,000	2.15

Source: ONS revised 2004-based sub-national population projections & CLG 2004-based household projections

20.16 As can be seen from the data above the average household size in the Borough is expected to drop by 10%, from 2.35 persons per household to 2.11. All of the comparable areas above show a similar pattern in terms of decreasing household sizes.

20.17 The figure below shows the projected change in household size in the Borough at five year intervals.



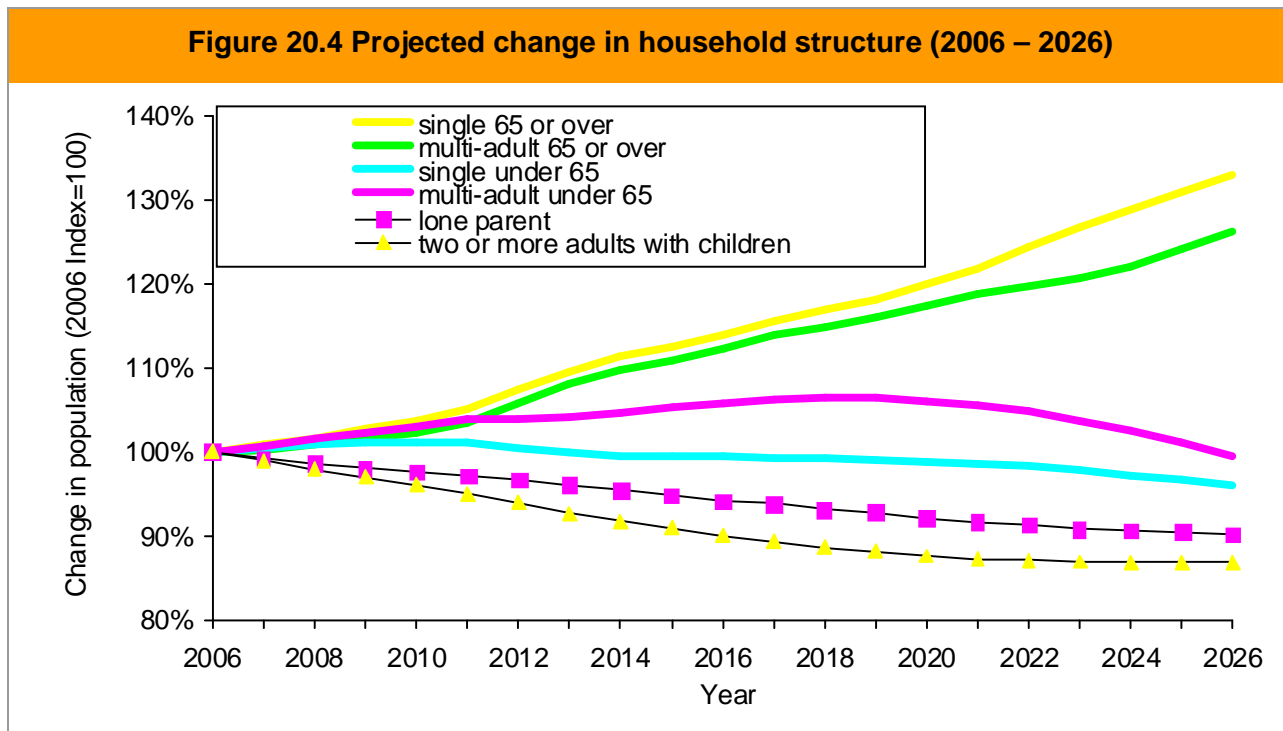
Source: ONS revised 2004-based sub-national population projections & CLG 2004-based household projections

Derived change in household composition

20.18 One of the core outputs required by the Practice Guidance is an estimate of the number of households in the future broken down by age and household type. The household projections provided by the CLG however do not distinguish between different household types at a local authority level.

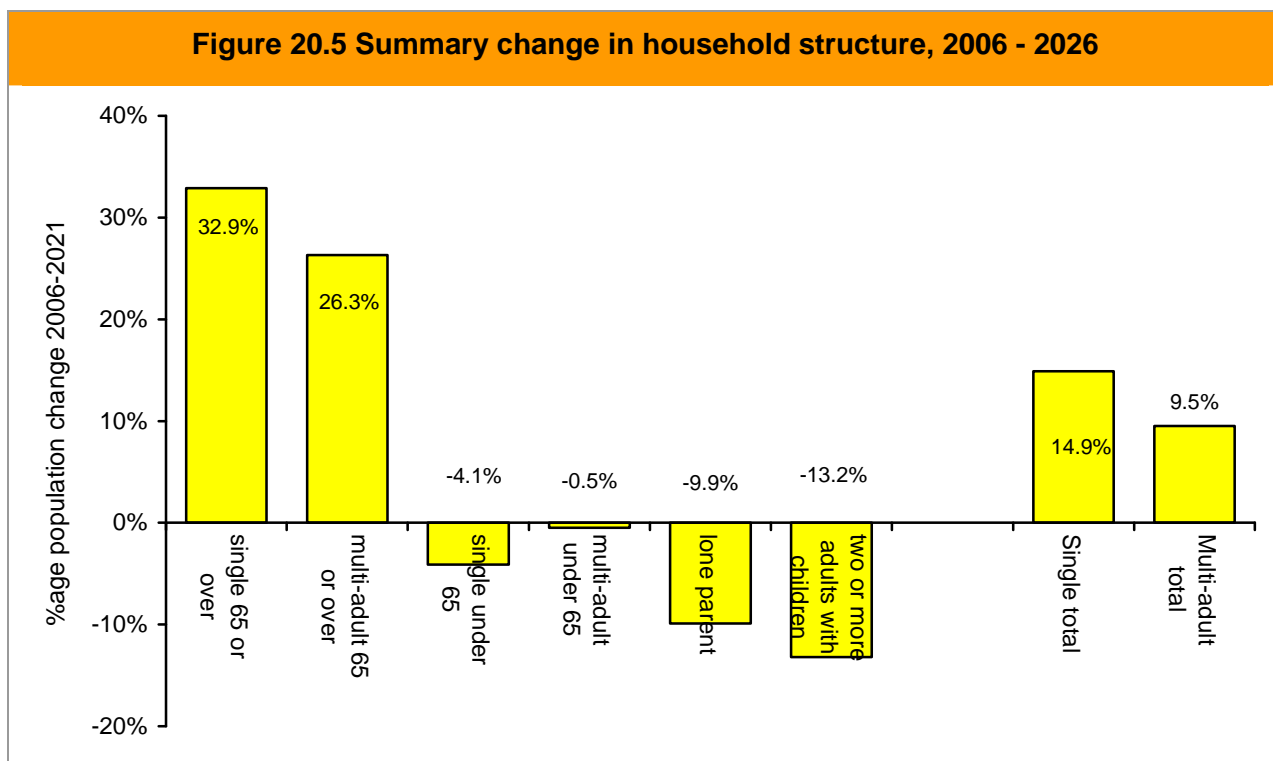
20.19 An estimate for the potential future change in the household structure in Sefton can be derived by applying the information on the household structure of household heads in each age cohort, presented in Tables 4.6 and 4.7 of this report, to the age based population projections presented above. This approach assumes that the headship rates and household structures within each age cohort remain the same. The model therefore indicates the change to the household structure resulting from the change in age profile and does not account for any changes to behaviour that may occur in the future, more couples with children splitting up to create more lone parent households for example.

20.20 The figure below shows the projected change in different household types from the 2006 base date. The data shows that the number of both single and multi-adult households aged 65 or over is projected to increase at a fairly steady rate. Lone parent households are projected to decline at a fairly consistent rate, whilst the rate of decrease in the number of multi-adult households with dependent children is anticipated to slow down around 2020. The figure indicates that multi-adult households aged under 65 without children are projected to increase until 2018 before recording a steep decline. Finally the number of single households aged under 65 is anticipated to decrease at an inconsistent rate.



Source: Sefton SHMA 2008 (combination of data sources)

20.21 The figure below shows the overall change to the number of households in each group projected to occur between 2006 and 2026. The figure shows that the largest increase is projected amongst single households aged 65 or over. The largest decrease is projected for households with two or more adults and dependent children.



Source: Sefton SHMA 2008 (combination of data sources)

- 20.22 Households containing people over 65 are the only groups that are projected to record an increase in their number over the twenty year period. Chapter 17 shows the older households are the least mobile group in the housing market, which implies that the level of housing market activity in the Borough is likely to decrease in the future.
- 20.23 Overall there is projected to be a 49% increase in the number of single person households in Sefton. This does not necessarily mean that there is an increased requirement for one bedroom accommodation. Changes in household structure (more parents no longer living together), changing working practices (more people working at home) and changes in family locations (greater distances between family members) mean that a spare bedroom is often required to accommodate visitors or to act as an office. A response received to the public consultation from One Vision Housing agreed that an increase in the number of one person households, particularly aged over 65, does not equate to an increase in the demand for smaller accommodation, but may increase the rate of under-occupation.

Summary

- i) The population of the Borough is expected to decrease over the period 2006 –2026, by 1.0%. This is based on 2004 projections, the latest available at the time of writing this report.
- ii) Meanwhile, the profile of the population is expected to change substantially, in keeping with national trends, with a large increase in the numbers of those aged 60 and over and a marked decrease in the number of families with children.
- iii) Despite the population decline, the number of households in the Borough is expected to increase by around 12,000 in the period 2006 to 2026 (around 600 per annum), due to decreasing household sizes.
- iv) Household size in the Borough is expected to drop by 13% during this period, from 2.35 to 2.11 persons per household.
- v) Analysis using Census data and age based population projections indicates that households with children are likely to decrease the most over the next 20 years, whilst single person households are projected to increase by 14.9%.

21. Economic drivers of market change

Introduction

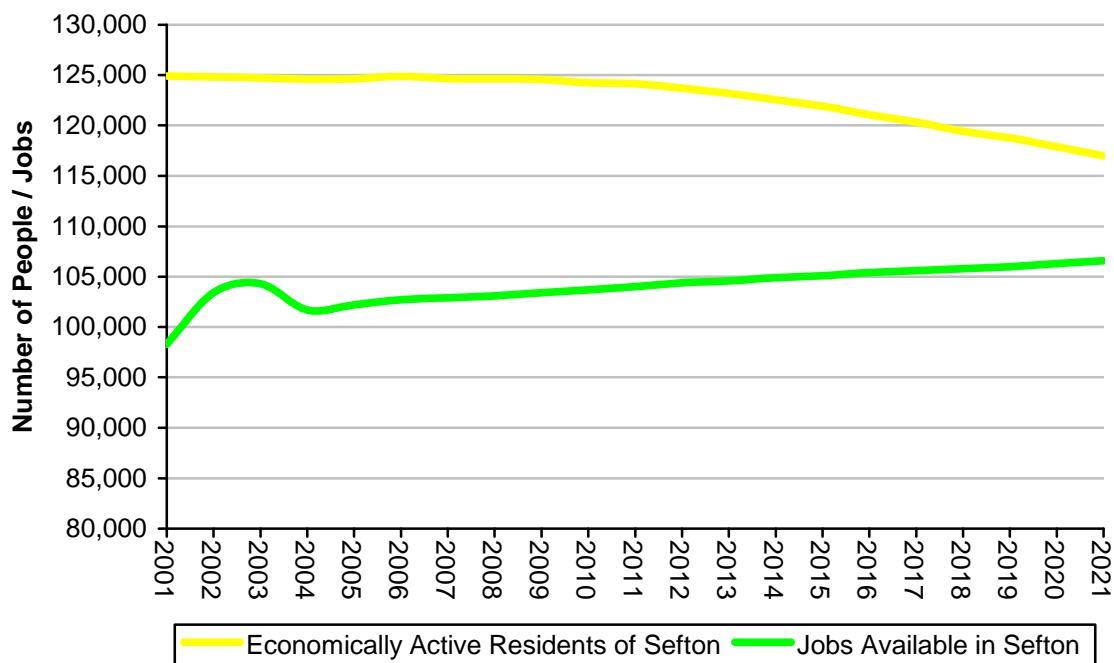
- 21.1 In 2005 Oxford Economic Forecasting (OEF) published projections on the possible change to the type of employment available in every authority in the Manchester-Liverpool sub-region. The information available about Sefton from this source will be compared to derived projections for the number of employed people resident in the Borough, to suggest possible changes to the workplace-residence balance in the area.
- 21.2 The figures from OEF include estimates of the change in the number of jobs available in each sector in the Borough. These projected changes will be described and the possible impact on the local housing market investigated.

Planning for the future economy

- 21.3 Future changes to the number of employed people living in Sefton can be modelled using secondary data. The rate of employment recorded in each five-year age cohort at the time of the Census can be applied to the ONS population projections described in the previous chapter to produce an estimate for the number of employed people likely to reside in Sefton over the next 20 years.
- 21.4 In 2005 OEF published⁴ employment projections for a range of authorities in the north west of England, including Sefton. One of the outputs was a forecast for the number of jobs that will exist in the Borough for each year up to 2021.
- 21.5 The figure below presents data from both these sources. It shows how changes in the number of jobs in the Borough relate to the number of Sefton residents in employment over the period 2001 to 2021.
- 21.6 The figure shows that whilst there is anticipated to be a decrease in economically active residents in the Borough, the number of jobs available is likely to increase.

⁴ Oxford Economic Forecasting, *Economic Analysis and Forecast Report for Manchester and Salford* (2005)

Figure 21.1 Comparison of projected economically active resident population and future employment in Sefton, 2001 – 2021



Source: OEF Economic Analysis and Forecast Report for Manchester and Salford (2005), Fordham Research Projections (2007) based upon Census (2001) & ONS Resident Population Projections (2004 base)

- 21.7 The figure shows that the number of employed people in Sefton is converging towards the number of jobs in the Borough. Whilst it can be inferred from this figure that the proportion of people living and working in Sefton is likely to increase, the change could result from an increase in people working in a different authority to which they live. Furthermore data from the SHMA household survey 2008 presented in Chapter 17 showed that more households headed by someone that works in Sefton are leaving the Borough than entering it currently.
- 21.8 Although the data is inconclusive as to whether the projected economic changes will result in more households employed locally in Sefton or more households that work outside the Borough, it is appropriate to document the accommodation preferences of these two groups as it is clear the demand from these households will continue to drive the housing market.
- 21.9 Information from the survey can be used to profile the accommodation preferences of these two groups. If it is assumed that all households that did not indicate that they need and/or are likely to move within the next two years are satisfied with their current home, then survey data on the nature of the accommodation that these households live in can be considered as indicative of the sort of housing to which these households may aspire in the future.

Difference in requirement of resident and non-resident households

- 21.10 Chapter 12 identified that households both living and working in Sefton had a lower financial capacity than households working outside the Borough. It would therefore be expected that these households would record different accommodation preferences. The results of this analysis will therefore be split depending on whether the household head is employed in Sefton or not.
- 21.11 The housing aspirations of households are likely to vary depending on the tenure the household resides in. It is therefore appropriate to initially consider the aspired tenure of households. This is presented in the table below.

Table 21.1 Aspired tenure by workplace location of household head				
Employment status of household head	Owner-occupied	Private rented	Social rented	Total households
Employed within Sefton	85.5%	9.9%	4.6%	26,685
Employed elsewhere	93.1%	3.7%	3.3%	20,434

Source: Sefton SHMA household survey January 2008

- 21.12 The table shows that whilst households headed by someone employed outside the Borough are more likely to aspire to owner-occupation than households headed by someone employed inside Sefton, the overwhelming majority of both groups aspire to this tenure. The table below therefore presents the owner-occupied accommodation aspirations by workplace location of the household head.
- 21.13 The table shows that households working elsewhere are more likely to aspire to a four or more bedroom dwelling and aspire to a greater level of under-occupation on average than households working locally.
- 21.14 Households that work elsewhere are more likely to aspire to a detached property and to live in the Maghull/Aintree and Crosby sub-areas. Households that work within the Borough are more likely to aspire to reside in the Southport sub-area.

Table 21.2 Characteristics of aspired owner-occupied homes		
Nature of home reside in	Work in the Borough	Work elsewhere
<i>Accommodation size</i>		
One bedroom home	2.1%	0.8%
Two bedroom home	13.0%	13.5%
Three bedroom home	58.1%	57.2%
Four or more bedroom home	26.8%	28.5%
Average under-occupancy	1.2 spare bedrooms	1.5 spare bedrooms
<i>Accommodation type</i>		
Detached home	16.4%	18.4%
Semi-detached home	59.9%	59.6%
Terraced home	18.5%	17.5%
Flat	5.2%	4.6%
<i>Location</i>		
Southport	39.2%	24.0%
Formby	8.2%	8.3%
Maghull / Aintree	12.0%	20.8%
Crosby	16.4%	25.0%
Bootle	13.6%	12.0%
Netherton	10.5%	9.8%
Total	100.0%	100.0%

Source: Sefton SHMA household survey January 2008

Employment sectors projected to grow

21.15 The projections published by OEF in 2005 differentiate the employment growth in Sefton between a variety of sectors. Changes to the employment structure within the Borough are likely to impact the future housing market. The table below summarises the forecasted change in employment sectors recorded.

21.16 The table shows that within Sefton the largest growth is projected to be within the 'Business Service' sector, followed by the 'Health and Social Work' sector. The largest decline is anticipated in the 'Manufacturing' and 'Other Production' sectors.

Table 21.3 Employment by Sector in Sefton, 2006 - 2021 ('000s of jobs)			
Sector	2006 employment	2021 employment	%age change
Manufacturing	6.7	4.2	▼ 37.3%
Other Production	0.5	0.4	▼ 20.0%
Construction	3.9	3.8	▼ 2.6%
Distribution	20.4	19.5	▼ 4.4%
Hotels & Catering	7.0	7.2	▲ 2.9%
Transport & Communications	4.0	3.8	▼ 5.0%
Financial Intermediation	5.3	4.7	▼ 11.3%
Business Services	10.0	14.1	▲ 41.0%
Public Admin / Defence	11.7	12.0	▲ 2.6%
Education	10.0	10.6	▲ 6.0%
Health and Social Work	18.1	21.1	▲ 16.6%
Other Personal Services	5.0	5.2	▲ 4.0%
Total Employment	102.7	106.6	▲ 3.8%

Source: OEF Economic Analysis and Forecast Report for Manchester and Salford (2005)

- 21.17 Employed respondents to the SHMA household survey 2008 indicated the broad sector of employment that they worked in. The classifications used in the survey are comparable with the classifications used within the OEF work. Information can be obtained from the SHMA household survey 2008 regarding how the financial situation of households varies depending on the sector of employment the household head works in. This will help inform the potential impact of the sector changes on the wider housing market.
- 21.18 The table shows that households headed by someone employed in 'Business Services' recorded the highest average income and financial capacity, whilst households headed by someone employed in 'Wholesale and Retail' display the lowest average income. Households headed by someone employed in 'Hotels and Catering' are least likely to be able to afford market housing. Some of the results presented in the table are based on a small sample so should be treated with caution.
- 21.19 The table indicates that the workforce in Sefton is likely to become wealthier as a result of the projected increase in employees in 'Business Services' and the projected decrease in employees in the 'Other Production' sector.

Table 21.4 Variation in financial profile by employment sector of household head

Sector	Average household income	Average financial capacity	Proportion able to afford the market
Manufacturing	£42,875	£269,994	12.5%
Other Production*	£38,191	£296,750	34.6%
Construction	£39,984	£246,318	15.6%
Wholesale and retail	£31,349	£204,297	26.0%
Hotels & Catering*	£33,273	£204,682	53.0%
Transport & Communications	£33,439	£205,316	15.8%
Financial Intermediation	£44,399	£277,935	13.0%
Business Services*	£48,156	£302,938	0.0%
Public Admin / Defence	£40,241	£267,561	8.9%
Education	£40,242	£265,129	9.0%
Health and Social Work	£40,854	£242,753	15.9%
Other	£34,137	£228,139	20.5%
All households headed by someone in employment	£37,831	£243,656	16.7%

* Based on a small sample so treat with caution

Source: Sefton SHMA household survey January 2008

Difference to regional sectors of growth

21.20 The Practice Guidance states that this step should include a comparison of the economic forecasts between the Borough and the region. The table below therefore shows the forecasted change in employment sectors recorded at a regional level by OEF. The table indicates that regionally the largest growth is projected to be within the 'Business Service' sector, whilst a large decline is recorded in the 'Manufacturing' and 'Other Production' sectors.

Table 21.5 Employment by Sector in the North West, 2006 - 2021 ('000s of jobs)

Sector	2006 employment	2021 employment	%age change
Manufacturing	411.5	250.6	▼ 39.1%
Other Production	31.0	20.7	▼ 33.2%
Construction	147.4	153.8	▲ 4.3%
Distribution	531.7	557.8	▲ 4.9%
Hotels & Catering	209.3	216.6	▲ 3.5%
Transport & Communications	180.2	187.1	▲ 3.8%
Financial Intermediation	97.3	98.3	▲ 1.0%
Business Services	449.6	689.5	▲ 53.4%
Public Admin / Defence	173.6	170.5	▼ 1.8%
Education	269.9	308.1	▲ 14.2%
Health and Social Work	369.4	420.9	▲ 13.9%
Other Personal Services	143.9	162.8	▲ 13.1%
Total Employment	3,014.7	3,236.6	▲ 7.4%

Source: OEF Economic Analysis and Forecast Report for Manchester and Salford (2005)

21.21 The table below shows the difference between the Borough-level sector forecasts and the forecasts for the region. The table indicates that the largest changes are common to both areas. The table does record some differences; the 'Construction', 'Transport and Communications', 'Financial Intermediation' and 'Distribution' sectors are projected to decrease in Sefton but increase across the North West, with the reverse true for the 'Public Admin/Defence' sector. The table also indicates that the level of growth projected for the 'Education' and 'Other Personal Services' sectors in Sefton is notably lower than the equivalent regional figure.

Table 21.6 Comparative change in employment by sector in Sefton and the North West, 2006 – 2021

Sector	Sefton %age change	North West %age change
Manufacturing	▼ 37.3%	▼ 39.1%
Other Production	▼ 20.0%	▼ 33.2%
Construction	▼ 2.6%	▲ 4.3%
Distribution	▼ 4.4%	▲ 4.9%
Hotels & Catering	▲ 2.9%	▲ 3.5%
Transport & Communications	▼ 5.0%	▲ 3.8%
Financial Intermediation	▼ 11.3%	▲ 1.0%
Business Services	▲ 41.0%	▲ 53.4%
Public Admin / Defence	▲ 2.6%	▼ 1.8%
Education	▲ 6.0%	▲ 14.2%
Health and Social Work	▲ 16.6%	▲ 13.9%
Other Personal Services	▲ 4.0%	▲ 13.1%
Total Employment	▲ 3.8%	▲ 7.4%

Source: OEF Economic Analysis and Forecast Report for Manchester and Salford (2005)

Summary

- i) There is projected to be a 6.4% decrease in the number of economically active residents in Sefton between 2001 and 2021
- ii) The number of jobs available in the Borough is projected to increase by 8.4% over the same period according to the 2005 publication from Oxford Economic Forecasting.
- iii) The overwhelming majority (almost 90%) of households headed by someone in employment aspire to own their home.
- iv) Households employed outside of Sefton aspire to a greater degree of under-occupation within the owner-occupied sector than households employed within Sefton.
- v) Within Sefton the largest growth is projected to be within the 'Business Service' sector, followed by the 'Health and Social Work' sector. The largest decline is anticipated in the 'Manufacturing' and 'Other Production' sectors.

22. Future affordability scenarios

Introduction

- 22.1 At the time of the production of the report the future of the housing market is more uncertain than any time since the mid-1990s. There is national evidence that house prices are falling, after years of above-inflation increases, which is causing concern that the house price crash could be prolonged and have wider implications for the economy as a whole.
- 22.2 This chapter therefore considers the potential impact of possible falls in house prices on the housing market in Sefton. It will model a range of scenarios and examine the scale of the adjustment to local affordability and the possible further destabilising affect on the market. Due to the uncertainty as to the nature of the future change in house prices in Sefton, it is also appropriate to consider the potential impact of house price increases in the Borough, although this scenario is considered to be unlikely in the short to medium-term.
- 22.3 Whilst Chapter 5 demonstrated that nationally the rate of increase in private rented sector rents has mirrored the rate of increase in incomes, and there is no reason to believe that this is not also the case in Sefton, Chapter 17 demonstrated it has a crucial role as the 'motor of the market'. This chapter will therefore also briefly profile the potential effect on household mobility of changes to the private rented sector.

The outlook for Sefton

- 22.4 The evidence currently available on the extent of the fall in national house prices indicates that the decrease in average property prices recorded month-on-month since January 2008 has been fairly small. The data also indicates that there is not a uniform pattern across the country, with some regions of the UK still recording an increase in prices. It is still too early to determine whether fear about the impact of the 'credit crunch' will cause a national house price crash or whether the decreases recorded in certain areas are a market response to the unsustainable house price increases witnessed over the last ten years.
- 22.5 Information on the localised areas of significant house price decreases causing a number of owners to fall into negative equity suggests these localities recorded a large increase in the size of the private rented sector, often within newbuild apartment blocks. A lower level of estimated demand for rented accommodation within these properties has forced the owners to attempt to sell the home and led to localised market saturation and an associated decrease in value.

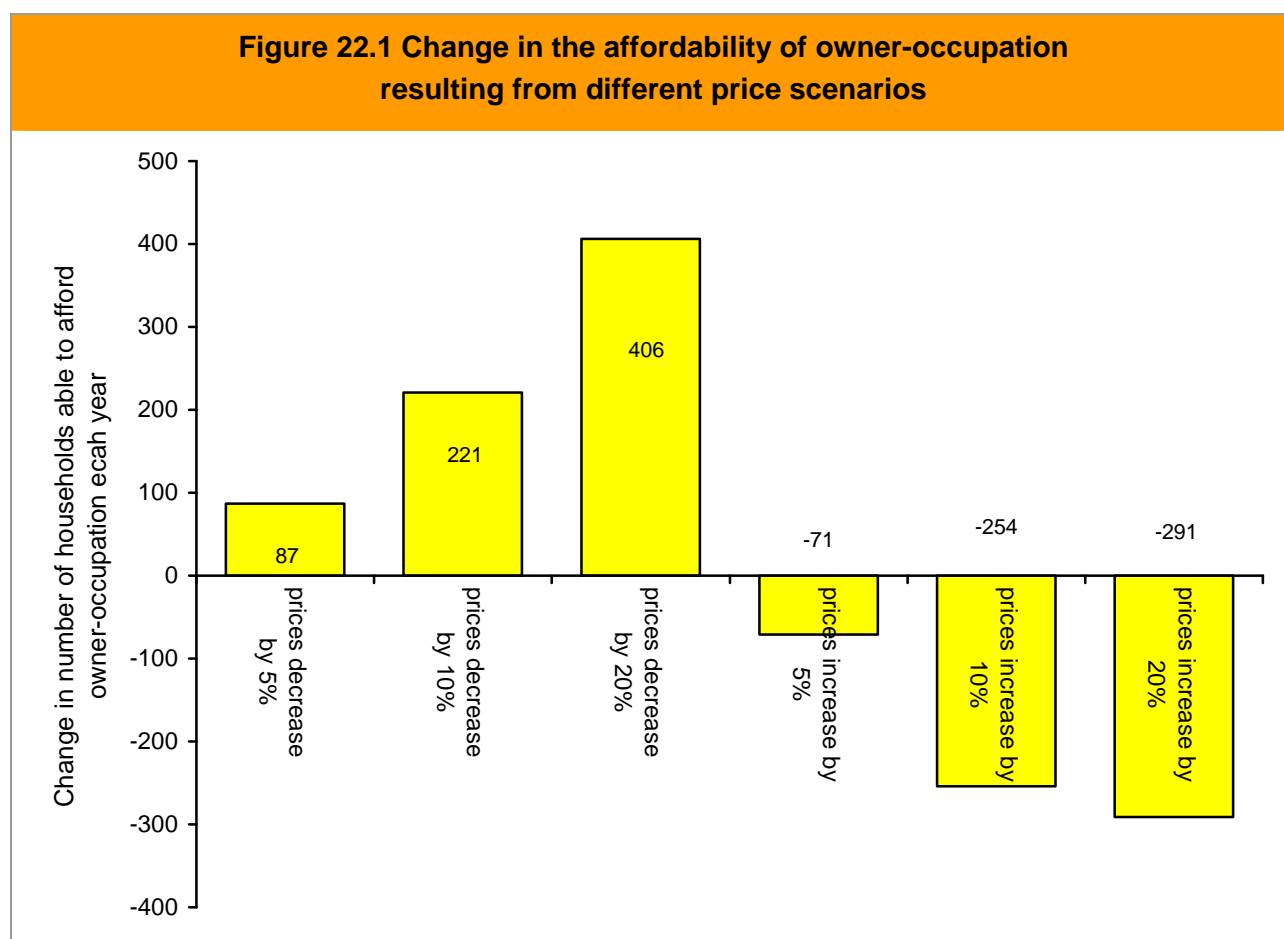
- 22.6 Concern was raised by a stakeholder that the cost of housing was causing buy-to-let to become unviable in Southport, however stakeholders acknowledged that there was little information on the extent of large clusters of buy-to-let in areas of Sefton. Information from Sefton SHMA household survey January 2008 suggests that the private rented sector has increased by around 3% in Sefton since the Census in comparison to over 10% nationally. This suggests that Sefton is less likely to have recorded localised large growth in the private rented market and is therefore less susceptible to the negative impacts on home values of such concentrations of this housing.
- 22.7 Evidence from the Land Registry presented in Chapter 11 showed that house price growth in Sefton has remained strong recently, whilst stock turnover (presented in Chapter 14) has remained fairly consistent.
- 22.8 There is therefore no reason to suspect that the market in Sefton is particularly vulnerable to a house price crash and house price changes are likely to be in line with changes recorded across the wider area to the north of the Liverpool-Manchester City region. The remainder of this chapter will investigate the potential impact on the housing market in Sefton of a range of price adjustments.

The model

- 22.9 Chapter 11 presented the cost of entry-level housing in the different price-areas of the Borough. This information along with SHMA household survey 2008 data on the financial situation of local households will be used to determine the change to the affordability of local housing.
- 22.10 In line with the approach recommended in the Practice Guidance the income and savings levels of the household remain consistent and only the value of housing is adjusted. It is assumed that the adjustment to home values is equal across the market – therefore the percentage change for entry-level housing will also be applied to the value of the equity held by any current home owners.
- 22.11 To investigate the impact on the market, the affect on the flow of households will be considered. Whilst all households are potentially affected by a change in market conditions only those that are likely to move will adjust their housing circumstances as a result. All households that form part of the three demand groups within the balancing housing market model will therefore be assessed.
- 22.12 The scenarios considered are an increase and a decrease in market prices of 5%, 10% and 20% in line with that proposed in the Practice Guidance. The output is the change to the number of households that can afford owner-occupation.

The results – owner-occupied affordability

- 22.13 The figure below shows the change to the number of households moving each year that would be able to afford owner-occupation for each price change scenario. The figure shows that if prices were to decrease by 5% then an additional 87 households would be able to afford owner-occupation each year. If prices were to decrease by 10% an extra 221 households would be able to afford owner-occupation, whilst a decrease of 20% would make owner-occupation affordable for 406 households per year.
- 22.14 The figure also shows that were prices to increase by 5% then 71 fewer households moving each year would be able to afford owner-occupation. If prices were to increase by 10% an extra 254 households would be unable to afford owner-occupation, whilst an increase of 20% would make owner-occupation unaffordable for 291 households per year.
- 22.15 The relatively small difference that a 20% increase in property prices makes to affordability compared to a 10% increase, is principally because the majority of non-owners would not be able to afford a 10% increase, whilst the equity held by owners increases at the same rate as house prices so their ability to afford is largely unchanged.



22.16 The extent of negative equity is a topic of much media speculation at the moment. One of the by-products of this analysis for the house price fall scenarios is an estimate of the total number of households in negative equity in Sefton. However it is also important to consider the number of moving households in negative equity as these are the only households likely to be affected by it. This is shown in the table below for the different house price fall scenarios.

22.17 The table suggests that house prices in Sefton would have to fall by 20% before negative equity became a serious issue in the Borough.

Table 22.1 Impact of fall in house prices on the extent of negative equity

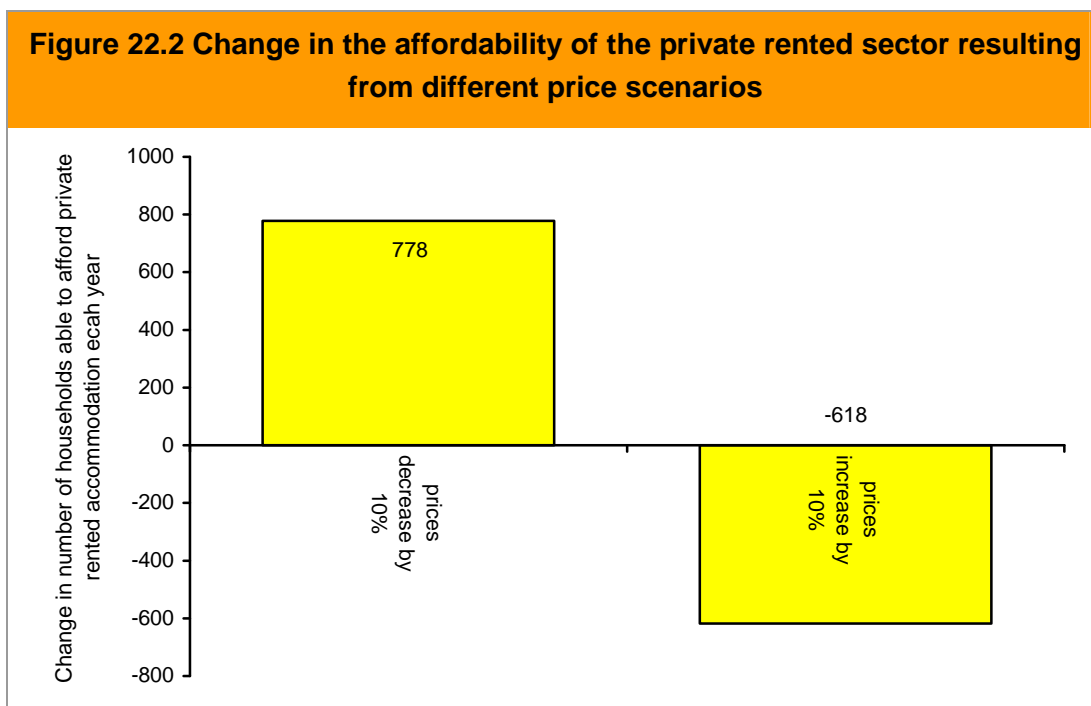
Price scenario	Total number of households in negative equity	Proportion of all owners in negative equity	Number of moving households in negative equity	Proportion of moving owners in negative equity
Prices decrease by 5%	2,978	3.5%	327	6.2%
Prices decrease by 10%	3,505	4.1%	342	6.5%
Prices decrease by 20%	5,620	6.5%	650	12.4%

Source: Sefton SHMA household survey January 2008

The results – private rented affordability

22.18 This section will estimate the impact of changes in the relative cost of private rented accommodation on households moving in the market. A 10% increase and decrease in private rent levels will be modelled.

22.19 The figure below shows the change to the number of households moving each year that would be able to afford private rented accommodation for both price change scenarios. The figure shows that if private rent levels were to decrease by 10% then an additional 778 households would be able to afford private rented accommodation each year. If prices were to increase by 10% an additional 618 households would be unable to afford this tenure.



Source: Sefton SHMA household survey January 2008

Summary

- i) Information available at the time of the production of this report suggests that there is no reason to believe that Sefton is likely to experience an above average fall in house prices.
- ii) If house prices were to decrease by 5% then an additional 87 households would be able to afford owner-occupation each year. A decrease of 10% would make this accommodation affordable for an additional 221 households, whilst a decrease of 20% would make owner-occupation affordable for 406 households per year.
- iii) If house prices were to increase by 5%, then 71 fewer households moving each year would be able to afford owner-occupation. If prices were to increase by 10% an extra 254 households would be unable to afford owner-occupation, whilst an increase of 20% would make owner-occupation unaffordable for 291 households per year.
- iv) House prices in Sefton would have to fall by around 20% before negative equity became a serious issue in the Borough.
- v) Changes in the cost of private rented accommodation have a more dramatic affect on local affordability than changes in the cost of owner-occupation.

23. Improving market balance over the longer term

Introduction

- 23.1 Chapter 19 presents a Balancing Housing Markets (BHM) analysis that identifies the amount and type of additional accommodation required to rebalance the housing stock in the Borough over the short-term. This chapter considers what new accommodation is required in Sefton to adequately house the population twenty years in the future. This is a useful exercise because the use of a long-term timescale corresponds with the development plan process. This chapter therefore considers the potential changes required to the housing stock over the long-term to enable future action to be planned effectively.
- 23.2 This chapter describes a model that uses the household survey dataset to compare the current housing stock against the stock of housing required in the future. To do this the population and household projections described in Chapter 20 are applied to the household survey dataset to provide an estimated household profile in Sefton for twenty years time. The accommodation required to appropriately house the future population is then compared to the current stock profile in the Borough to derive an indication of what new stock is required over this time period.
- 23.3 Initially the chapter identifies the adjustment required to provide a sufficient range of accommodation to adequately house each household type; It then quantifies the nature of housing required to appropriately house the future population.

Adequacy of the housing stock

- 23.4 For the purpose of this model, the housing market is considered balanced if the local population is adequately accommodated. It is therefore initially appropriate to assess the adequacy of the current accommodation to house the residents of Sefton. This is determined through responses to the household survey.
- 23.5 A household is considered currently adequately housed unless the household has indicated that they need to move home now because the accommodation is inadequate for the household. This is ascertained from the reason cited for the household moving. Households whose moves are caused by the accommodation size, cost and services available within it being currently unsuitable for the resident household are considered to be inadequately housed and to require alternative accommodation. The type, tenure and size of dwelling these households expect to achieve when they move are presumed to represent the nature of the accommodation that they require.

23.6 Some further adjustments are also made to remove over the long-term any undesirable elements of market imbalance that exist currently:

- Households that are overcrowded are assumed to require a property large enough for overcrowding not to take place.
- Households in social rented accommodation that can afford market or intermediate accommodation are assumed to require this (regardless of their intention to move) to ensure that the stock is being most appropriately and efficiently used.
- Households resident in the private rented sector on Housing Benefit are assumed to move into the form of affordable accommodation that they can afford (intermediate or social rented) as this is the tenure they would be more appropriately housed in. The private rented sector on Housing Benefit is not an adequate long-term equivalent to affordable housing – analysis of survey data shows there is not the same security of tenure or quality of housing within the private rented Housing Benefit stock as within the social rented sector.
- Households resident in the private rented sector without Housing Benefit that identified that the cost of their current housing was a severe problem are assigned to a tenure that they can afford according to the Practice Guidance affordability test

23.7 The table below shows the proportion of each household type currently requiring alternative accommodation in order to be adequately housed. The table shows that some 9.4% of households are classified as inadequately housed currently. Lone parents are the household group least likely to reside in adequate accommodation, whilst households containing two or more pensioners are least likely to be inadequately housed.

Table 23.1 Types of households inadequately housed currently

Household type	Number inadequately housed	All households	Proportion inadequately housed
Single pensioners	1,399	21,401	6.5%
2 or more pensioners	387	13,114	2.9%
Single non-pensioners	2,330	16,564	14.1%
2 or more adults - no children	2,346	35,782	6.6%
Lone parent	1,806	5,158	35.0%
2+ adults, 1 child	1,407	11,489	12.2%
2+ adults, 2+children	1,230	12,820	9.6%
Total	10,905	116,328	9.4%

Source: Sefton SHMA household survey January 2008

23.8 Rather than prescribing the accommodation required to address the current mismatch between the household population and the current stock, the profile of suitable accommodation for each household type is applied to the household population in twenty years time. The model therefore assumes that the pattern of accommodation required by each household type remains constant.

Tenure of housing required

23.9 The table below shows the ideal tenure profile in Sefton in 20 years time (if all households are to be adequately housed). The data shows that in 2029 the housing market should comprise 76.1% of market dwellings, 1.0% intermediate and 22.9% social rented.

Table 23.2 Ideal tenure profile in 2029		
Tenure	Number of households	Percentage of households
Market	99,645	76.1%
Intermediate	1,342	1.0%
Social rented	30,013	22.9%
Total	131,000	100.0%

Source: Sefton SHMA household survey January 2008

23.10 The table below shows the tenure profile required by households resident in the Borough in twenty years time in comparison to the tenure profile recorded currently. The difference between these two distributions is the change required to the housing stock over this period. The results show that 14,672 additional homes are required in the Borough over the next twenty years. The table also indicates that that almost 80% of new dwellings should be social rented properties with 4.6% intermediate housing and just 16.5% market accommodation.

Table 23.3 Tenure of new accommodation required in Sefton over the next 20 years				
Tenure	Current tenure profile	Tenure profile 2029	Change required	% of change required
Market	97,231	99,645	2,414	16.5%
Intermediate	674	1,342	668	4.6%
Social rented	18,423	30,013	11,590	79.0%
Total	116,328	131,000	14,672	100.0%

Source: Sefton SHMA household survey January 2008

23.11 The table shows that only 16.5% of new dwellings in the Borough should be market accommodation. However it is clear that the housing market will not support this tenure distribution in the future as there is not sufficient funding available to provide this level of affordable housing.

23.12 The assumption that households resident in the private rented sector on Housing Benefit should be reassigned to an affordable property results in a requirement for 6,892 additional affordable dwellings over the next twenty years. This represents 59.5% of the total change required. It is clear therefore that this aspiration is not going to be achieved. Therefore it is necessary to prioritise certain household groups within the private rented sector on Housing Benefit.

23.13 Analysis of the survey data shows that single non-pensioner households and multi-adult households without children are not expected to remain in this form of accommodation for as long as pensioner households and households containing children. As single non-pensioner households and multi-adult households are more transient through this stock and are arguably less vulnerable than the other households, the other household groups are considered a greater priority for affordable housing. It is therefore assumed that only pensioner households and households with children within the private rented sector on Housing Benefit will be moved to appropriate affordable accommodation.

23.14 The table below shows the tenure profile required once this adjustment has been made to the model in comparison to the current tenure profile. Again the change required to the housing stock is deduced from the difference between these two profiles. The table indicates that some 63.7% of the requirement for new housing is for market accommodation.

Table 23.4 Tenure of new accommodation required in Sefton over the next 20 years (adjusted assumptions)

Tenure	Current tenure profile	Tenure profile 2028	Change required	% of change required
Market	97,231	106,574	9,343	63.7%
Intermediate	674	1,305	631	4.3%
Social rented	18,423	23,121	4,698	32.0%
Total	116,328	131,000	14,672	100.0%

Source: Sefton SHMA household survey January 2008

23.15 This profile of new accommodation can theoretically be achieved in the Borough over the next twenty years. The model is able to also provide detail on the size of new dwellings required within each of these three tenures. For consistency the analysis presented is based on the version of the model with the adjusted assumptions.

Size of housing required within each tenure

23.16 The table below presents the size of market accommodation required by households resident in the Borough in twenty years time in comparison to the size profile recorded in the sector currently. The implied change to the housing stock is also presented. The table shows that some 45.0% of new market dwellings should be three bedroom properties, with 27.8% containing two bedrooms, 17.8% should have four or more bedrooms and 9.3% having one bedroom.

23.17 The distribution of dwelling sizes required within the market sector shown is similar to that recorded in the Balancing Housing Markets analysis presented in Chapter 19. The BHM analysis recorded a surplus of one bedroom accommodation, whilst this model shows a small requirement for it. This is principally because in twenty years time there is projected to be a large increase in the relative number of pensioner households, some of whom require a one bedroom unit.

Table 23.5 Size of new market accommodation required in Sefton over the next 20 years

Dwelling size	Current size profile	Size profile 2029	Change required	% of change required
One bedroom	5,819	6,690	871	9.3%
Two bedrooms	19,538	22,139	2,601	27.8%
Three bedrooms	52,397	56,603	4,207	45.0%
Four or more bedrooms	19,477	21,142	1,664	17.8%
Total	97,231	106,574	9,343	100.0%

Source: Sefton SHMA household survey January 2008

23.18 This analysis can be repeated for intermediate housing and is presented in the table below. The data indicates that of the 631 additional intermediate dwellings required within the Borough, over 60% should be two bedroom properties with a further 22.8% one bedroom accommodation and 13.5% three bedroom homes. The requirement for four bedroom intermediate housing is very small. These results again support the findings for the sector recorded in Chapter 19.

Table 23.6 Size of new intermediate accommodation required in Sefton over the next 20 years

Dwelling size	Current size profile	Size profile 2029	Change required	% of change required
One bedroom	0	144	144	22.8%
Two bedrooms	337	736	399	63.2%
Three bedrooms	305	390	85	13.5%
Four or more bedrooms	31	35	4	0.5%
Total	674	1,305	631	100.0%

Source: Sefton SHMA household survey January 2008

23.19 The table below shows the equivalent results for the social rented sector. The table shows that of the 4,698 additional social rented units required within the Borough over the next twenty years, 50.5% should be two bedroom properties, 22.6% three bedroom accommodation, 22.2% one bedroom dwellings and 4.7% properties with four or more bedrooms. The difference between the distribution recorded for the social rented sector in Chapter 19 is principally because of the large projected increase in pensioner households.

Table 23.7 Size of new social rented accommodation required in Sefton over the next 20 years

Dwelling size	Current size profile	Size profile 2029	Change required	% of change required
One bedroom	6,056	7,099	1,043	22.2%
Two bedrooms	5,611	7,981	2,371	50.5%
Three bedrooms	5,919	6,983	1,063	22.6%
Four or more bedrooms	836	1,057	221	4.7%
Total	18,423	23,121	4,698	100.0%

Source: Sefton SHMA household survey January 2008

Summary

- i) In terms of what new accommodation is required in Sefton to adequately house the population twenty years in the future, the model which is based establishing a suitable accommodation typology for each household group and applying that to the population projections, suggests that:
- Some 63.7% of the requirement for new housing is for market accommodation
 - Almost 65% of new market housing should have three or four bedrooms
 - The majority of new intermediate housing should have two bedrooms
 - Around 50% of new social rented accommodation should have two bedrooms