

Thames Gateway South Essex Strategic Housing Market Assessment



Final Report

September 2008

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1. INTRODUCTION

1.1 Thames Gateway South Essex Housing Group, comprising housing officers from the five local authorities of Basildon, Castle Point, Rochford, Southend-on-Sea and Thurrock, has commissioned GVA Grimley to prepare a Strategic Housing Market Assessment (SHMA) for the Thames Gateway South Essex (TGSE) sub-region.

Purpose of the Strategic Housing Market Assessment

1.2 PPS3: Housing¹ identifies the importance of understanding sub-regional housing markets, and taking into account market information when developing planning policies for housing provision. Strategic Housing Market Assessments (SHMAs) are intended to achieve this. They are to be a key mechanism for considering the mix of housing required, and together with Strategic Housing Land Availability Assessments (SHLAAs), are intended to inform the level of future housing provision. These assessments are intended to inform Local Development Frameworks (LDFs) and future revisions to Regional Spatial Strategies (RSSs), as well as regional and local housing strategies. For the TGSE sub-region the SHMA is required as a core element of the evidence base for the districts' LDFs and is to inform preparation of the Sub-Regional Housing Strategy.

1.3 The Government published Practice Guidance on undertaking Strategic Housing Market Assessments in March 2007². This identifies the value of SHMAs in assisting policy development, decision-making and allocation of housing investment resources by:

- Enabling regional bodies to develop long-term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies;
- Enabling local authorities to think spatially about the nature and influence of housing markets in respect to their local area;
- Providing robust evidence to inform policies aimed at providing the right mix of housing across the whole market area – both market and affordable housing;
- Supporting local authorities to develop a strategic approach to housing through consideration of housing need and demand in all housing sectors – owner occupied,

¹ CLG (November 2006) *Planning Policy Statement 3 (PPS3): Housing*

² CLG (March 2007) *Strategic Housing Market Assessments: Practice Guidance*

private rented and affordable – and assessment of the key drivers and relationships in the housing market;

- Drawing together the bulk of evidence required for local authorities to appraise strategic housing options including social housing allocation priorities, the role of intermediate housing products, stock renewal, conversion, demolition and transfer; and
 - Ensuring the most appropriate and cost-effective use of public funds.
- 1.4 SHMAs are intended to be prepared for ‘functional’ sub-regional housing markets, which often transcend administrative boundaries. The five local authorities in the sub-region have come together as a Housing Market Partnership to prepare the SHMA.

SHMA Aims and Objectives

- 1.5 The SHMA provides a fit for purpose basis to develop housing and planning policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing need and demand. For the purposes of the independent examination into the ‘soundness’ of Local Development Plans, the Strategic Housing Market Assessment will be considered robust and credible if it provides, as a minimum, all the core outputs and meets the requirements of the process criteria set out in the Guidance. The Core Outputs are set out below and where these can be found within the report.

Figure 1.1: SHMA Core Output Requirements²

1	Estimates of current dwellings in terms of size, type, condition and tenure	Chapter 4
2	Analysis of past and current housing market trends, including the balance between supply and demand in different housing sectors and price/ affordability. Description of key drivers underpinning the housing market	Chapters 7 and 8
3	Estimates of total future numbers of households, broken down by age and type where possible	Chapter 10
4	Estimates of current number of households in housing need	Chapter 11
5	Estimates of future households that will require affordable housing	Chapter 11
6	Estimates of future households requiring market housing	Chapter 13
7	Estimates of the size of affordable housing required	Chapter 13
8	Estimates of household groups who have particular housing requirements	Chapter 12

1.6 This SHMA is being undertaken in accordance with the Practice Guidance. It includes an assessment of housing needs but incorporated into a wider process with the aim of understanding the operation of the housing market and future housing requirements across tenures. The assessment of housing needs is undertaken using secondary data sources, without primary survey work. The Guidance sets out that whether the assessment is based upon secondary or survey data should not be a factor in determining whether the assessment is robust and credible, as no single approach or particular dataset will result in a definitive assessment of housing need and demand.

1.7 The Government's Practice Guidance sets out a structure and key research questions for the SHMA. These are set out below.

Figure 1.2: Key Research Questions²

Stage	Step	Research Questions
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 10 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 10 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/affordability? • How has demand changed?
	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 access to housing? • What are the key issues for future policy/strategy?
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 aging 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/strategy?
Housing Need	1. Current housing need	<ul style="list-style-type: none"> • What is the total number of households in housing need currently (gross estimated)?
	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/strategy? • How do the key messages fit with the findings from analysis of the current and future housing market?
Housing Requirements of Specific Household Groups	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/importance?
	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? • What is the scope for addressing need through the provision of intermediate affordable housing?

1.8 Thames Gateway South Essex Housing Group has also identified a number of additional research questions and issues to be considered. These are set out below.

Figure 1.3: Additional Research Questions

1	What in-migration can be expected to TGSE from East London and the rest of the South East? How will this affect the present and future housing market?
2	What will be the effect on the current and future housing market of increased student population within TGSE? Data also to be collected on extra care housing, first-time buyers, the buy-to-let market and concealed households.
3	Future housing market scenarios to be developed to include (but not limited to) assessing the impact of: interest rate rises, increased migration, increasing housing supply to RSS levels, impact of the development of London Gateway, the redevelopment of Basildon Hospital, and expansion of London Southend Airport; and the short and long-term effects of the London 2012 Olympic Games.
4	What role will Houses in Multiple Occupation play within the sub-region's housing market; and what effect will an increase or decrease in HMOs have?
5	What levels of overcrowding are there within the housing market (using both the Government's definition of overcrowding and the bedroom standard)?
6	How could partners potentially intervene in the housing market to increase the sustainability of the community?

Report Structure

1.9 This Report is structured as follows:

- Section 2: Defining Sub-Regional Housing Markets
- Section 3: Strategic and Investment Context
- Section 4: Demographic and Socio-Economic Profile
- Section 5: Economic Review
- Section 6: Housing Stock and Supply Trends
- Section 7: Private Sector Active Market
- Section 8: Drivers of Change
- Section 9: Short-Term Market Dynamics
- Section 10: Future Housing Market
- Section 11: Housing Needs Assessment
- Section 12: Housing Requirements of Other Groups
- Section 13: Conclusions and Recommendations
- Section 14: Framework for Monitoring and Review

1.10 At the end of each section a summary of the main points is provided to aid ease of reading of the Report.

1.11 The assessment has drawn upon the data provided by the Councils to GVA Grimley, together with nationally available statistical resources. For consistency, data herein is presented for the defined functional housing market, for individual local authorities and for the East of England region. The availability of data below the local authority level is not comprehensive. GIS mapping of key indicators has however been used to explore lower level dynamics.

2. DEFINING SUB-REGIONAL HOUSING MARKETS

2.1 A housing market exists where willing buyers and willing sellers are in contact with one another. Such markets can be spatially defined because most people seeking to buy or rent will choose houses within a fairly limited area of search, commonly reflecting existing ties such as proximity to family and friends; access to employment, education and other facilities. A housing market is hence a geographical area which contains both the origin and destination of the great majority of households who move home.

2.2 Government guidance³ sets out that housing markets reflect the functional linkages between where people live and work. It establishes three sources of information that can be used to define sub-regional housing market areas:

- House prices and rates of change in house prices which reflect household demand and preferences for different sizes and types of housing in different locations;
- Household migration and search patterns, reflecting preferences and the trade-offs made when choosing housing with different characteristics;
- Contextual data, such as travel to work areas, which reflect the functional relationships between places where people live and work.

2.3 We consider that patterns of relocation (migration patterns) are the basis of defining a functional housing market. However in practice, a more pragmatic approach is commonly used which also considers: travel to work patterns; house price dynamics; dwelling mix etc.

Migration Patterns

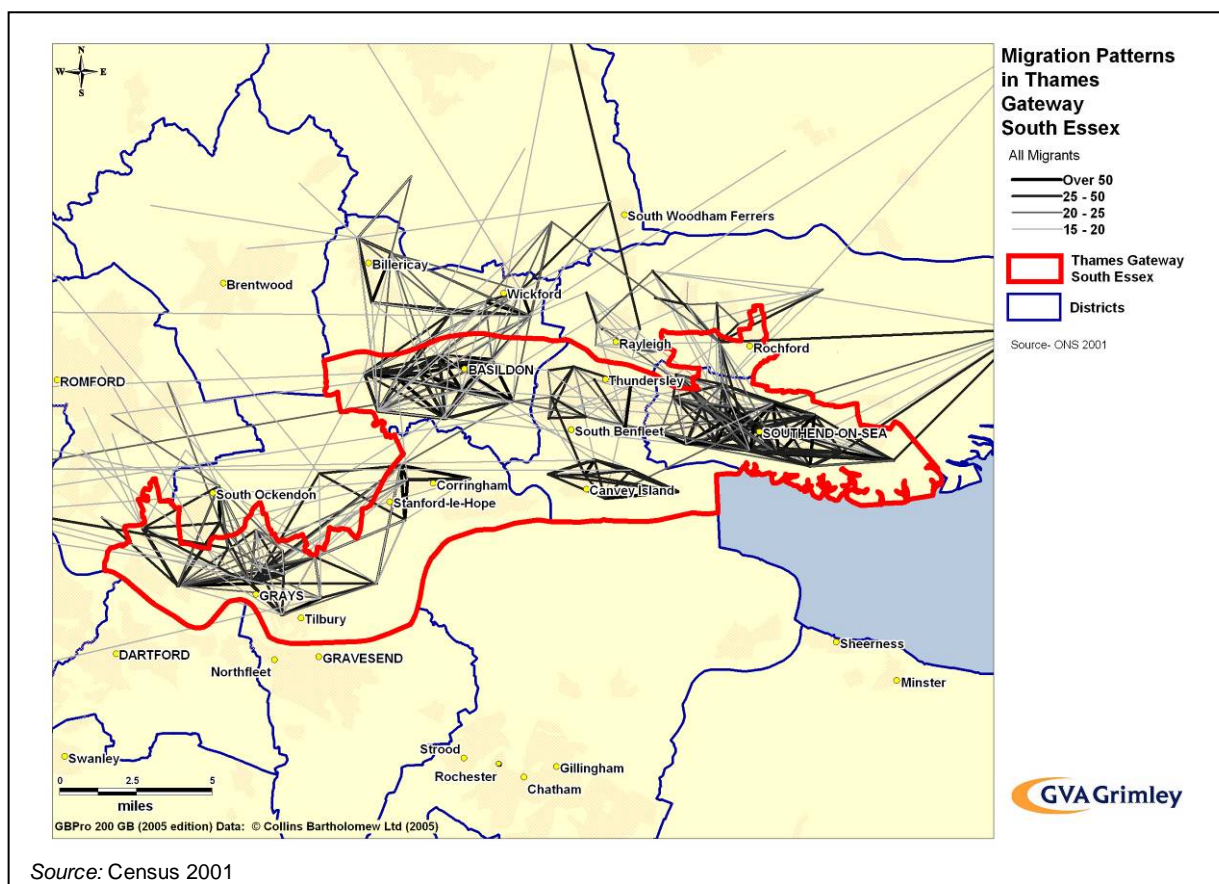
2.4 The current availability of robust information on migration patterns is quite limited. There are two principal sources available which we can use to assess the spatial patterns of migration. The first is the 2001 Census, which records movements of those who moved over a single year period between April 2000 – March 2001 to a ward level. The second is the NHS Central Health Register (NHSCHR) which records movements each year between local authorities across England and Wales. Neither data source is ideal: the Census information is now dated, while the NHS data does not track very local movements and tends to poorly capture some groups, such as students. However for the purposes of defining the housing market area, the information available from the two sources together is sufficient.

³ CLG (March 2007) *Identifying Sub-Regional Housing Market Areas: Advice Note*

2.5 Figure 2.1 shows migration movements to/from wards in the sub-region in 2000-2001. It indicates a strong concentration of migration movements in the three large urban areas of Thurrock, Basildon and Southend. It indicates:

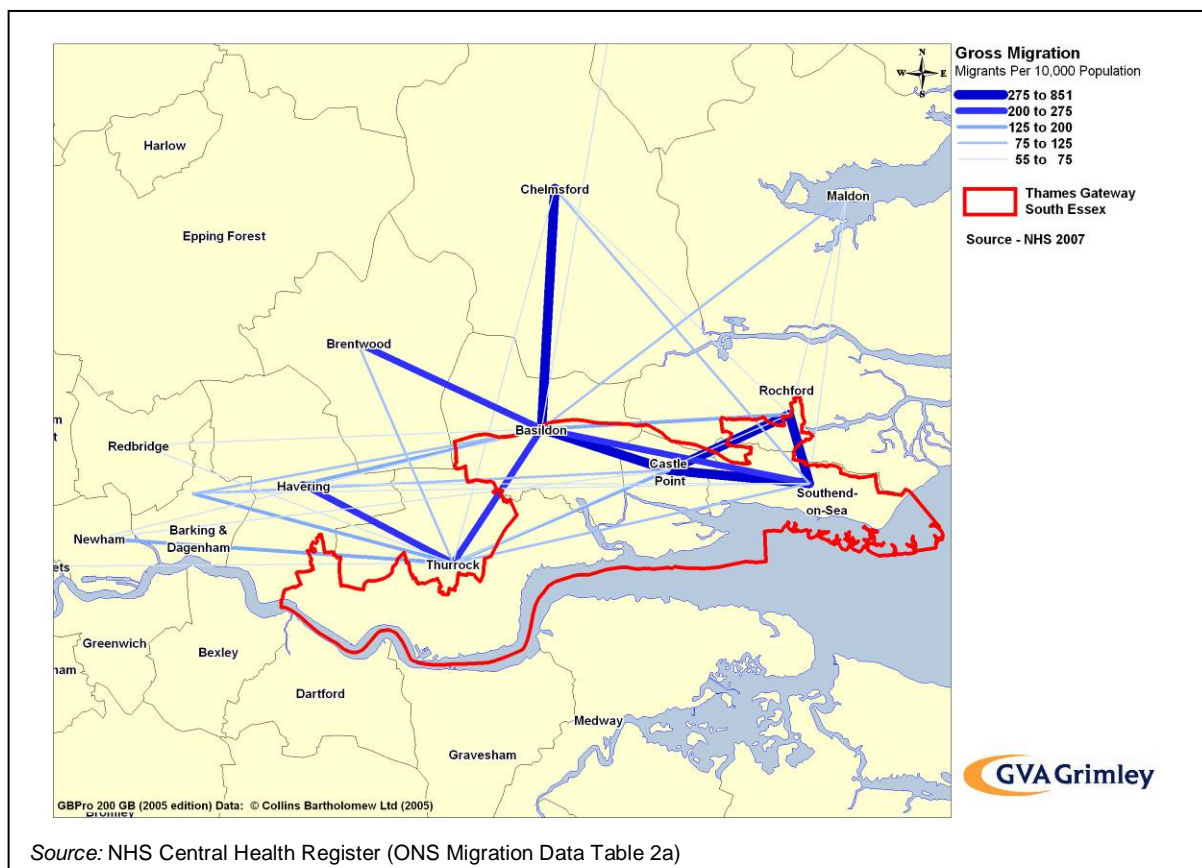
- Strong movement between Purfleet, Grays, Tilbury and South Ockendon. There are also moves between this area and Stanford-le-Hope and Corringham. The Thurrock area also has the strongest links with East London compared to other parts of the sub-region.
- Basildon has stronger links to the other main towns in its district (Billericay and Wickford) which themselves have strong migratory bonds with each other. There is also movement between Basildon, Canvey Island and Benfleet.
- There is also a notable volume of flows between Southend and Thundersley/ Benfleet; but the main flows to/from Southend are to Rochford District, particularly Rochford and Rayleigh, with additional movements to the rural and coastal areas of Rochford.

Figure 2.1: Migration Movements between Wards (2000-1)



- 2.6 Figure 2.1 illustrates that the majority of moves are short-distance. This is a common trend and reflects households' existing ties to friends and family, schools and jobs and the areas which they know. We do however need to understand the aggregate impact of migration flows from further afield.
- 2.7 We have developed this initial analysis by considering migration flows between local authority areas over the period 1999 – 2006 using data from the NHS Central Health Register. To account for the relative sizes of local authorities (i.e. there are typically higher flows between two larger areas in population terms), we have standardised the analysis which is presented per 10,000 of the combined population of the origin and destination local authorities.
- 2.8 Figure 2.2 presents an analysis of gross flows per 10,000 population between local authorities over the seven year period 1999 - 2006. This is the sum of the flows each way between two authorities. It indicates the strength of the relationship between them.

Figure 2.2: Gross Migration Flows, 1999 – 2006



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- 2.9 The analysis indicates particularly strong links between Southend-on-Sea, Rochford and Castle Point local authorities; between Castle Point and Basildon; and Basildon and Chelmsford. There are slightly weaker links in terms of migration movements between Basildon; and Southend-on-Sea, Brentwood and Thurrock; and Thurrock and Havering.
- 2.10 Figure 2.2 also shows evidence of movements between the East London Boroughs of Newham, Barking & Dagenham and Havering and Thames Gateway South Essex. These flows are considered in further detail later in this report.
- 2.11 The overall picture is that household relocations are relatively self-contained within the sub-region with strong patterns of movement between the main towns. This supports their inclusion within the same sub-regional housing market.
- 2.12 There are however some flows between the sub-region and other districts in Essex to the north (particularly Chelmsford and Brentwood) and with East London. Figure 2.1 helps to explain these movements; and suggests that quite a lot of this will be short-distance movements between Brentwood and Billericay; South Woodham Ferrers and Wickford; and between Romford and Thurrock. Our analysis confirms that the LB Havering has a stronger relationship in migration terms with other parts of East London than with Thurrock.
- 2.13 The migration analysis supports the definition of the TGSE sub-region as a single housing market area. It suggests that there are three distinct sub-markets associated with the economic hubs of Thurrock, Basildon and Southend.

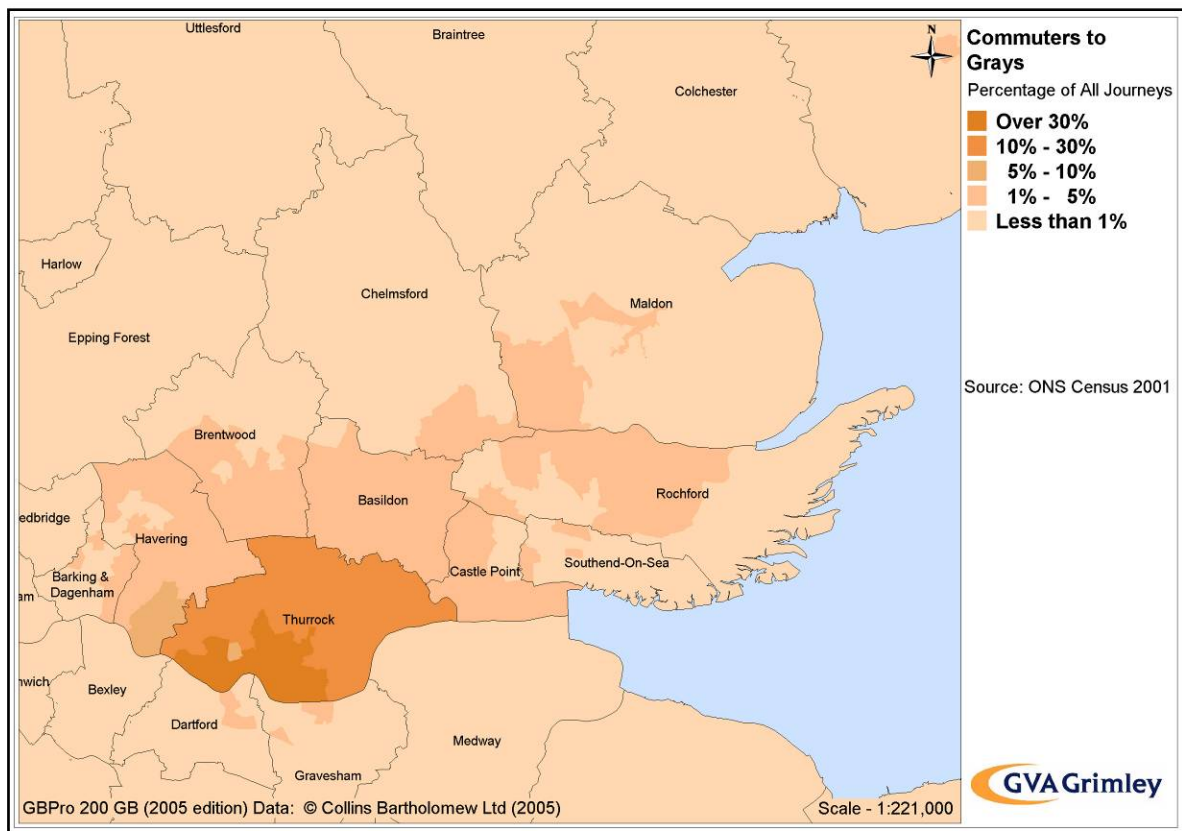
Travel to Work Patterns

- 2.14 The Office for National Statistics has defined Travel to Work Areas (TTWAs). These are effectively functional labour market areas in which at least 75% of the economically active resident population also work; and that at least 75% of those working in the area also live. The local authorities of Southend-on-Sea, Rochford, Castle Point and Basildon together with Brentwood District form a 'Southend and Brentwood' Travel to Work Area, according to research published by ONS in 2007 (and based on data from the 2001 Census). Thurrock falls within a London Travel to Work Area (although this was not the case for the 1991-based analysis when it was included in the same area as other TGSE local authorities).
- 2.15 It is useful to consider travel to work patterns in more detail. Plotting individual flows at a ward level however produces patterns which are too complex to be meaningful. We have hence used an approach of defining the major economic centres and analysing thresholds of people travelling to these centres from individual wards. The key centres considered are Basildon,

Southend and Thurrock; together with Chelmsford and London outside of the TGSE sub-region.

- 2.16 A series of maps is presented herein which plots the proportion of people travelling to the identified centres from wards in surrounding areas. 5%, 10% and 30% thresholds are used to assess the 'area of influence' of the centre. The 10% threshold provides a sensible means of defining the functional area associated with each centre.

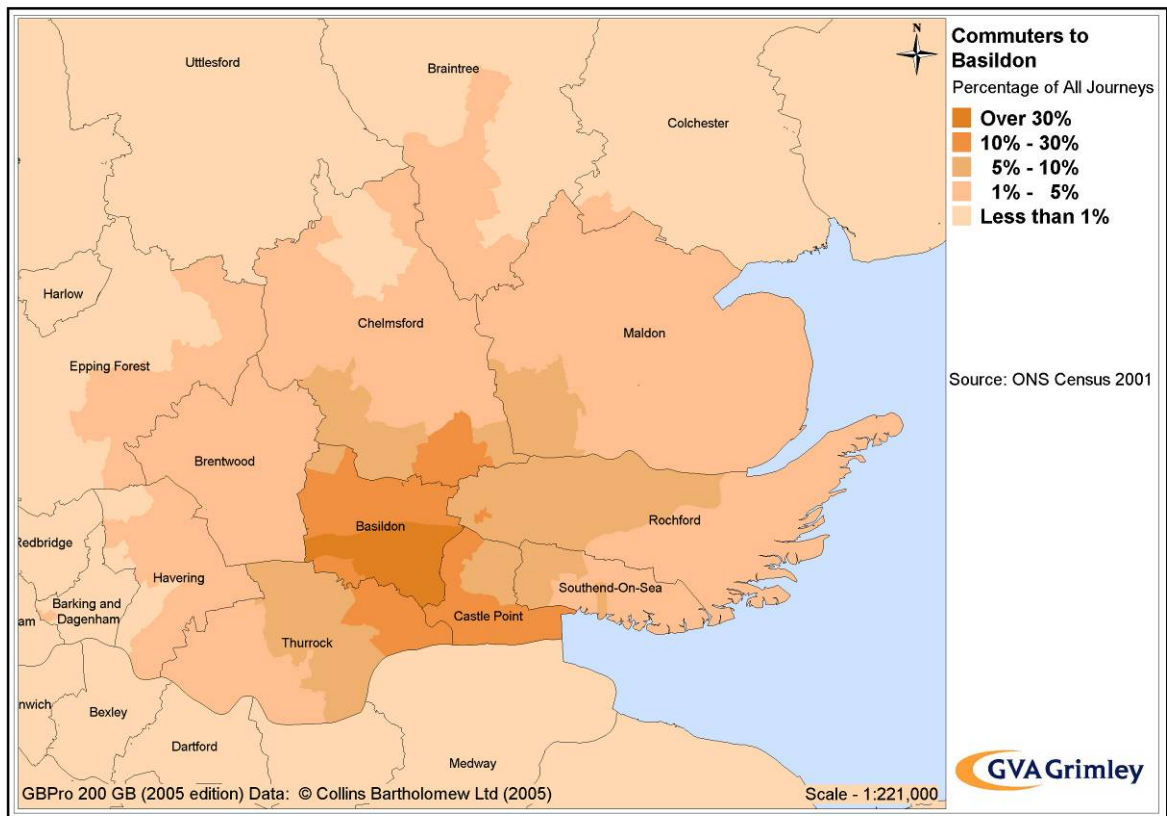
Figure 2.3: Thurrock's Area of Influence



- 2.17 Figure 2.3 indicates that a strong proportion of those working in the key employment areas in Thurrock reside within the Borough. Its 10% catchment area covers the local authority area. The analysis also shows that 5-10% of residents in South Hornchurch/Rainham in LB Havering commute to Thurrock for work.

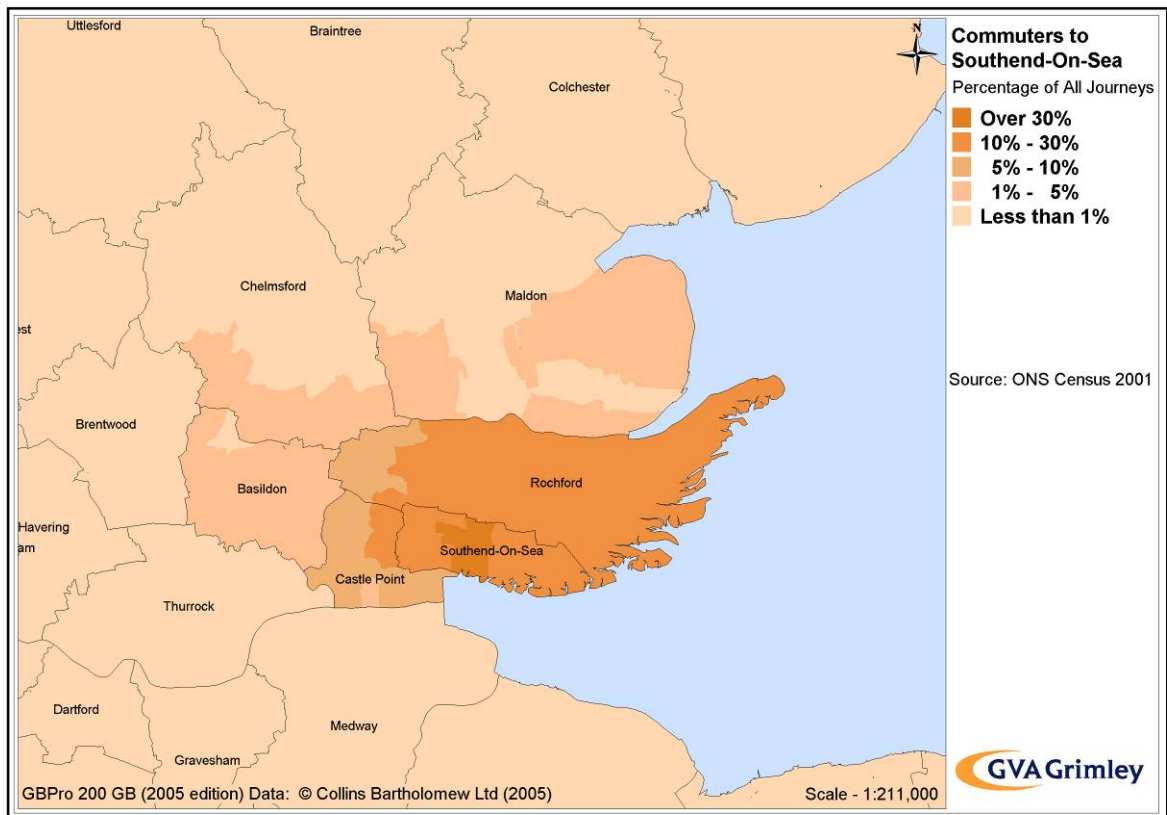
2.18 Basildon's functional area of influence is more extensive. It stretches beyond the district's boundary to include Canvey Island, parts of South Benfleet and Thundersley; Stanford-le-Hope/ Corringham; and north into the southern rural parts of Chelmsford District. Its 5% catchment area includes the east of Thurrock Borough; south of Chelmsford District; and west of Rochford.

Figure 2.4: Basildon's Area of Influence



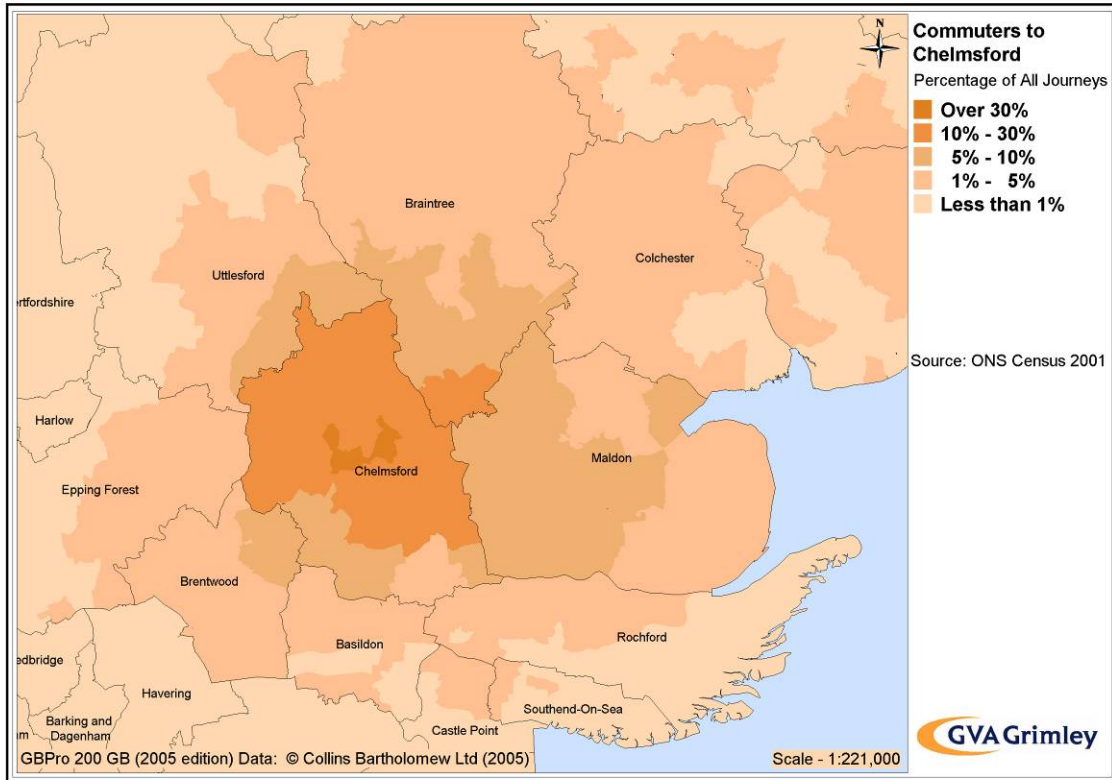
2.19 Southend's area of influence covers Southend Borough, most of Rochford District (excluding Rayleigh) and Hadleigh (in Castle Point). Its 5% catchment area includes Rayleigh and the remainder of Castle Point.

Figure 2.5: Southend's Primary Catchment Area



2.20 Looking beyond the sub-region, Figure 2.6 indicates the area of influence of Chelmsford. It indicates that while there are flows from the TGSE sub-region to Chelmsford, they are not particularly strong.

Figure 2.6: Chelmsford's Area of Influence



2.21 London does however exert a significant influence on travel to work patterns. Figure 2.7 below indicates the volumes of travel to work trips from the TGSE local authorities to London. It also indicates the split between trips to Central London and East London boroughs.

Figure 2.7: Travel to Work Trips from TGSE to London

	Total Origins	All London		Central London		East London	
Basildon	77606	18292	24%	9625	12%	7395	10%
Castle Point	40947	7996	20%	4420	11%	3033	7%
Rochford	37691	6731	18%	4175	11%	2177	6%
Southend-on-Sea	69911	10441	15%	6678	10%	3070	4%
Thurrock	69331	19496	28%	8061	12%	10040	14%
TGSE Total	295486	62956	21%	32959	11%	25715	9%

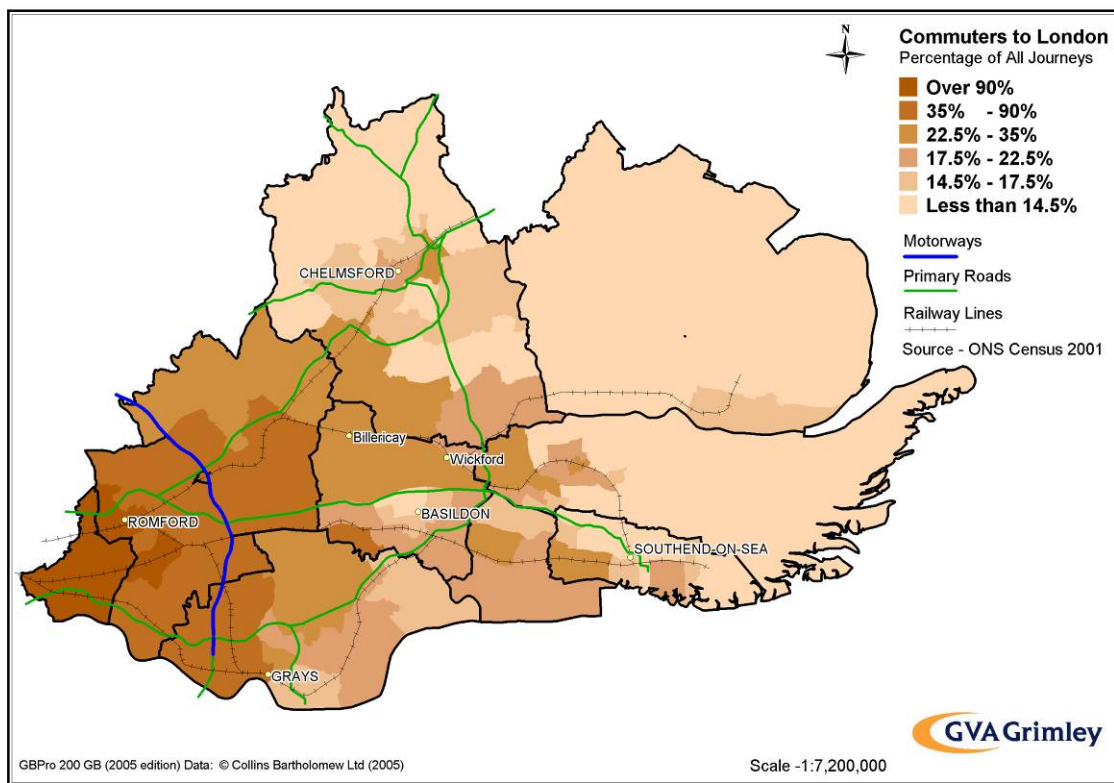
Source: Census 2001

2.22 Across the sub-region over one in five residents commute to London for work. The level is highest in Thurrock (where 28% commute to London) and in Basildon (24%). It decreases

further east to 18% in Rochford and 15% in Southend-on-Sea. This likely reflects the increased time and cost of commuting further east.

2.23 Figure 2.8 indicates levels of commuting to London spatially, using a ward-level analysis. This clearly indicates strong commuting to London in east Thurrock; how levels of commuting to London decrease further east; and shows higher levels of commuting to London to the north of the A127 corridor. It shows higher levels of commuting in Benfleet, Leigh-on-Sea, Billericay, Wickford, Langdon Hills than other areas of the sub-region.

Figure 2.8: London’s Area of Influence



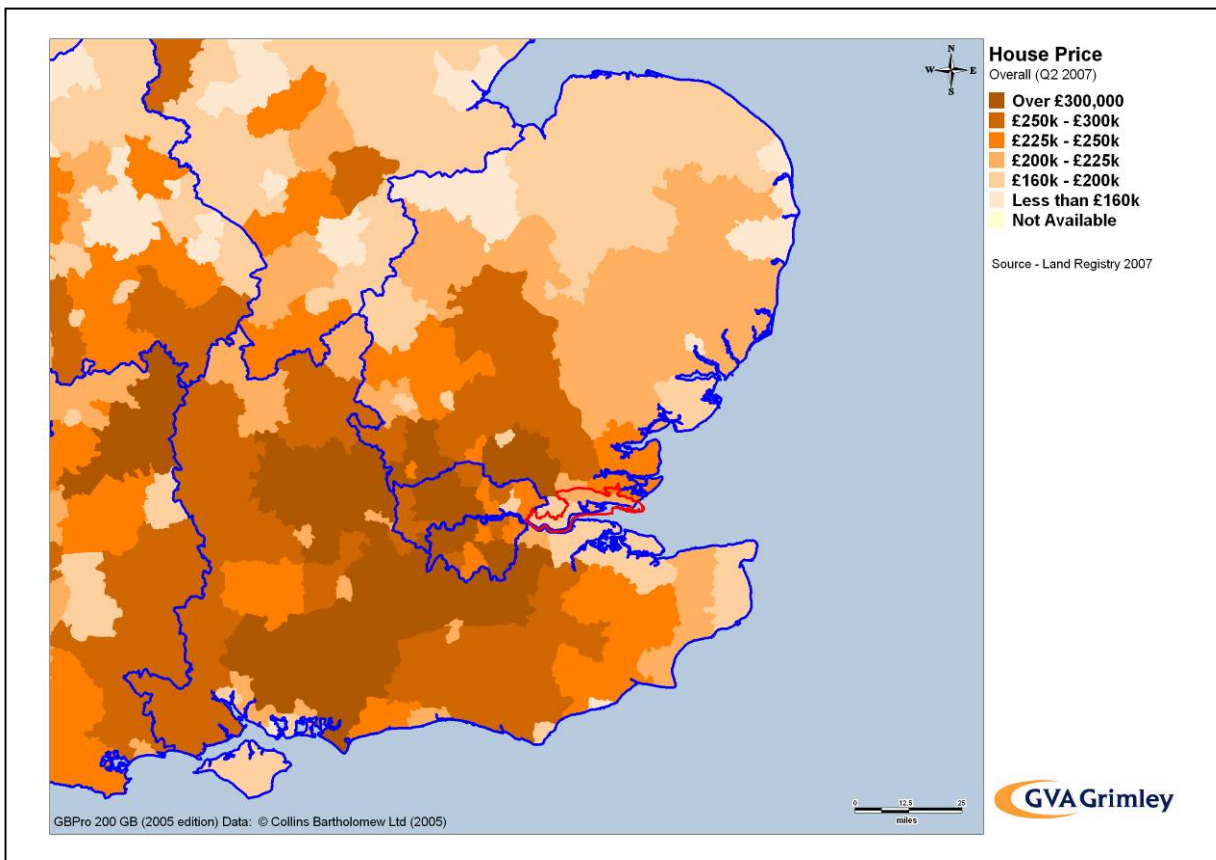
2.24 The travel to work analysis supports the analysis of migration patterns, indicating that there is a single travel to work area which covers most of the TGSE sub-region. Thurrock although not contained within the 2001-based TTWA definition was within the previous 1991-based TTWA. Our analysis indicates that while the west of the borough relates to Romford, the east relates to Basildon.

- 2.25 The lower level analysis again points to the existence of local housing sub-markets based around the three main urban areas of Thurrock, Basildon and Southend.

House Prices and Trends

- 2.26 The third element of the analysis assesses relative house prices and rates of change in house prices. We present a series of relevant maps below and overleaf, which show house prices and house price change at a postcode sector level and for the different house types.

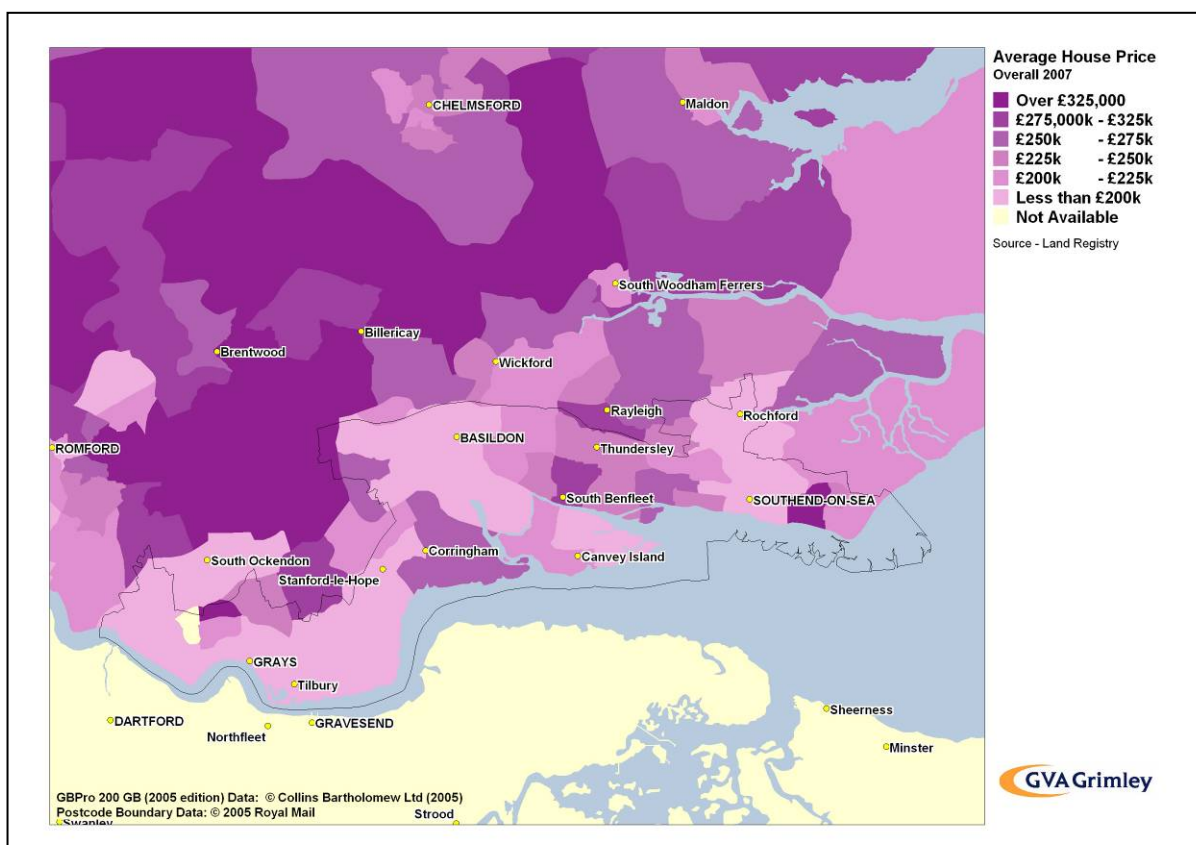
Figure 2.9: House Prices in the greater South East



- 2.27 House prices in the TGSE sub-region (in a regional context, see Figure 2.9) are broadly similar, and notably lower than its neighbouring areas particularly London. While it cannot claim to be the cheapest area to find a home, the sub-region, coupled with the Thames Gateway Kent, provide the most readily available source of reasonably priced housing in proximity to London. Similarity in house prices across the sub-region (set against this wider context), supports its definition as a coherent housing market area.

2.28 Figure 2.10 compares average house prices across the sub-region in more detail. It is clear that there is a definite urban/rural distinction. What would be a lower band of house prices stretching from Grays through Basildon and onto Southend is broken up by pockets of higher prices mainly in more rural areas⁴.

Figure 2.10: Average House Prices, 2007

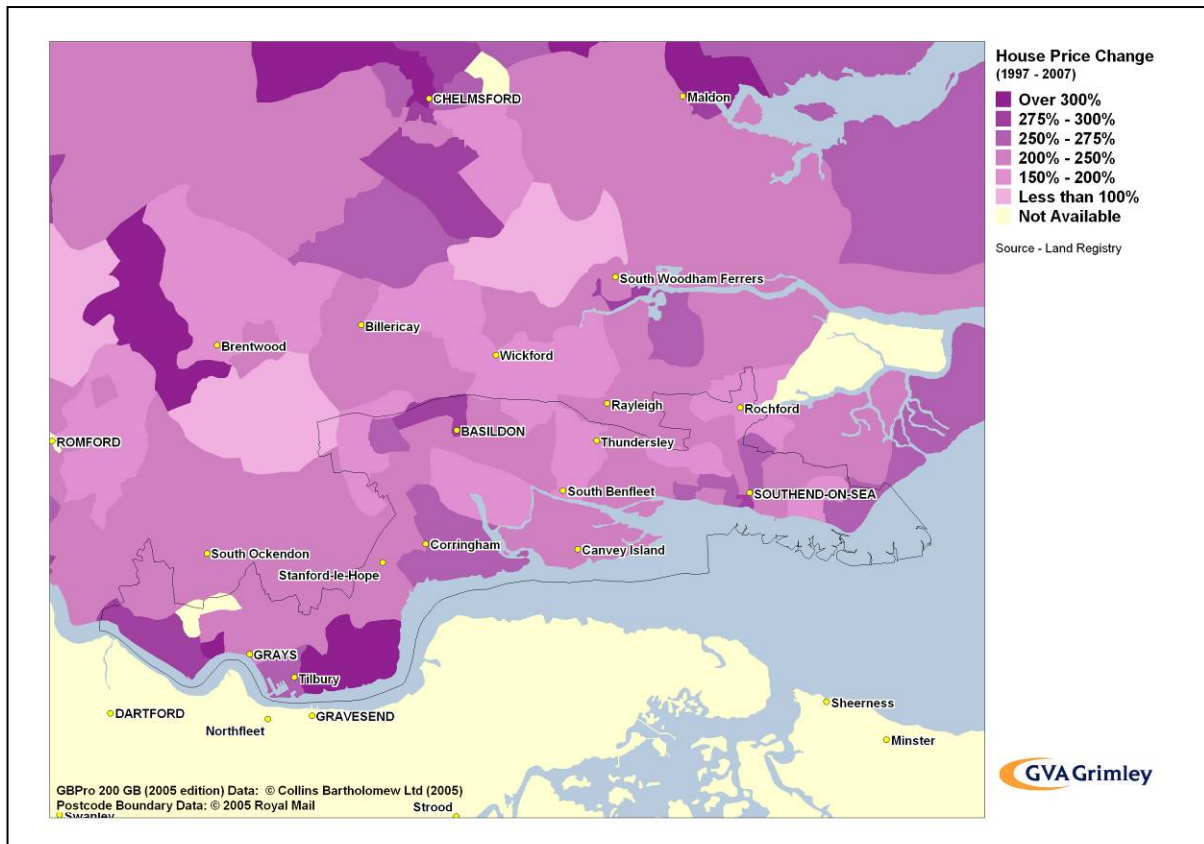


2.29 House prices have grown significantly over the last ten years with prices in some areas tripling in value over the period. It is particularly noticeable that the larger settlements of Basildon, Grays and Southend have benefited most from this growth with the more rural areas seeing more modest growth although from a higher base. This partially reflects affordability pressures.

2.30 The overall pattern in terms of house prices and house price growth supports identification of a common housing market area across the sub-region; as opposed to separate housing markets covering different parts of it.

⁴ Higher prices in Thorpe Bay in Southend is for example an exception

Figure 2.11: House Price Growth, 1997 – 2007



Confirming the Housing Market Area

2.31 Our analysis supports the identification of a single sub-regional housing market in South Essex, stretching from the M25 along the Thames Estuary to Southend and Shoebury.

- This area is served by key east-west road and rail corridors, comprising the A13 and A127 and the Liverpool Street-Southend and Fenchurch Street-Shoeburyness rail lines.
- It demonstrates similar characteristics in terms of house prices and house price growth (albeit that there is some urban/ rural distinction and a distinction between the larger and smaller towns).
- There are strong inter-dependencies between the towns (both larger and smaller) within the area in terms of both migration and travel to work.
- There are strong similarities across the area in terms of broader socio-economic indicators (as considered later on in this report).

-
- 2.32 The sub-regional housing market demonstrates a strong relationship with London in terms of household relocation and travel to work patterns. The key drivers of this are transport links which provide good access to London (and particularly to the financial hubs of the City and Canary Wharf); as well as house prices, which are at a notable discount to other parts of the wider greater South East region. The sub-region is attractive to households both looking to get onto the housing ladder and to trade up.
- 2.33 Our analysis supports the identification of some areas which relate to more than one housing market. These are:
- **Purfleet and Averley** – these areas relate both to the TGSE housing market area and to East London. They are related to Romford, Hornchurch and Upminster in terms of both migration and travel to work patterns.
 - **Billericay** – Billericay falls within an area of overlap between the TGSE and London Commuter Belt East housing market areas, as it relates both in terms of house prices and household movements to some degree to Brentwood; albeit that there is also a link in terms of household movements and particularly employment to Basildon.
 - **South Woodham Ferrers** – This town, in Chelmsford District, relates to the TGSE sub-region in that it connected by road and rail to Wickford and South Essex.

Identifying Housing Sub-Markets

- 2.34 We consider that the following represent coherent local housing sub-markets within the overall market. These have been defined on the basis of:
- Analysis of house prices; migration and travel to work patterns;
 - Mapping of key socio-economic indicators (including occupational profile and deprivation); and
 - A high-level assessment of the physical characteristics/ typology of places and their housing stock mix.

Figure 2.12: Housing Sub-Markets

Sub-Regional Housing Market	Thames Gateway South Essex		
Primary Sub-Markets	Thurrock	Basildon	Southend
Secondary Sub-Markets	Grays & Tilbury	Basildon	Southend
	Purfleet & Averley	Wickford	Rochford & Hockley
	Stanford-le-Hope & Corringham	Billericay	Rayleigh
		Canvey Island	Thundersley & Benfleet

Summary

- A single functional sub-regional housing market can be defined across Thames Gateway South Essex, stretching from the M25 along the Thames Estuary to Southend and Shoebury.
- The area is served by common east-west road and rail corridors, and demonstrates similar characteristics in terms of house prices, house price growth and socio-economic characteristics, albeit that there is some distinction between urban/ rural areas and the larger and smaller towns. There are strong inter-dependencies between the towns in the sub-region in terms of household movement and travel to work patterns. These factors support the identification of a single sub-regional housing market.
- London has a strong influence on the sub-regional housing market, with 21% of working residents employed in London and significant movement of households from London and East London to the sub-region. House prices in TGSE are relatively low in a regional context and this supports movement of both first-time buyers and households looking to step up the housing ladder to the sub-region.
- Main housing sub-markets can be identified based on the larger urban areas of Basildon, Southend-on-Sea and Thurrock. Purfleet and Averley, Billericay and South Woodham Ferrers fall within areas of overlap with surrounding housing markets.

3. STRATEGIC AND INVESTMENT CONTEXT

- 3.1 Housing and planning policies play a significant role in influencing housing supply. Economic development and regeneration policies also influence the attractiveness of different areas as places to live. As a precursor to the detailed analysis of housing supply and demand, and the economic and demographic drivers of these; we consider the current strategic policy context at the national, regional, sub-regional and local levels.
- 3.2 The Thames Gateway is a national regeneration priority, and in this context the local authorities are not planning on the basis of past trends in many cases, but trying to create a better future. It is hence important to capture their priorities and aspirations in considering the future supply and mix of housing. It is also important to assess the impact of the significant investment planned in the sub-region, including economic development and transport projects. These will influence the housing market.

National

- 3.3 Government has sought to draw together urban policy, regeneration and housing agendas under the Sustainable Communities banner, which can be defined as follows:

“Sustainable Communities meet the diverse needs of existing and future residents, their children and other users, contribute to high quality of life and provide opportunities and choice. They achieve this in a way which makes effective use of natural resources, enhance the environment, promote social cohesion and inclusion and strengthen economic prosperity⁵.”

- 3.4 The Egan Review, Skills for Sustainable Communities, sets up the following, as characteristics of successful places and ambitions for regeneration and place-making activities (Figure 3.1).

⁵ ODPM (2004) *The Egan Review: Skills for Sustainable Communities*.

Figure 3.1: Components of Sustainable Communities

- **Governance** – Effective and inclusive participation, representation and leadership
- **Transport and Connectivity** – Good transport services and communication linking people to jobs, schools, health and other services
- **Services** – A full range of appropriate, accessible public, private, community and voluntary services
- **Environmental** – Providing places for people to live in an environmentally friendly way
- **Economy** – A flourishing and diverse local economy
- **Housing and the Built Environment** – A quality built and natural environment
- **Social and Cultural** – Vibrant, harmonious and inclusive communities

- 3.5 The approach at a national level draws together the physical ‘urban renaissance’ and more community-focused ‘neighbourhood renewal’ strands of urban policy and is encapsulated in two five year plans. These are Sustainable Communities: Homes for All and Sustainable Communities: People, Places and Prosperity which were published by ODPM in 2005, and update the initial 2003 Sustainable Communities Plan, Sustainable Communities: Building for the Future.
- 3.6 The **Sustainable Communities Plan** set out a package of measures to address the under-supply of housing in the greater South East together with low demand in other areas, predominantly in the North. It established Government’s commitment to a step change in housing supply and support for four growth areas, including Thames Gateway: the largest and a national regeneration priority. It also set out broader actions to protect the countryside, achieve decent homes, and promote good design and liveability. Other elements of the plan were a commitment to increasing homeownership and to making all social housing properties decent by 2010. The regional supplement, **Sustainable Communities in the East of England**, established Government’s commitment to working with Thames Gateway South Essex Partnership to bring about regeneration.
- 3.7 **Sustainable Communities: Homes for All** maintains the focus on delivering more new homes and investing in jobs and infrastructure in the greater South East. It establishes a commitment by Government to improve the supply of social-rented housing and expand choice-based lettings; to improve the quantity and quality of private rented sector accommodation; and to support affordable housing delivery through use of public sector land, initiatives to reduce build costs and the HomeBuy scheme.
- 3.8 The need to align housing solutions with measures to improve jobs, services and infrastructure is the rationale behind the second plan, **Sustainable Communities: People,**

Places and Prosperity. This sets out measures for more localised decision-making including provision to introduce Neighbourhood Charters, extend the use of Local Area Agreements, and pilot a more radical and intensive approach to neighbourhood renewal in a small number of very disadvantaged areas. Wider measures are for developing new ways to delivering economic growth and introducing a ‘how to’ programme to address anti-social behaviour and improve public spaces. The approach draws upon international experience and in its design commitment, embraces the principles of ‘new urbanism’ which combines the more contemporary visionary approach embodied in the European tradition with a more technical approach from the US.

3.9 The Government’s key housing policy goals are to ensure that everyone has the opportunity to live in a decent home, which they can afford, in a community where they want to live. It aims to widen choice of housing and opportunities for home ownership (with an aim for 75% home ownership) and to address affordability by increasing housing supply.

3.10 The Government’s **Housing Green Paper** (CLG, July 2007) makes increasing housing supply a natural priority, and sets out key policy and funding parameters:

- **Increased Supply Targets** – aiming to increase housing delivery nationally from the 160,000 delivered in 2006 to 240,000 per year by 2016 to deliver 3 million homes by 2020. This means delivering three homes in nine years time compared for every two today. Additional growth points, new eco-towns and release of surplus public sector land will help to achieve this. Local housing targets may be increased through reviews of regional spatial strategies before 2011.
- **Infrastructure Funding** – a continued commitment to delivering sustainable communities, new homes supported by necessary local facilities and infrastructure. This includes improved procedures for ensuring mainstream funding supports housing growth; a new £300m Community Infrastructure Fund; and the planned introduction of a Community Infrastructure Levy to fund infrastructure investment.
- **Increasing Environmental Standards** – with plans to strengthen building regulations to cut carbon emissions from housing by 25% in 2010 and by 44% in 2013 with the aim that all homes are zero carbon by 2016. Water standards are also intended to cut water use in residential properties by almost 20%. There is however to be “no fundamental change” to national Green Belt planning policies.
- **Investment in Affordable Housing** – a commitment to increase funding for affordable housing by £3billion to £8million for the 2008-11 period and to deliver at least 70,000 more affordable homes per year in 2010-11, of which at least 35,000 (50%) will be social

homes. This represents proposals for a 50% increase in social housing construction in three years. Proposals for similar growth in shared ownership housing are put forward, to be funded through the new Homes and Communities Agency, proposed Local Housing Companies and use of public sector land. Tentative proposals are also put forward to allow Councils once again to bid for Social Housing Grant, and use their resources and land assets to build and manage affordable homes.

- 3.11 The Green Paper makes a strong national commitment to increase both housing supply and delivery of affordable housing to meet the Government's housing policy goals. These have been subsequently taken forward by the Government through the Housing and Regeneration Act (2008).
- 3.12 **PPS3: Housing** makes clear that the planning system should deliver sufficient quantity of housing in suitable locations and supported by necessary services and infrastructure. It emphasises provision of a mix of high quality housing at a local level, including both market and affordable and in terms of price.
- 3.13 Strategic Housing Market Assessments are considered a key mechanism for establishing the mix of housing to meet the range of requirements of different types of household over the plan period, and together with Strategic Housing Land Availability Assessments are intended to inform the level of future housing provision. SHMAs are intended to feed into both the Regional Spatial Strategy and into Local Development Frameworks. The national target is for 60% of new housing to be built on previously-developed land.
- 3.14 Plans should establish a 15-year supply (in terms of broad locations for development) including at least a five year supply of deliverable sites (to be reviewed annually through Annual Monitoring Reports). To ensure delivery targets are achieved a Housing Implementation Strategy is to be prepared to manage delivery of the housing and PDL targets. Delivery of housing and maintenance of a five-year rolling supply of deliverable land is now to be incentivised by Government through the Housing and Planning Delivery Grant.
- 3.15 Local planning authorities are required to establish targets for affordable housing provision, to be informed by an assessment of the implications of this on the economic viability of development. Where appropriate, targets can also be defined separately for social rented and intermediate housing and for the size and type of affordable housing required. A national site size threshold of 15 dwellings is recommended for affordable housing, but lower thresholds can be justified through assessment of local circumstances and economic viability.

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- 3.16 Housing density policies are to be determined locally, linked to the spatial vision and strategy for housing development in an area; current/ future infrastructure and services; accessibility and local character. The 30 dwelling per hectare standard is redefined as a national indicative minimum, with a more flexible policy allowing different standards to be applicable to different parts of a local authority area. An emphasis on efficient use of land and good design remains.
- 3.17 **The Thames Gateway Delivery Plan (2007)** sets out the Government's key ambitions and spending priorities, and a commitment to £9 billion funding over the next three years. This includes £500 million on regeneration and £100 million on local transport improvements.
- 3.18 The plan sets out seven strategic outcomes for the Thames Gateway, including for the economy, transport, housing and quality of life. These include a new target for the Gateway to deliver at least 225,000 jobs by 2016.
- 3.19 **Economy:** Investment in the economy, jobs and skills between the period of 2008 – 2011 will involve establishing a £200 million Strategic Economic Investment Fund This should leverage at least £75 million of other public and private sector contributions. The plan identifies London Gateway and the Gateway Ports Cluster as one of four locations for transformational economic growth and a focus for investment. The others are Canary Wharf, Stratford and the Lower Lea Valley and Ebbsfleet in Kent. Support is also to be given to creating new jobs and training in the arts through the Royal Opera House Production Campus in Thurrock, funded by a range of partners.
- 3.20 **Transport:** Enhancement of the transport connections between the four spatial transformers and wider gateway are another priority for investment. Local transport schemes in South Essex area to receive funding will include:
- **A127 Basildon** - Tackling congestion and improving capacity at the critical bottlenecks to service the largest employment area in Basildon and Thames Gateway South Essex sub-region.
 - **A127 Progress Road, Southend** - An integrated junction improvement for the Southend Arterial Road to deliver jobs and growth targets and to enable Southend's economy to flourish.
 - **A127/A13 Victoria Station and Plaza Junction** - Improvement to the public realm, transport integration and accessibility of Southend Town Centre.

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- **South West Canvey** - To enable a direct and faster alternative access for commercial traffic to the key business location of Charfleets Industrial Estate, the most substantial employment zone in Canvey Island.
- 3.21 **Housing:** Ten locations, where extra homes are most urgently needed, have been prioritised for funding to secure housing programmes. Locations in South Essex area include Basildon and Thurrock. £69 million of Communities and Local Government's Thames Gateway Programmes Fund will go towards the provision of infrastructure and land acquisitions to help deliver housing in these areas. A Housing Sub-Group of the Thames Gateway Strategic Partnerships has been established and is producing a strategy (to be published in September 2008) to accelerate completions.
- 3.22 **Town Centres:** The Government aims to accelerate the redevelopment of town centres across the Gateway with investment in commercial facilities, housing, tourism, leisure and culture. In the next three years Communities and Local Government plan to invest in 14 town centres, including Basildon and Southend.
- 3.23 **Parklands:** Further funding announced for the parkland programme includes £35 million of Government funding. The strategic framework for delivery over the next three years includes investing in a new estuary path and environmental improvements to strategic transport corridors (road and rail).
- 3.24 **Eco Region:** Thames Gateway is to be the UK's first Eco-Region. The main principles will include:
- **Sustainable Transport:** Sustainable modes of transport will be made more convenient, and new public transport schemes progressed including South Essex Rapid Transit.
 - **Eco-Homes:** Better use will be made of low carbon and renewable energy technologies and the development of community heating and cooling systems in new and existing developments, particularly focusing on large scale mixed use developments. £2 million will be used to fund eco-assessments of the top 10 housing programmes.
 - **Eco-Quarter:** There are plans to explore how to achieve Eco-Towns within existing settlements. Proposals will be invited for a new Eco-Quarter in the Thames Gateway. Outside of this £15 million will be provided for the development of a Low Carbon Communities Programme to tackle energy efficiency of existing buildings in up to six key locations.
 - **Flood Risk Management:** The Environment Agency plan to invest more than £200 million over the next 12 years and maintain and operate flood defences.
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Regional

3.25 A Shared Vision, the **Regional Economic Strategy for the East of England**, is structured around the ambition to deliver “a leading economy, founded on our world-class knowledge base and the creativity of [the region’s] people, in order to improve the quality of life for all who live and work [in the region].” There are then four key themes to activity: building on strengths; improving areas of average or poor performance; capitalising on distinctive opportunities and challenges (in particular proximity to London as a world city); and embedding underlying principles of sustainable development.

3.26 Priorities are defined around eight strategic goals which aim to deliver the sustainable economic development of the region. The table below sets out strategic goals and some key priorities. Goals one to three directly address the five key drivers of productivity.

Figure 3.2: Regional Economic Strategy - Key Themes

1. A skills base that can support a world-class economy	2. Growing competitiveness, productivity and entrepreneurship	3. Global leadership in developing and realising innovation in science, technology and research	4. High quality places to live, work and visit
<ul style="list-style-type: none"> • Increasing employment rates in disadvantaged communities • Developing skills which better meet business needs • Developing higher-level skills to support the knowledge economy 	<ul style="list-style-type: none"> • Building a more enterprising culture • Supporting the accelerated and sustained growth, productivity and competitiveness of businesses • Developing the capacity of the region to engage in global markets 	<ul style="list-style-type: none"> • Ensuring strong links between regional universities, research institutes and the private sector • Maintaining and building on the quality of research establishments 	<ul style="list-style-type: none"> • Ensuring a suitable supply of homes to support economic growth • Ensuring the provision of social and transport infrastructure <ul style="list-style-type: none"> • Developing and enhancing green spaces and infrastructure • Enabling the renaissance and regeneration of the region’s communities
5. Social inclusion and broad participation in the regional economy	6. Making the most from the development of international gateways and national and regional transport corridors	7. A leading information society	8. An exemplar for the efficient use of resources
<ul style="list-style-type: none"> • Supporting disadvantaged communities and groups to access suitable employment opportunities • Improving prospects for better quality employment 	<ul style="list-style-type: none"> • Making the most of our gateways to the sea • Promoting delivery of strategic road, rail and other public transport priorities • Understanding and addressing the importance of transport links to London 	<ul style="list-style-type: none"> • Improving the skills and ability of people to make effective use of ICT • Supporting growth in the supply of network-based technologies and the development of digital content 	<ul style="list-style-type: none"> • Progressing the development of environmental goods and services • Establishing the region as an exemplar of environmentally sustainable development

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- 3.27 The RES sets out that delivery of a sufficient supply of high quality homes in the right locations to support economic activity and regeneration will be important, together with delivery of sufficient supply of affordable homes to meet housing needs. It states that EEDA will support public and private partnerships to provide land for housing development and will develop demonstrator projects that deliver high density, resource-efficient affordable homes and maximise the use of brownfield land opportunities.
- 3.28 TGSE is a defined sub-region in which the primary focus is on achieving major investment and social, economic and environmental regeneration; improving skills, employment links and employment opportunities; and addressing inadequate transport infrastructure. The RES particularly promotes an emphasis on raising the quality and perceptions of places, including through high-quality design and emphasising the potential of the frontage with the River Thames.
- 3.29 EEDA is charged with leading delivery of the RES and will support local delivery vehicles, such as Basildon Renaissance, Renaissance Southend, Castle Point Regeneration Partnership and Thurrock UDC, in delivering the growth agenda.
- 3.30 The adopted **East of England Plan** (May 2008) seeks to achieve sustainable development and create sustainable communities and its spatial strategy reflects these aims, directing most strategically significant growth to the region's major urban areas to maximise use of the existing public transport network and existing physical and social infrastructure; and to maximise re-use of previously developed land (set against a regional target for 60% of development to be on PDL). Development is focused towards defined 'Key Centres for Development and Change' (Policy SS3) which include Basildon, Southend-on-Sea and the Thurrock Urban Area. Outside of these areas the focus is on considering the potential of other key service centres to accommodate development which is sympathetic and appropriate in scale to their needs.
- 3.31 Essex Thames Gateway is defined as a Priority Area for Regeneration (Policy SS5) and a Regionally Strategic Employment Location (Policy E3). It is also covered substantially by the Green Belt and while strategic green belt reviews are proposed in some locations, this does not apply in this area.
- 3.32 The RSS seeks to achieve a balance of employment and housing growth, and hence sets out targets for each. Policy E1 sets out a regional target for at least 452,000 net additional jobs across the region over the 2001-21 plan period of which the target for Essex Thames Gateway is 55,000. Policy ETG3 defines district level targets as follows: Basildon 11,000;
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Castle Point 2,000; Southend 13,000; Thurrock 26,000; and Rochford 3,000 for the 2001-21 period. More broadly, it promotes delivery of innovation centres at the Key Centres for Development and Change, raising skills levels at NVQ 2, 3 and 4 to national averages, and a focus of major retail, leisure and office developments at Basildon, Southend and Lakeside.

- 3.33 Housing provision figures are established by the Secretary of State as minimum targets, which should be exceeded where this is possible without breaching environmental or infrastructure constraints. A regional target to deliver 508,000 dwellings over the 2001-21 plan period is established.
- 3.34 Figure 3.3 indicates the local authority minimum dwelling provision targets. Basildon, Rochford and Thurrock must increase their provision of housing over the rest of the plan period to reach their minimum housing provision targets. Castle Point is achieving its housing targets while Southend has been exceeding its and could reduce its building rate and still achieve its minimum housing provision targets. The strategy recognises that housing development will need to be sequenced with necessary transport and infrastructure investment.

Figure 3.3: Minimum dwelling provision 2001-2021

Area	Minimum dwelling provision 2001-2021 (net increase with annual average rates in brackets)		
	Total to build 2001-2021	Of which already built 2001-2006	Minimum still to build 2006 -2021
Basildon	10,700 ⁶	1,200 (240)	9,480 (630)
Castle Point	4,000	1,101 (200)	2,990 (200)
Rochford	4,600	810 (160)	3,790 (250)
Southend	6,500	1230 (430)	4370 (290)
Thurrock	18,500	4250 (850)	14,250 (950)

- 3.35 Policies for affordable housing are to be set locally, taking account of regional objectives, local needs assessments and the housing market. A 35% affordable housing target is set for the region as a whole (Policy H3).

⁶ This includes allowance for 2,200 outside Essex Thames Gateway

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- 3.36 The strategy for the Essex Thames Gateway Sub-Region as a whole is to substantially increase the number of homes and jobs with a particular aim of delivering a better balance between the two; to develop a more positive and attractive image through improving quality of the built and natural environments; to improve economic conditions, living standards, aspirations and quality of life; to enhance the education and skills base and improve access to higher education; and to protect and enhance natural and historic environments including retaining the Green Belt.
- 3.37 Basildon, Southend and Chelmsford are defined as Regional Centres (Policy E5) of strategic importance for retail and other town centre development.
- 3.38 Policy ETG1, the strategy for the sub-region, aims to achieve transformational development change by increasing the number of jobs and homes, giving the area a more positive and attractive image, increase the overall value of the sub-regional economy, enhancing the education and skills base and protecting the natural and historic environments.
- 3.39 The strategy for Thurrock is based upon urban renaissance (including through better use of the riverside and revitalisation of Gray's Town Centre), developing its role as a centre as a ports and logistics cluster whilst also seeking to diversify the employment base, and over the longer-term remodelling Lakeside Basin for mixed use including offices, retail/leisure and residential development.
- 3.40 In Basildon, local development documents should facilitate physical, economic and social regeneration of the original New Town together with its expansion to create a balanced and sustainable community. This should include mixed-use regeneration of the Town Centre to deliver a range of higher quality sub-regional services and facilities, new homes and jobs and a strategic transport interchange.
- 3.41 The strategy for Southend is again for town centre renaissance but led by development of a university campus, for upgraded strategic and local public transport accessibility and for the development of Southend Airport, including as an employment cluster.
- 3.42 The Regional Transport Strategy is based around managing travel behaviour and the demand for transport to reduce road traffic growth, encourage use of existing infrastructure and encourage modal shift. Policy ETG6 establishes that proposals for future transport infrastructure should reflect the prioritised schemes in the Thames Gateway South Essex Business Plan for Transport (see Figure 3.4). Proposals serving the sub-region as a whole should contribute to ensuring high quality links between the key centres.
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- 3.43 Figure 3.4 outlines the strategic transport infrastructure projects identified in the East of England Plan together with 'high priority flagship schemes' identified in the TGSE Business Plan for Transport (2006)⁷.

Figure 3.4: Major Transport Schemes in Thames Gateway South Essex

Scheme	Impact
A13/A130 Sadlers Farm Intersection*	Sub-Regional
A127 and A1159 Cuckoo Corner/ Priory Crescent Route Management Strategy, Maintenance & Widening*	Sub-Regional
M25 / A13 Junction 30 – 31 Improvements*	Sub-Regional
C2C Line Capacity 12 car platforms/ trains*	Sub-Regional
South Essex Rapid Transport (SERT)	Sub-Regional
Route Management Strategy and Major Maintenance for A127, A13 and A1159	Sub-Regional
Proposed North-South Rail Link (Benfleet and Wickford, and Shenfield Chord)	Sub-Regional
A13 Passenger Transport Corridor	Sub-Regional
Gardiners Lane South Access Improvements A132/A176/A127	Basildon
Access to Shoeburyness Road and Junction Improvements	Shoeburyness
Roscommon Way Regeneration	Castle Point
Fryerns/Craylands Regeneration Access	Basildon

* Schemes currently programmed for delivery

- 3.44 The **Regional Housing Strategy for the East of England 2005 – 2010** is structured around a vision “to ensure everyone can live in a decent home which meets their needs, at a price they can afford in locations that are sustainable.” Its response is structured around three themes of delivering more, sustainable housing provision (in support of the growth agenda); providing high quality homes and environments; and creating inclusive communities.
- 3.45 The strategy seeks to deliver a sustainable mix of housing particularly by focusing on four key mechanisms to support delivery of affordable housing: reducing land and construction costs

⁷ See Appendices of the TGSE Business Plan for Transport for a full list of local transport projects

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- without reducing quality, reducing the need for subsidy, maximising public resources available, and raising quality (such as through promoting Eco-Homes and implementation of the Code for Sustainable Homes).
- 3.46 It seeks to deliver high quality homes and environments by improving design quality, investing in existing housing to meet the 'Decent Homes' standard, and supporting action to improve environmental quality, green space provision and liveability. It recognises that housing investment is needed to support wider regeneration activities.
- 3.47 To create inclusive communities it emphasises the importance of sophisticated systems to anticipate future housing needs. Bespoke policies are established to address the needs of the homeless, Key Workers, rural communities and BME groups including Gypsies and Travellers, migrant workers, asylum seekers and refugees. In support of wider Government policies, it supports the creation of balanced communities including mixed housing tenure, widening choice in the market and affordable sectors and 'Supporting People' with specific needs.
- 3.48 The strategy sets out a framework for investment of Single Regional Housing Pot resources. The focus of investment is on supporting growth; addressing local need/homelessness; and improvement of the existing stock. From 2010 supporting growth is given an increased priority in resource allocation, as is supported housing and meeting BME needs. Regeneration and rural housing are each allocated a consistent 10% of resources.

Sub-Regional

- 3.49 At the sub-regional level, the Essex County Council's **Local Area Agreement** (2007) includes priorities to improve educational attainment, ensure development is designed to promote healthier living and to improve the quality of life for people in the most disadvantaged neighbourhoods.
- 3.50 The unitary authorities in Thurrock and Southend-on-Sea have separate Local Area Agreements. Thurrock's Local Area Agreement (2008/2009 -2010/11) is structured around delivering balanced and sustainable growth and ensuring that this benefits existing residents including through supporting them to realise their potential. It also includes provision to invest in services for supporting vulnerable people, reduce inequality and create conditions that enable residents of Thurrock to live long and healthy lives.
- 3.51 Southend's Local Area Agreement is structured around a vision to creative a more thriving regional centre, whilst maintaining the borough's profile as a vibrant coastal resort. Its seven

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- key themes including improving quality of life in disadvantaged neighbourhoods, developing and promoting Southend as a visitor centre, improving educational attainment at Key Stage 4, as well as improving health and reducing inequalities and providing greater choice and control for older people by maintaining their independence and well-being.
- 3.52 Essex's **Local Transport Plan** (2006-11) sets out the core aims to tackle congestion, deliver accessibility to key services, create safer and better maintained roads and improve air quality. It sets out that the transport network should support the economic development and the population growth of Essex and contributes to an improved quality of life.
- 3.53 The Local Transport Plan for Southend 2001/02 to 2005/06 aims to reduce congestion in Southend and its hinterland to stimulate regeneration, economic improvement, environmental enhancement and community well being in a sustainable manner.
- 3.54 Thurrock Transport Plan 2006 -2011 establishes a set of strategic transport objectives for tackling congestion and effective management of transport through encouraging sustainable development patterns and use of public transport, walking and cycling. It recognises the key role of logistics and distribution sections in the area.
- 3.55 The **Thames Gateway South Essex Strategic Framework**, entitled Delivering the Future, is structured around the core actions necessary to deliver: a sense of place, an effective transport network, urban renaissance, improved health and community capacity, enhanced prosperity, new homes, an enhanced environment, and better tourism and leisure facilities.

3.56 Key investment priorities are set out in the table below.

Figure 3.5: TGSE Investment Priorities

Theme	Investment Priority
A Sense of Place	Support the sustainable urban regeneration of Basildon Support the renaissance of Southend Achieve the vision for Thurrock Improve and enhance the sustainability of Castle Point Develop Rochford as an area for leisure, recreation and tourism activity
Transport	Improve strategic links to mainland Europe and the rest of the UK Improve links within the Thames Gateway Ease local transport congestion and improve connectivity
Urban Renaissance	Continue a comprehensive programme of estate renewal Ensure local towns and centres can thrive Establish South Essex as an attractive place to live and work
Community	Improve health Increase community capacity
Homes	Bring forward sites Deliver employment sites alongside housing Address flood risk Assist development of small brownfield sites Support estate renewal and town centre renaissance
Environment	Promote ecological and heritage significance Bring the natural environment closer to communities Tackle the area's industrial legacy Reduce environmental impact
Leisure	Enable culture, leisure, tourism and sport to support regeneration Establish new landmarks to stimulate investment and a sense of identity Increase the attractiveness of the area as a destination for tourism and leisure Increase interaction between businesses and the arts
Prosperity	Increase the success of our businesses Introduce new and higher value businesses Increase the skills of young people and the working population

3.57 The strategy emphasises the importance of employment-led regeneration and growth, aiming to deliver an improved balance between housing and employment and potentially reduce out-commuting to London.

Local

3.58 At the local level, GVA Grimley has reviewed the Community Strategy, Housing Strategy, Local Plan or LDF Core Strategy and Regeneration Framework (where available) in each of the five local authority areas. This section draws out key points to summarise local policy aspirations (Figure 3.6). This has been informed by consultation meetings with local stakeholders.

Figure 3.6: Key Local Policy Priorities

Location	Key Local Policy Priorities
<p>Basildon</p>	<ul style="list-style-type: none"> • Improve the transport infrastructure, including road structure and public transport system. • Increase the supply of housing (Basildon has the second largest housing targets for 2021 across the TGSE area); and improve the mix of housing locally to reduce out-commuting and support the economy. A key current priority is to increase the rate of housing delivery. • Mixed use regeneration of Basildon Town Centre to deliver a range of higher quality sub-regional services and facilities. Deliver the Masterplans for Wickford and Pitsea Town Centres. • Increase employment opportunities. Focus on developing urban business parks, specifically the A127 Enterprise Corridor and Gardeners Lane South. • Create a health and education campus at Nethermayne Gateway. Invest in improving local schools.
<p>Castle Point</p>	<ul style="list-style-type: none"> • Improve road transport infrastructure, particularly access to Canvey Island. Member aspiration to deliver a third route off the Island. Deliver the extension to Roscommon Way. • Increase the supply of housing through urban intensification and peripheral expansion. Improve the standards of housing. • Improve the balance between housing and employment developments to reduce out-commuting, albeit that employment land take-up has not been strong. Aim to generate higher skilled and office based employment opportunities where possible. • Increase the delivery of affordable housing to meet local needs (although there are competing infrastructure investment priorities to be considered). Aim to reduce use of temporary accommodation. • Increasing the design and quality of housing. • Providing supported housing for the elderly and disabled. • Deliver the regeneration of town centres (masterplans being developed).
<p>Rochford</p>	<ul style="list-style-type: none"> • Spatial focus for housing development on the main towns of Rayleigh, Hockley and Rochford. Potential for a number of smaller sustainable urban

	<p>extensions.</p> <ul style="list-style-type: none"> • Develop employment opportunities, particularly at Southend Airport. Aim to diversify the economy away from manufacturing and industrial sectors and develop higher-value sectors, tourism and culture. • Regenerate the town centres of Rochford and Hockley (masterplans being developed). • Local concerns on the impact of infill development on local character. • Increase the amount of affordable housing to meet local needs. • Review supported housing for Rochford's ageing population.
<p>Southend</p>	<ul style="list-style-type: none"> • Upgrade strategic and local passenger transport accessibility, including the development of strategic transport interchanges around existing transport nodes. • Focused regeneration and growth in Southend Town Centre and Central Seafront and Shoeburyness. Deliver long-term sustainability of Shoebury through sensitive regeneration. Major physical change and renewal of Southend Town Centre. • Develop employment opportunities and increase the number of jobs, particularly at Southend Airport and A127 Industrial Corridor and in the Town Centre. Aim to develop town centre office and residential offer. • Expansion and development of education opportunities at the South Essex College and University of Essex Campus. • Resist intensification in established suburban residential areas. • Build a stronger cultural and creative sector. • Increase visitor spend and the quality of the tourism sector. • Aim to develop concept statements for future of Tower Blocks and delivery of regeneration in Housing Renewal Areas. • Aspiration for Southend to develop as a cosmopolitan, multi-cultural place.
<p>Thurrock</p>	<ul style="list-style-type: none"> • Diversify the economy away from retail, logistics and the construction sectors and develop higher value commercial space. Develop environmental technologies and creative industries. • Improve local skills and access to employment. • Create a better balance between housing and employment.

	<ul style="list-style-type: none"> • Improve transport infrastructure including extension and upgrading road and rail networks. • Increase the mix and quality of housing. • Increase the access to local service such as GPs and open space. • Deliver the London Gateway proposals.
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3.59 Current affordable housing policies vary between the local authorities across the sub-region. The current policies are follows:

- **Basildon:** require 35% affordable housing on sites of 10 or more dwellings/ 1ha.
- **Castle Point:** currently 20% affordable housing on sites over 15 units. The Core Strategy should increase this to 35% when adopted.
- **Rochford:** required no less than 15% on sites of 25 dwellings/ 1 ha or more.
- **Southend:** requires 20% on developments of 10-49 dwellings and 30% on sites of over 50 dwellings.
- **Thurrock:** are currently trying to increase their affordable housing target to 35%.

Key Regeneration & Investment Projects

Basildon

3.60 The key regeneration projects relate to the masterplans for three of the town centres in Basildon District (Basildon, Wickford and Pitsea); plans for the A127 Enterprise Corridor; the Sporting Village; and for the emerging Nethermayne Health & Education Gateway. There are current housing regeneration projects being taken forward in Craylands/Fryerns and in Five Links; and investment in secondary education through the Essex Building Schools for the Future Programme.

3.61 The regeneration of Basildon Town Centre is perhaps the flagship project. The **Basildon Town Centre Development Framework**, was adopted as SPD in July 2006. This sets out a £900m regeneration programme to deliver 49,000 sq.m retail and leisure space; 55,000 sq.m of offices; a new civic and community centre; 3,650 new homes; a new train station; and supporting public realm improvements. It aims to deliver better buildings and spaces; a better environment which is easier to navigate around; and a broader mix of uses. This includes developing town centre office and residential market.

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- 3.62 A masterplan has also been prepared for **Pitsea Town Centre**. This proposes between 10,000 – 15,000 sq.m of new retail floorspace; 4,500 sq.m commercial leisure space; and 300 – 400 dwellings. Structured around four quarters, it also proposes improving community, health and leisure facilities (including an upgraded library and replacement health facility); new and improved public spaces; and interventions to ameliorate the impact of the A13 gyratory. Its overall aim is to strengthen the role and function of the centre and enhance its overall vitality and viability. New housing opportunities are expected to be townhouses and apartments.
- 3.63 **Wickford Town Centre Masterplan** was approved by the Council's Cabinet in February 2006. Again urban living is a key element of the vision here, with the aspiration for new, high-quality residential-led mixed-use development supported by development of a 'new heart' public space, and improvements to access and movement. Apartments are conceived above shops, together with a broader mixture of house types at the 'riverside' and 'eastern extension' to the east of the A132. In total 455 dwellings are envisaged together with 100 live/work units, of which an estimated 27% would be 1-bed apartments and 35% 2-bed apartments the remainder being larger units.
- 3.64 A £120m project overall, it is envisaged that the Wickford Masterplan will create up to 650 new jobs from 2,600 sq.m retail space and 1,000 sq.m mixed commercial space. Broader improvements planned include a new community, health and library facility. It is intended that a development partner will be announced in Spring 2008.
- 3.65 Neptune Land Ltd and Colonnade Holdings Ltd are also planning major redevelopment of the **Laindon Centre**.
- 3.66 The **A127 'Enterprise Corridor'** is Basildon District's economic hub, and contains a healthy mix of companies including some trans-nationals. It employs two-thirds of those working in Basildon District and is the largest concentration of employment in Essex. In total it covers 262 hectares and contains 1.2m sq.ft of commercial floorspace. A strategic masterplan is being considered for this corridor.
- 3.67 A major scheme in this area is **Gardiners Lane South**. The Council adopted Supplementary Planning Guidance (SPG) for this 37 hectare site between the A127 and the A1235 in 2003, proposing business-led mixed-use development. Its ambition is to deliver a landmark destination with up to 135,000 sq.m business premises – principally offices and light industrial – together with an Enterprise and Innovation Centre and 525 new homes. It is intended as a higher-density sustainable urban business location, with a mixed-use core at the heart of the development (including residential) as well a residential quarter closer to the A1235 Cranes
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- Farm Road. It is envisaged that the scheme could create up to 7,000 jobs. There is however a significant infrastructure investment requirement currently to unlock the site.
- 3.68 The **Nethermayne Health and Education Gateway** is a concept based around the potential to create a 'health and education campus' linking Thurrock & Basildon College and Basildon Hospital and creating an associated bio-technology and medicine park.
- 3.69 The local regeneration partnership is also progressing plans to develop a £35m **Sporting Village** at Gloucester Park, incorporating a 50m competition pool, 8 court sports hall, regional gymnastics centre, athletics stadium and administrative hub for sports development.
- 3.70 Housing regeneration initiatives are being taken forward in Craylands/Fryerns and Five Links. The **Craylands/Fryerns Estate Renewal Programme** is a £260m scheme which involves the remodelling of the 1960s 'Radburn' Craylands Estate to the east of Basildon Town Centre (including removal of maisonette blocks) and the redevelopment of the former Fryerns School site to deliver 1400 homes (a net increase of 700 units across the scheme) and a new community centre. English Partnerships is leading the project and funding the relocation programme, with Swan Housing and Lovell Group as preferred developers. The scheme has received Central Government funding. Essex County Council are selling their school site for £30m but planning to reinvest this in the scheme. CIF funding is committed to deliver a new road link.
- 3.71 The **Five Links Estate Renewal Programme** has been running for 10 years and is more advanced with the first two phases of redevelopment complete. New housing delivered to date has been for rent, but with masterplanning for Phase 3 (involving redevelopment of flats and garages) including plans for housing for private sale and shared ownership.
- 3.72 South Essex is a priority within the **Essex Building Schools for the Future Programme** Wave Four (2008/11) which will provide £240m new resources for secondary provision. Chalverdon and Barnstable Schools in East Basildon are to combine and intend to apply for Academy status, specialising in Sport and Business. They hope to open in 2008 with some new build stock.
- 3.73 In terms of transport investment, the major road schemes are **Improvements to the A13/A130 Saddlers Farm Junction**. Department for Transport funding is committed to this, which includes creating a dual carriageway connecting the A13 West to the A130 North. There is also committed funding to increase capacity at **Junction 30 on the M25**.
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- 3.74 In terms of public transport, the major scheme is the bus-based **South Essex Rapid Transit (SERT)** which would deliver regular 10-minute services between key destinations, potentially with segregated bus ways and priority signalling. The project has £80m funding committed through the Regional Priority Infrastructure List, with a business case for additional funding necessary due to go to the Department for Transport in 2008.

Castle Point

- 3.75 Key regeneration priorities in Castle Point are the regeneration of **Canvey and Hadleigh Town Centres** and the development of the economy and skills base of the area to reduce out-commuting. Key skills projects include proposals **for two new secondary schools** through the Building Schools for the Future Programme in Canvey, together with a vocational training centre; and **developing the SEEVIC College as a FE Campus** in Benfleet. Economic growth proposals include for the **revitalisation of Charfleets Industrial Estate** on Canvey, and bringing forward inward investment at **Land at Northwick Road, Canvey**. Improvements to Roscommon Way are being implemented, and proposals for a new link road to West Canvey is also being considered to enhance accessibility to Canvey Island.

Thurrock

- 3.76 The borough has five principal growth 'hubs.' At **London Gateway**, Dubai Ports Limited are to deliver a major port and logistics hub with associated general employment land/ business park. The scheme could deliver 16,500 jobs as well as 100,000 sq.m B1, B2 and B8 space which could prove a challenge to existing and potential future commercial space elsewhere in the sub-region.
- 3.77 The **Port of Tilbury** is already a major container port and could be expanded if land restriction issues were resolved. A masterplan is due to be commissioned to explore growth potential, with the indication that this could yield 650 homes and at least 500 new jobs (particularly associated with potential for the Thurrock Parkway site).
- 3.78 Thurrock Thames Gateway Development Corporation proposes to develop **Gray's Town Centre** as a hub for public services and learning, as well as improving the retail and cultural offer. Thurrock Council is promoting a 6,967 sq.m business centre to create 600 new jobs and there are plans for significant educational investment. Plans for a sizeable marina are also being explored. It is estimated that 5,000 new homes can be delivered in Gray's over the next 15 years.

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- 3.79 There are plans for expansion of the major **Lakeside Basin/ West Thurrock** retail destination, particularly to address competition from Bluewater. These include broadening the leisure offer, residential development and supporting social infrastructure. The Masterplan for the area proposes 3,000 new jobs resulting from 100,000 sq.m of leisure floorspace. Total housing potential in this area is estimated at around 6,000 new homes.
- 3.80 **Purfleet** provides attractive riverfront residential opportunities, as does Grays. The Botany Way scheme will provide 900 homes together with 4ha of light industrial land and 12.2 hectares of land for commercial, retail and community infrastructure. A new link road may open up a further 20ha of industrial/employment land. Together capacity will be created for over 1,000 new jobs and 2,200 homes. There are also plans for expansion of production/theatre-related activities.
- 3.81 The scale of development and growth at some of these locations will be considered in more detail by the Local Development Framework process. It is clear however that the scale of change in Thurrock is significant with an estimated 26,000 or more additional jobs expected to 2021 and a high housing allocation for 18,500 homes confirmed by the East of England Plan.

Southend

- 3.82 Southend benefits from a long coastal strip of potentially prime real estate. Its key economic projects are focused on the Town Centre and Southend Airport/A127 Industrial Corridor, with housing growth expected to particularly come forward at Shoeburyness.
- 3.83 A **Central Area Masterplan** has been prepared for the Town Centre which aims to improve the retail offer and broader shopping experience; to identify potential to strengthen the office offer; to deliver new visitor attractions to support and develop the tourism offer; and to establish itself as an educational and cultural centre. Collectively these are intended to deliver 1,650 homes, 25,000 sq.m retail space and 20,500 sq.m of office accommodation. A £22m refurbishment of the Victoria Shopping Centre (35,000 sq.m) is also being delivered. Supporting investment in the Seafront and Pier will deliver hotel and conference facilities, leisure and residential provision.
- 3.84 **South East Essex College** has recently expanded provision in the town, and development of a new **University of Essex Campus** is ongoing. Further, potentially joint expansion including an Enterprise and Innovation Faculty is planned. This will support a stronger cultural and creative sector.

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- 3.85 **Southend Airport** is investing £25m in a new passenger terminal and train station and has plans to increase passenger movements from 6,140 in 2005 to 1m in 2015 and 2.2m in 2030. With creation of associated employment space, intensification and refurbishment of adjacent industrial estates, it is estimated that this could create 1,300 jobs by 2016. Peak time congestion on both the A127 and A13 will as part of an overall strategy be addressed.
- 3.86 Housing delivery targets are relatively modest, with a minimum of 6,500 in the Borough as a whole. The adopted Core Strategy DPD focuses regeneration and growth in Priority Areas where 2,500 new dwellings are expected to be delivered in the Town Centre / Seafront Area and approximately 1,500 in Shoeburyness.

Rochford

- 3.87 The primary regeneration priorities in Rochford District are the development and growth of London Southend Airport, together with the regeneration of the district's main town centres.
- 3.88 Rochford District Council is currently working jointly with Southend-on-Sea Borough Council to prepare a **Joint Area Action Plan for London Southend Airport** and its environs. This is expected to be a major economic driver. Planning permission has been granted for a new rail station to serve the Airport.
- 3.89 Construction of **Cherry Orchard Business Park** close to the Airport has commenced, with the first phase underway comprising specialist accommodation for car dealerships together with servicing and repair facilities. Further business development is expected including for high-tech and aviation-related businesses.
- 3.90 **Town Centre Masterplans are being prepared for both Rochford and Hockley Town Centres** to guide the regeneration of these centres. The centres are expected to make a significant contribution to housing delivery, with the Masterplans to identify capacity and delivery mechanisms.

Summary

- Government policy plays quite a significant role in the housing market at both the national and local levels. National policies focus on delivering sustainable, mixed communities ensuring that everyone has the opportunity to live in a decent home which they can afford in a community in which they want to live.
- There is a strong current national focus on increasing housing supply overall and delivery of affordable housing. This is to be balanced with provision of jobs and supported by infrastructure delivery.
- Supporting policies promote increasing environmental standards of new development and design quality.
- Thames Gateway is a Growth Area and a national regeneration priority and this is reflected in the scale of development and investment planned across the sub-region. There is a particular focus on improving employment opportunities to deliver a better balance between homes and jobs to manage and reduce demands on the transport network.
- Within the sub-region, Basildon, Southend and the Thurrock urban area are identified as Key Centres for Development and Change, with the sub-region designated a Priority Area for Regeneration and Regionally Significant Employment Location in the East of England Plan. Thames Gateway is also designated the country's first Eco-Region.
- Housing growth proposals are supported by significant planned investment in economic regeneration, transport (including both public transport and road schemes), town centres, social and green infrastructure provision. Planned investment intends to deliver the urban renaissance of the main towns across the area.

4. DEMOGRAPHIC & SOCIO-ECONOMIC PROFILE

4.1 This section provides a socio-economic profile, considering demographic dynamics; deprivation; educational performance and health.

Demographics

4.2 Demographic dynamics are a key driver of change in the housing market: they are an important influence on housing demand, both now and in the future. In this section we examine the current demographic profile across the Thames Gateway South Essex Housing Market and how this has changed over the last ten years.

Current Population

4.3 The combined population of the five TGSE local authorities in 2006 was 647,100, roughly a quarter of which comes from each of the Basildon, Southend and Thurrock local authorities and a further eighth apiece from Castle Point and Rochford (Figure 4.1).

Figure 4.1: Population Breakdown

District	District Population	TGSE Wards Population	% of District in TGSE	District Population	% of TGSE
	2001	2001	2001	2006	2006
Basildon	165668	96991	58.5	168600	26.1
Castle Point	86608	86608	100.0	88600	13.7
Rochford	78489	6870	8.8	81100	12.5
Southend-on-Sea	160257	160257	100	159900	24.7
Thurrock	143128	119826	83.7	148900	23.0
TGSE	634150	470,552	74.2	647100	100.0

Source: Census and ONS Mid-Year Estimates

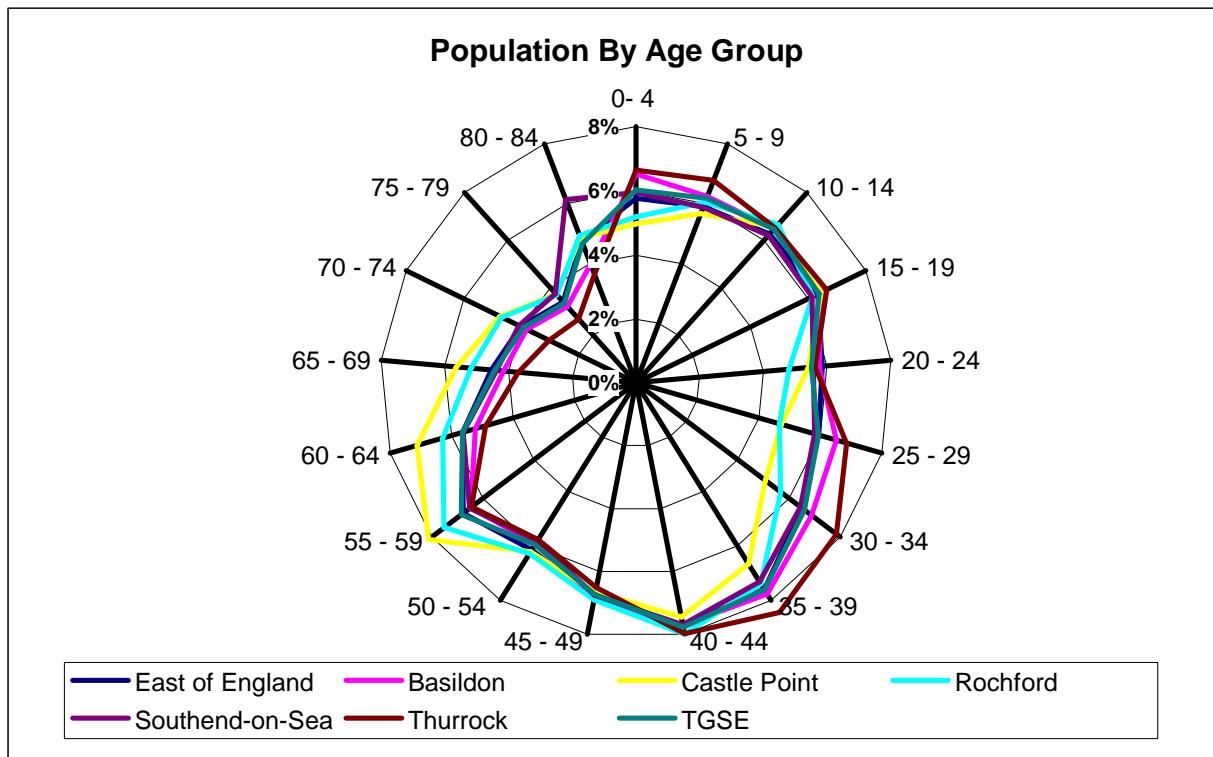
Age Structure

4.4 The age makeup of the combined Thames Gateway South Essex districts closely matches that of the rest of the region however, there are pockets, such as Thurrock, and to a lesser extent, Basildon where there are higher levels of young families. Conversely Rochford and Southend have lower levels of those aged between 24-44.

4.5 At the other end of the scale Rochford and Southend have substantially higher levels of older population, especially in the 55-74 age group. Southend also has particularly high levels of

people over 80 (6%). Castle Point and again, to a lesser extent, Basildon have below regional levels of people of a retirement age or above.

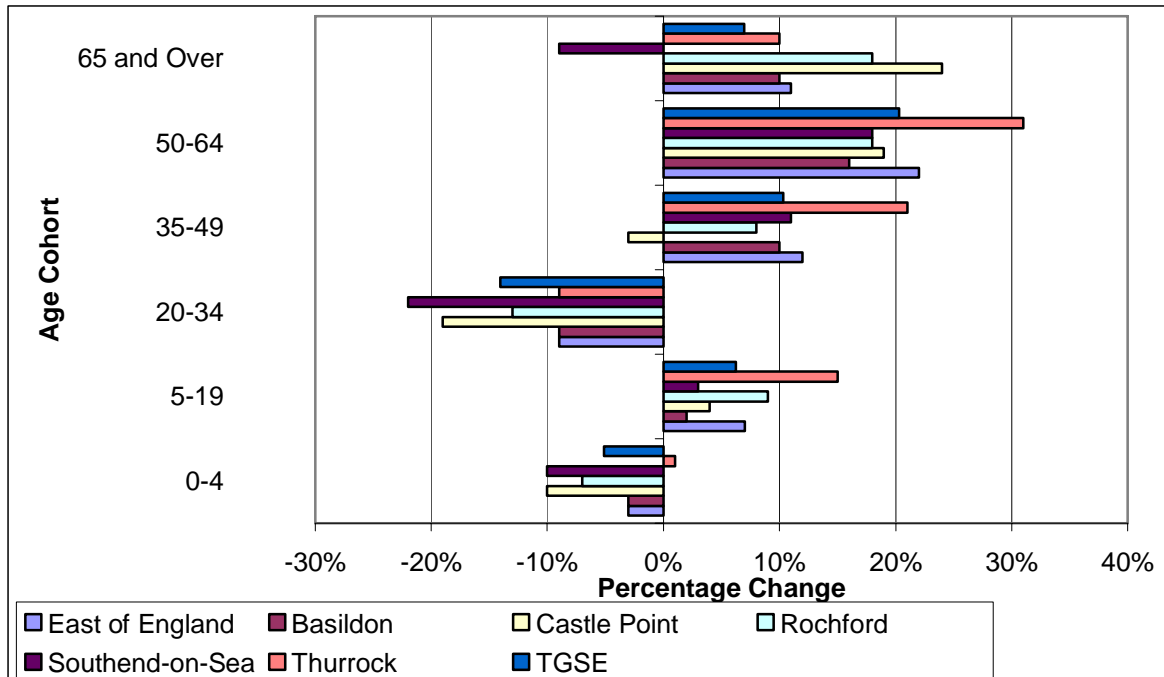
Figure 4.2: Population Breakdown by Age



Source: 2006 Mid-Year Population Estimates

- 4.6 In the period 1996 -2006 the Thames Gateway South Essex Districts have seen the older age cohorts (35-49, 50-64 and 65 and over) grow by around 12% in total, although this is much less than the national growth rate for these age groups which stands at 26%. As a percentage of the total population these age groups have grown from by 4.1 (52% to 56.9%) percentage points compared to 10.5 (45.4% to 55.9%) percentage points in England and Wales (although from a lower base).
- 4.7 Although the total population has grown overall, certain age groups have actually reduced in size; both the pre-school (0-4) and young workers age group (20-34) have declined in both real terms and as a percentage, again this reflects the ageing population in the area (Figure 4.3). The 20-34 age group is particularly important, as it includes a high proportion of newly-forming households.

Figure 4.3: Growth by Age Cohort 1996-2006



Source: Mid Year Population Estimates

Gender

- 4.8 Women typically live longer than men, therefore the population split is generally balanced in women’s favour. The 2001 male-female split for the TGSE Housing Market Area at 48.3% men and 51.7% woman is however more balanced than the English national breakdown where men make up 47.84% to 52.16% for women.
- 4.9 Mid year estimates from 2006 show that the male/female split for the TGSE districts was closing and the male population made up 48.56% of the population. This may be a result of immigration by men seeking work in the industrial areas in the sub-regional housing market.

Ethnicity

- 4.10 The Thames Gateway South Essex Area is not particularly ethnically diverse in comparison to England as a whole. Overall 96% of the population was white in 2001; higher than the UK total figure of 92.1% and England with 87% (Figure 4.4).

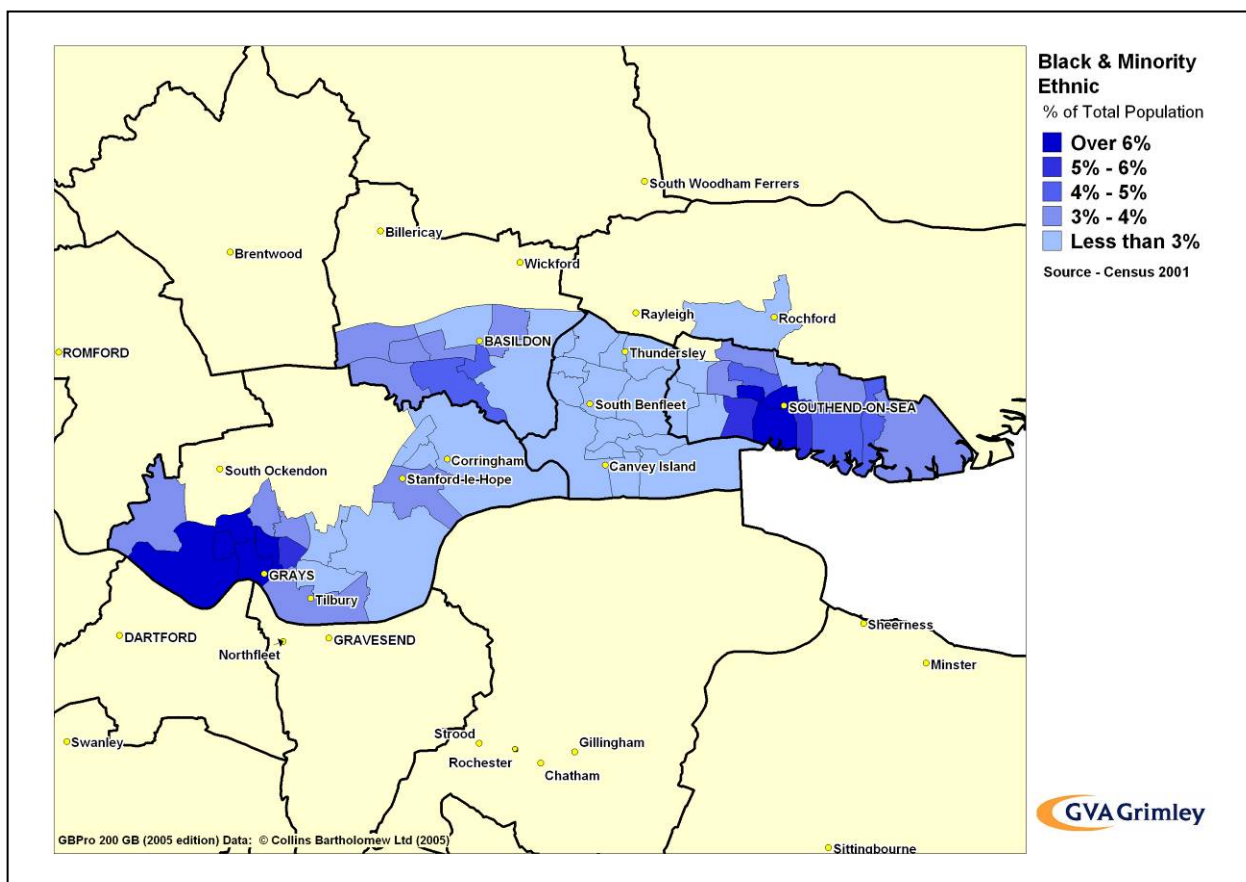
Figure 4.4: Ethnic Breakdown

Area	% White	% Mixed	% Asian or Asian British	% Black or Black British	% Chinese and Other
Basildon	96.95	0.92	1.04	0.67	0.49
Castle Point	98.28	0.58	0.72	0.20	0.33
Rochford	98.44	0.59	0.50	0.22	0.37
Southend-on-Sea	95.83	1.10	1.69	0.69	0.74
Thurrock	95.37	0.92	2.00	1.16	0.63
TGSE	96.68	0.88	1.31	0.67	0.55
East of England	95.12	1.08	2.26	0.90	0.65

Source: Census 2001

- 4.11 The largest non-white ethnic group in 2001 in the TGSE area was Asian and Asian British, however this only equates to 1.5% of the total population. Figure 4.5 indicates the spatial distribution of Black and Minority Ethnic (BME) population in 2001. It shows a concentration of BME population in Central Southend, and in Purfleet, Grays and Chafford Hundred.

Figure 4.5: BME Population, 2001



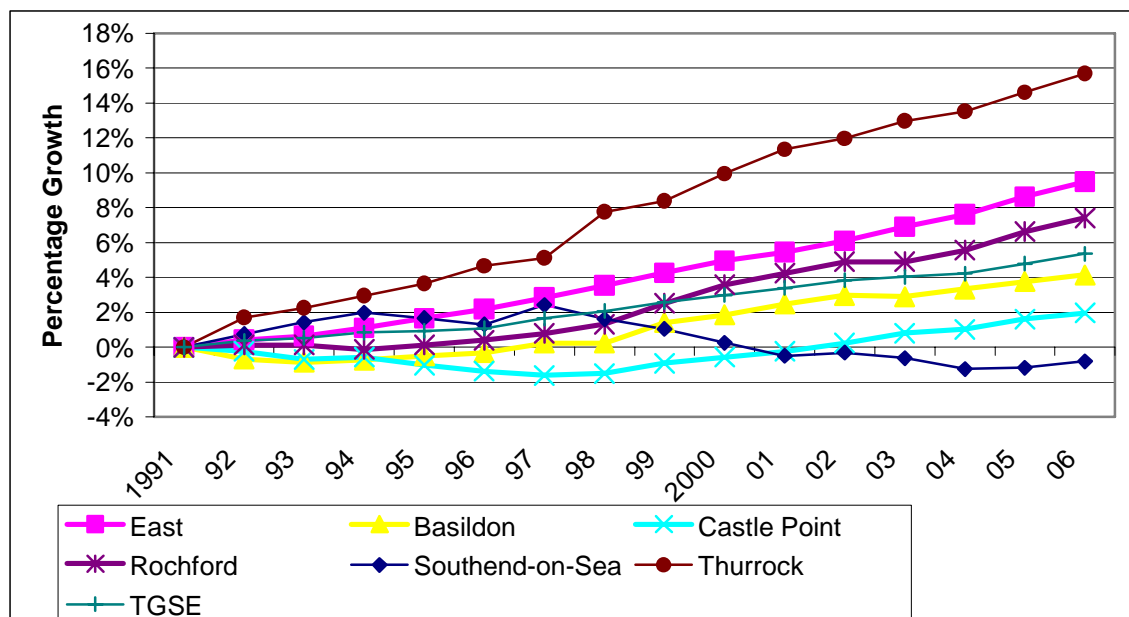
4.12 The ethnic profile is however likely to have changed since 2001. Experimental estimates produced by the Office for National Statistics suggest that the BME population had grown to 8.7% across the sub-region in mid 2005. At a local authority level this ranged from 5.7% in Rochford and 6.1% in Castle Point to 8.3% in Basildon, 9.7% in Southend-on-Sea and 11.3% in Thurrock. The BME population appears to be greater in the larger urban centres⁸.

Population Growth

4.13 The TGSE sub-regional housing market has grown steadily with over 5% population growth in the last 15 years, although not by the same extent as the region as a whole which has seen growth of 9.5% (Figure 4.6).

⁸ BME Population includes all non White British groups.

Figure 4.6: Population Growth 1991-2006



Source: Mid-Year Population Estimates

- 4.14 Population growth has been strongest in Thurrock which has seen more than 15% population growth since 1991. Rochford has also seen substantial growth of around 7.5% over the last 15 years although this still falls below the regional average of 9.5%.
- 4.15 Castle Point saw a decline in its population in the 1990s but has since recovered resulting in an overall population growth of 2% over the 15 year period. This trend was reversed in Southend District which saw an initial growth until 1997, followed by a substantial fall in population until 2004 with stabilisation and marginal growth since but still its total population remaining just under the 1991 population levels. Basildon has witnessed modest growth of 4%.
- 4.16 The ONS has stated that producing population and migration statistics is increasingly challenging and in response has set up an Improving Migration and Population Statistics (IMPS) project. The problems relate particularly to measuring the impact of international migration. A number of Authorities, including the Southend-on-Sea Borough Council, are concerned that estimates calculated by ONS do not properly and fully reflect the actual population of their areas. The ONS populations of Southend-on-Sea for 2001 and onwards remain under examination because they are significantly lower than both population counts based on other sources and previous, pre-2001, counts and estimates.

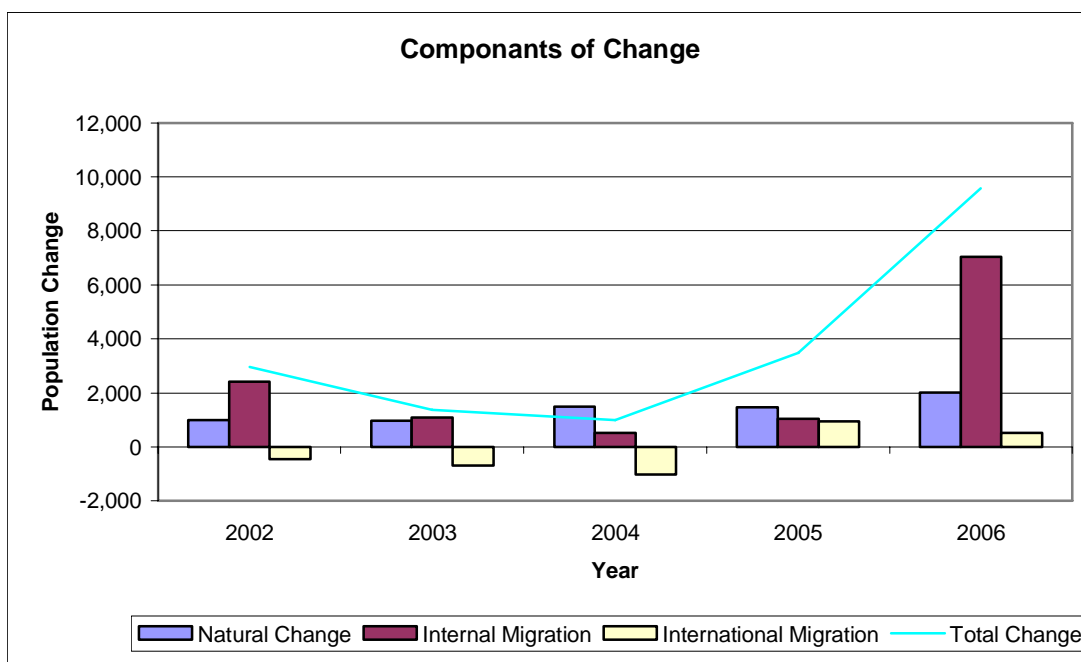
Migration and Natural Change

4.17 The key components of population change are natural change (the balance between births and deaths) and migration. Partners have asked us to look in particular detail at levels and patterns of migration. We consider this in this section, including the balance between domestic and international migration.

4.18 Over the five year period 2001 – 2006, it is estimated that:

- While 13,000 people (gross) have come from overseas to reside in the TGSE Sub-Regional Housing Market, more people are actually estimated to have moved overseas. The result is a net loss of 680 persons due to international migration.
- The population growth of 18,390 has instead been driven by domestic migration (within the UK), as well as natural growth in population. Natural growth (more births than deaths) has added 6,950 to the population. Domestic migration has added 12,120.

Figure 4.7: Components of Population Change 2001-2006

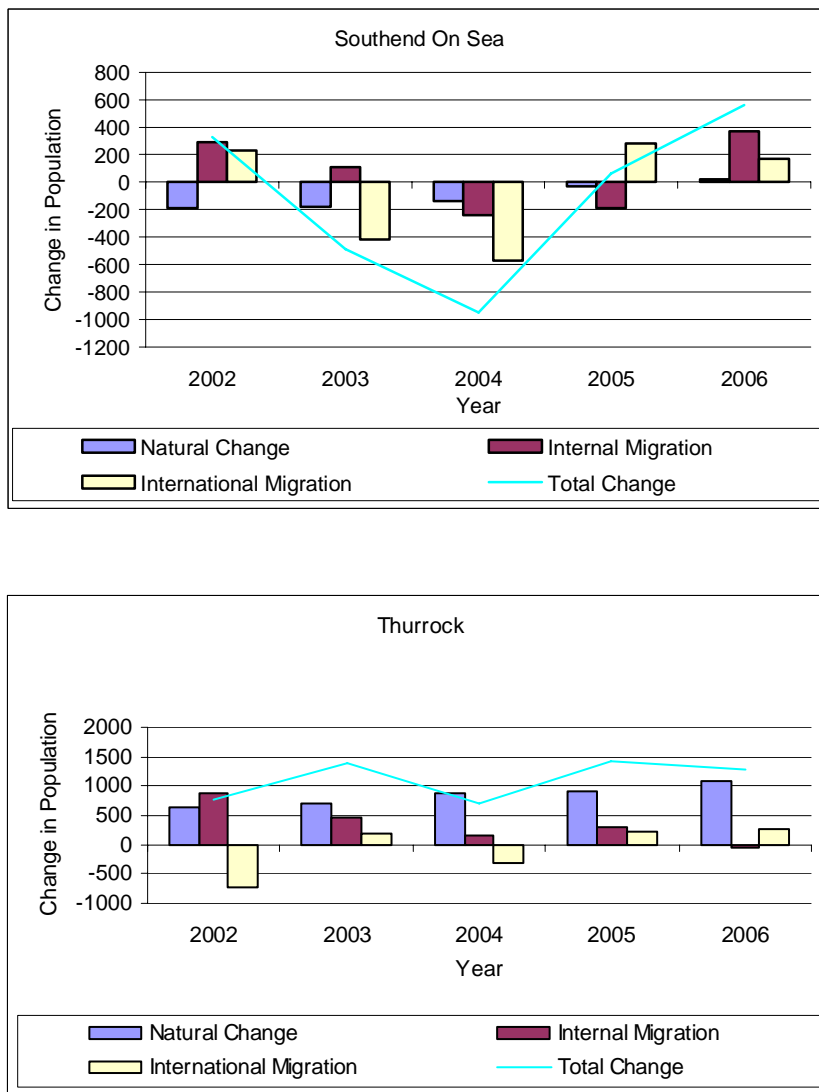


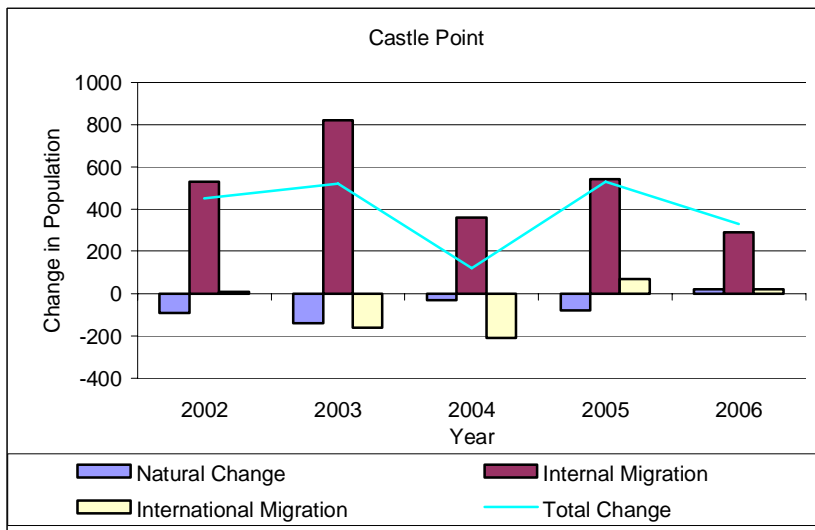
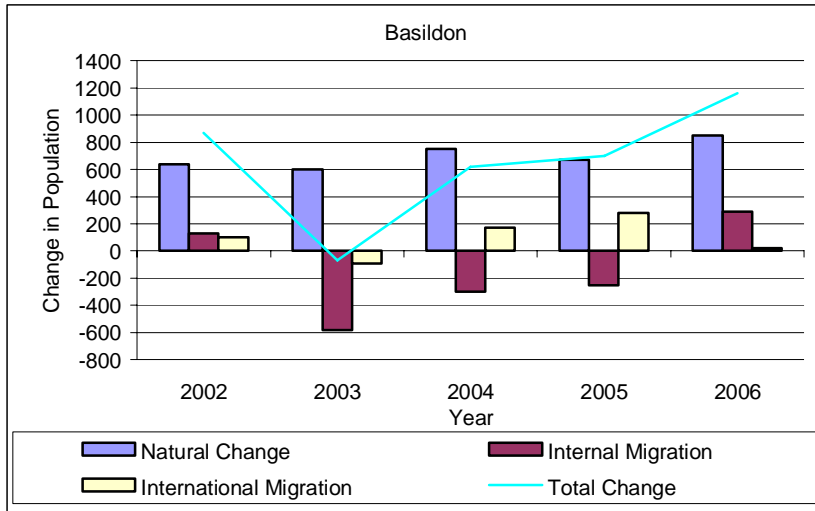
Source: ONS Mid-Year Population Estimates

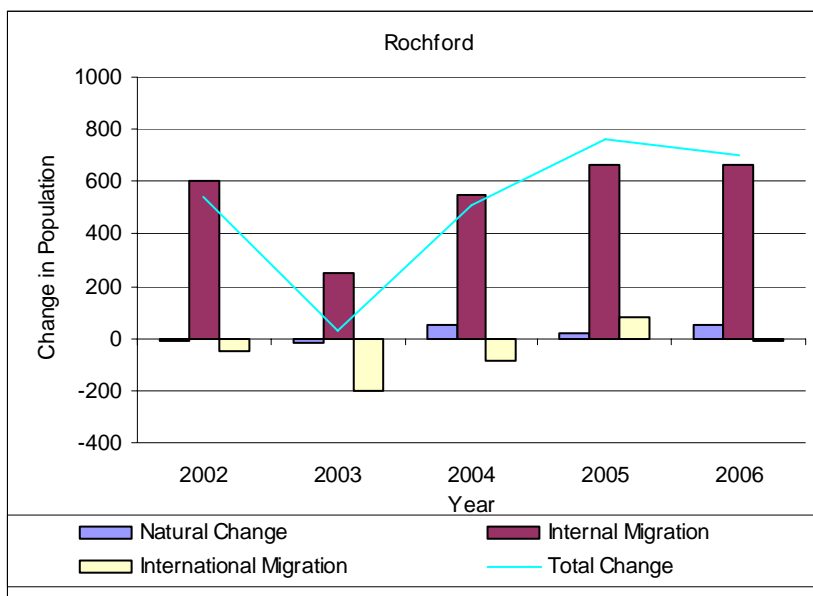
4.19 Southend (as discussed) has seen a decrease in their population over the last five years. This is due to natural change and outward international migration, although this has slowed over the period (see Figure 4.8). Thurrock has seen the largest growth of all the Thames Gateway

- South Essex districts since 2002. This was mainly due to high birth rates and internal migration coming from neighbouring London.
- 4.20 Basildon's growth over the last 5 years has been due primarily to high natural change, where as in the districts of Castle Point and Rochford, growth over the same period can be attributed to domestic migration.
- 4.21 The migration dynamics over the past five years for which data is available are shown in Figure 4.8.

Figure 4.8: Components of Population Change by Districts



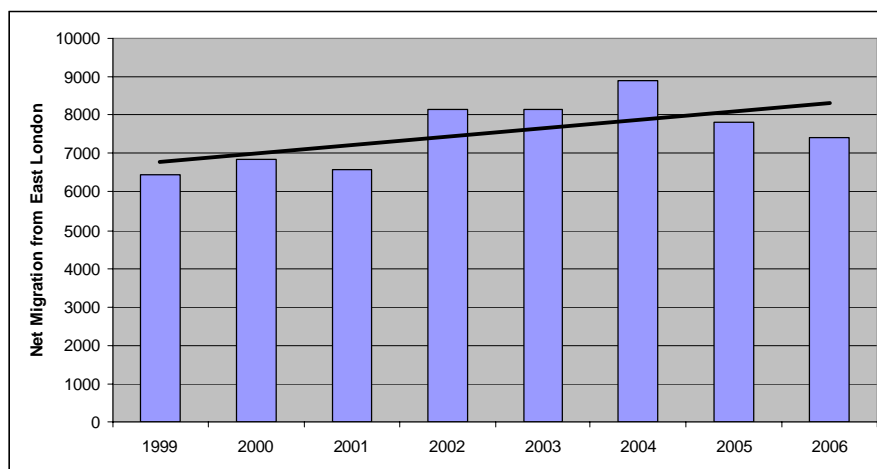




Source: ONS Mid-Year Population Estimates

- 4.22 The only district which has seen a net gain from international migration was Basildon which has seen a net gain of 480 persons over the five year period. Southend has also seen high levels of international in-migration however this has been countered by international migration in the opposite direction (people leaving). The effect of international migration is lower in the Thames Gateway South Essex than the rest of region and far lower than in London. This however should come with the caveat that the statistics are not the most reliable.
- 4.23 The NHS Central Health Register (NHSCHR) records migration flows between local authorities in England and Wales. We have analysed migration flows between 1999 – 2006, considering specifically the level of flows to the TGSE area from East London (Figure 4.9).
- 4.24 Figure 4.9 indicates strong net migration from East London to the TGSE Housing Market. Over the last five years this has averaged 7,825 residents per annum. There is also a notable upward trend, with stronger levels of movement post 2002 than in the previous three years. In 2006, net migration from East London to TGSE was 7,420.

Figure 4.9: Net Migration from East London



Source: NHS Central Health Register/ ONS

4.25 Figure 4.10 indicates the flows into and out of local authority areas within the sub-regional housing market. It indicates that there is strong net migration from East London to Basildon and Thurrock particularly. The lowest net flow is to Rochford, but is still significant. Net flows per annum range from 700 to Rochford to 2,000 to Basildon and 3,000 to Thurrock. The lower flows to Rochford, Castle Point (1,000) and Southend-on-Sea (1,150) reflect the greater distance from East London boroughs.

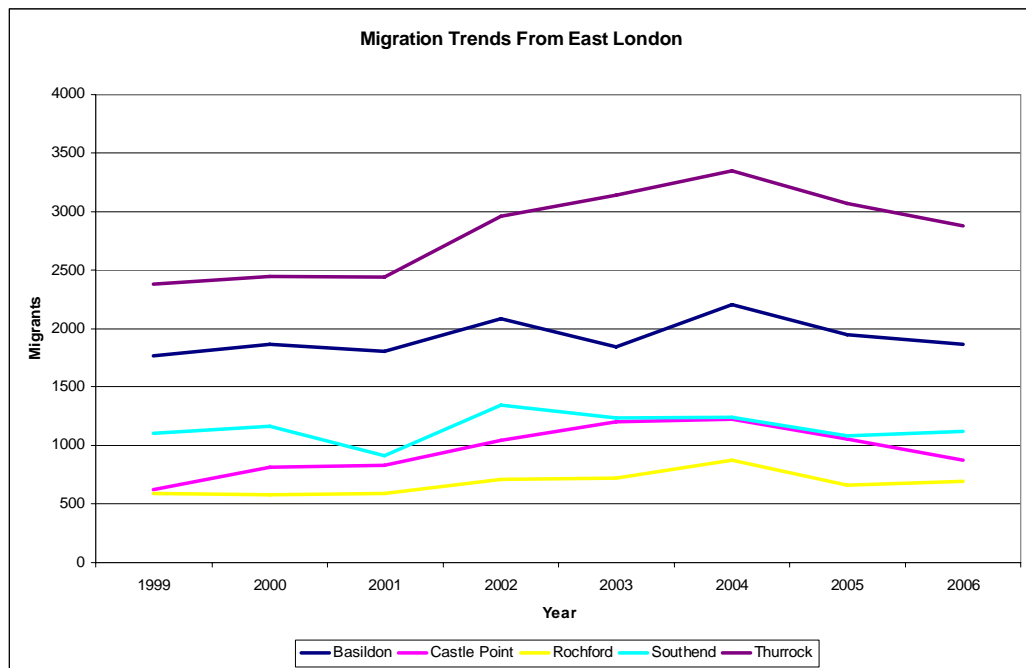
Figure 4.10: Migration Dynamics between TGSE and East London, 1999-2006

Area	Outflow	Inflow	Gross	Net
Basildon	4610	15360	19970	10750
Castle Point	1610	7640	9250	6030
Rochford	920	5410	6330	4490
Southend	3870	9550	13420	5680
Thurrock	7940	22670	30610	14730
TGSE	18950	60630	79580	41680

Source: NHS Central Health Register/ ONS

4.26 Figure 4.11 below indicates changes in levels of net migration year-on-year in each of the local authorities. It indicates growth in net in-migration from East London between 2001 – 2004 (in a period in which the housing market was particularly buoyant), but a slowdown in 2005 and 2006. This partly reflects house-price dynamics.

Figure 4.11: East London Migration Trends



Source: NHS 2006

Population Density

- 4.27 Across the housing market area, the population density is 19 persons per hectare, which although much higher than the England & Wales (3.45 pph) and regional (2.8 pph) levels, falls well short of neighbouring London which has 45 people per hectare.
- 4.28 Within the TGSE area there are areas with a high population density, particularly in Southend-on-Sea district where the density peaks at 111 people per hectare (see Figure 4.12). This is reflected in pressures from different land uses for potential development sites.
- 4.29 In contrast, Thurrock has a lower density, which is a reflection of the areas industrial land uses, and influences potential for housing and economic growth.

Figure 4.12: Population Densities by Local Authority

Area	Population	Hectares	Density
Basildon	165668	11002	15.06
Castle Point	86608	4508	19.21
Rochford	78489	16949	4.63
Southend-on-Sea	160257	4176	38.38
Thurrock	143128	16338	8.76
TGSE	634150	52973	11.97

Source: Census 2001

Student Population

- 4.30 The student population of the Thames Gateway South Essex varies spatially but overall 15.9% of the population aged 18-24 are students. Castle Point has the highest percentage of 18-24 year olds in full-time education with around 26%; the lowest being Basildon at only 10.6%.
- 4.31 The only University in the Study Area is the University of Essex, which has a campus in Southend. The University of Essex has a total of 7,553 students enrolled although the majority of these are located in Colchester outside the TGSE area.

Figure 4.13: Student Population

Area	Students	% of 18-24 Population
Basildon	12,600	10.6
Castle Point	6,200	27.3
Rochford	6,600	18.8
Southend-on-Sea	12,300	15.4
Thurrock	10,800	14.7
TGSE	48,500	15.9
East	439,700	21.8
England and Wales	4,638,100	27.2

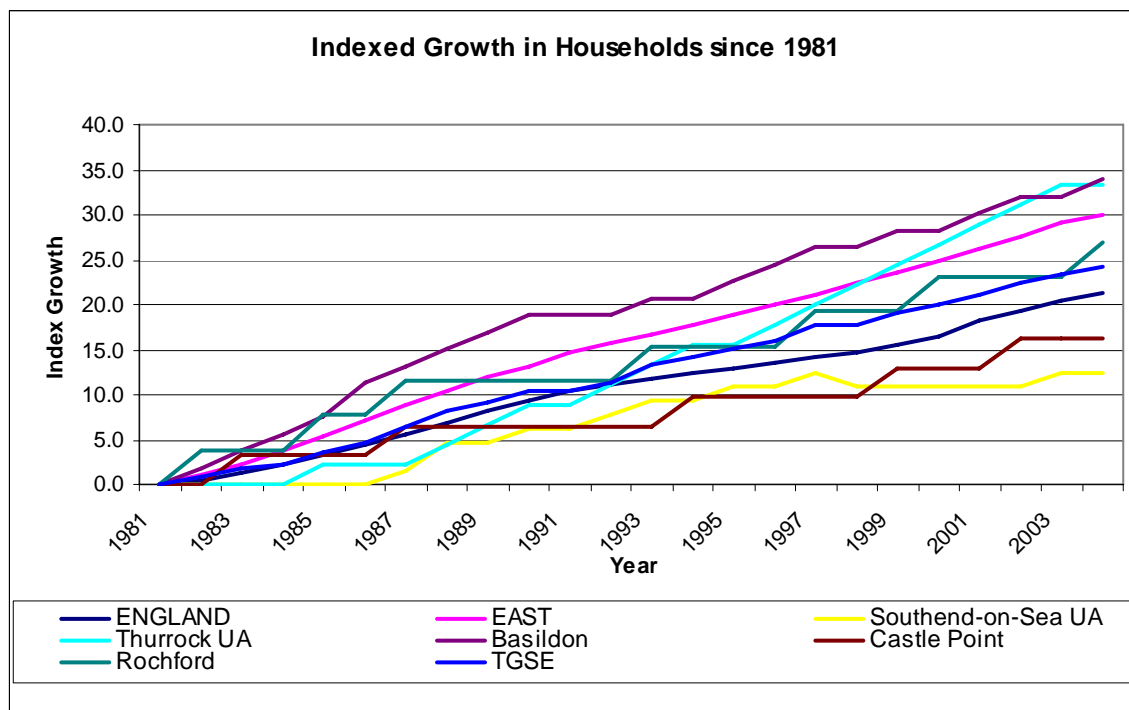
Source: Annual Population Survey 2007

- 4.32 The potential growth in the student population and implications for the housing market are considered further in Section 12.

Households

4.33 Household numbers in the TGSE Sub-Regional Housing Market grew by more than 10% between 1991-2001, starting at around 240,000 and growing to around 265,000. This is consistent with the rate of growth in the previous decade between 1981 – 1991.

Figure 4.14: Indexed Household Growth



Source: CLG 2007

Projected Household Growth

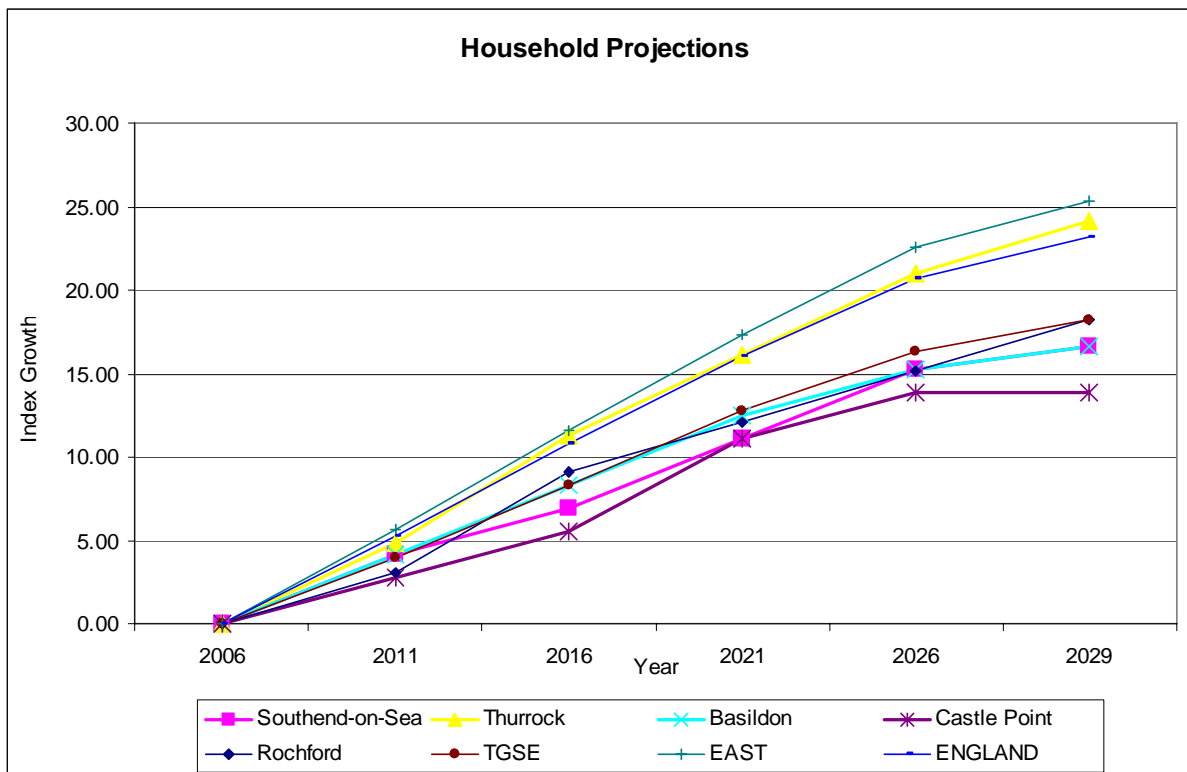
4.34 Communities and Local Government have published trend-based projections of household growth to 2026. These assume that age-specific fertility and headship rates persist and that migration patterns are consistent with those over the five years between 1999-2004.

4.35 The projections indicate that household numbers are expected to continue to grow with the projections indicating 22% growth for the region in the period up to 2026 and 11.6% to 2016 from a 2006 base.

4.36 Household growth of over 8% is projected in the TGSE Housing Market in the next ten years with a total growth of 16.4% by 2026. This is below average for the region.

4.37 Thurrock is expected to have the largest percentage change over the next 20 years or so growing by 21% to 2026. Castle Point is expected to have the slowest level of growth of just under 14% (Figure 4.15).

Figure 4.15: Household Projections



Source: DCLG 2004-based Sub-National Household Projections

4.38 There are a range of factors including economic performance and housing supply which are likely to influence future household demand, in terms of household growth. These are considered in further detail in Section 10.

Household Composition

4.39 The profile of households across the TGSE Housing Market is very similar to the regional profile: there are a slightly lower proportion of married couple households and more one person households. One in four households is made up of pensioners. 30% households are family households with dependent children, while 29% are one person households.

4.40 At a local authority level the profile of households varies to a greater degree:

- The profile of households in Basildon is quite similar to the sub-regional and regional profiles, with a slightly above average level of family households (with dependents) and lone parent households, but a below average level of pensioner households.
- Castle Point and Rochford have a similar profile with a higher level of married couple households and pensioner households than other areas, and lower levels of single persons.
- Southend-on-Sea has a particularly high proportion of single person households (35%) and above average pensioner households (27%) and lone parent households (10%). Levels of married couple households and families with dependents are below average.
- Thurrock has more families with dependents than average (at 32% - the highest level in the sub-region). Levels of co-habiting couples and lone parent households are above average.

Figure 4.16: Household Composition

	All Households	Married Couple	Cohabiting Couple	Lone Parent	Other Multi-Person	One Person	All Households with Dependents	Pensioner Households
Basildon	69207	39%	9%	10%	4%	29%	31%	23%
Castle Point	35280	44%	8%	8%	4%	26%	29%	27%
Rochford	31952	45%	8%	7%	4%	25%	30%	27%
Thurrock	58485	39%	11%	10%	5%	27%	32%	20%
Southend-on-Sea	70978	32%	9%	10%	5%	35%	28%	27%
TGSE	265902	38%	9%	9%	5%	29%	30%	25%
East of England	265902	40%	9%	8%	5%	28%	29%	25%

Source: Census 2001

Socio-Economic Composition

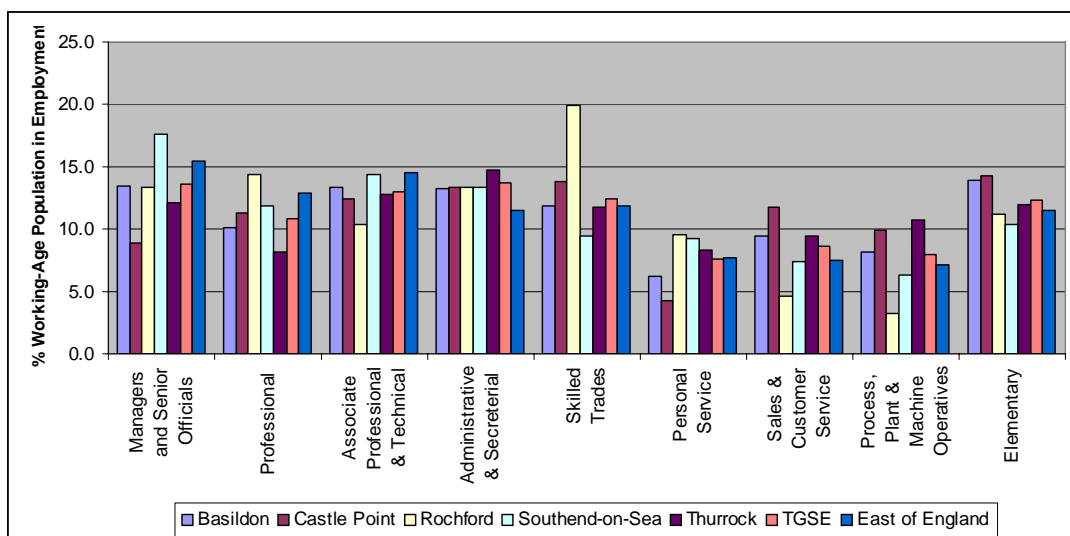
4.41 The resident population of the TGSE housing market area is biased towards lower paid socio-economic groups, with above average representation of persons employed in administrative and secretarial occupations, sales and customer services, as process, plant and machine operatives or in elementary occupations. There are below average levels of the three highest paid socio-economic groups of managers and senior officials, professionals or associate professionals. The exception to this general trend is above average levels of people in skilled trades.

4.42 The occupational profile reflects both the housing-quality of place offer and the economic profile of the area.

4.43 Consider the local authorities:

- Basildon, Castle Point and Thurrock have a similar profile with an above average proportion of their resident population employed in administrative and secretarial, sales and customer service, process, plant and machine operatives and elementary occupations. These are typically the lower-skilled, lower-paid occupations. Castle Point also has an above average proportion employed in skilled trades.
- In Rochford and Southend-on-Sea the occupational mix is different, with higher levels of professional occupations in Rochford; and above average levels of managers and senior officials and those in associate professional occupations in Southend. Both have above average levels of persons employed in personal services (possibly related to the tourism sector).

Figure 4.17: Occupational Profile



Source: Census 2001

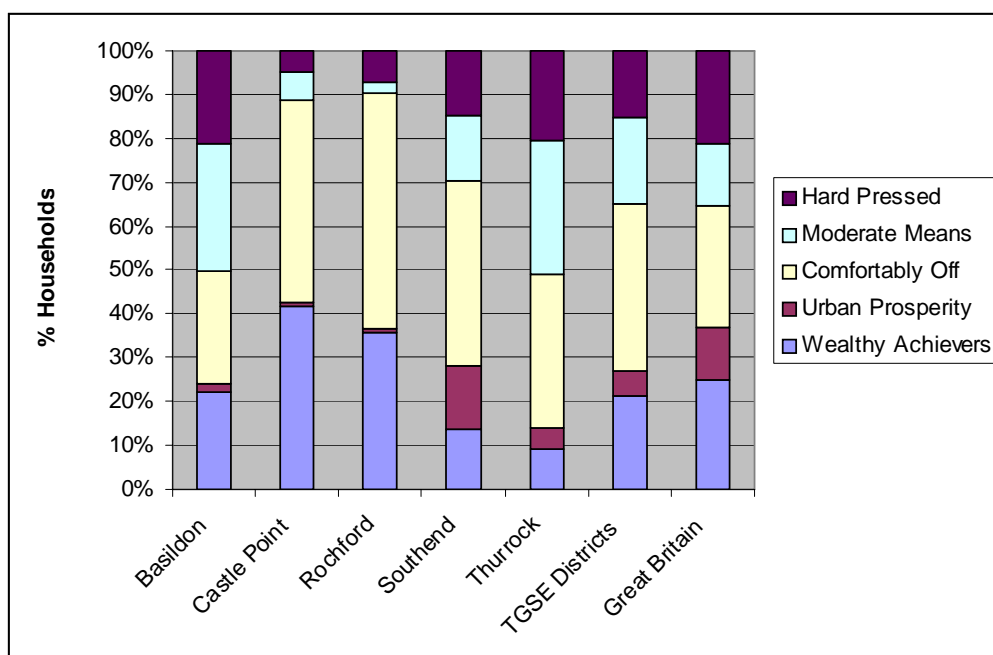
4.44 CACI publish an alternative ACORN socio-economic classification. We find this particularly useful as a proxy to allow us to understand the local housing offer. It shows that 50% of households in Basildon and Thurrock are either “hard pressed” or of “moderate means.” This is significantly higher than average for either the sub-region or the UK at 35%. The levels of households in these socio-economic groups is dramatically lower in Castle Point and Rochford (at 10% and 11% respectively).

- 4.45 For the sub-region as a whole, levels of households in the urban prosperity group are most notably below average. These would typically be younger households engaged in professional occupations. They support demand for an urban living offer, which is currently somewhat under-developed. Levels of hard pressed households are also below average, partially reflecting below average social rented housing across the sub-region. There is an above average proportion of households in the mid-market, “comfortably off” group.

- 4.46 The level of wealthy achievers, which can be associated with executive housing, is highest in Castle Point (42%) and Rochford (36%). It is notably lower in Basildon (22%), but above levels in Southend-on-Sea and Thurrock. The level of households in the “urban prosperity” group (e.g. associated with good quality flatted and suburbs housing) is higher in Southend at 14.5% than elsewhere in the sub-regional housing market or against wider comparators.

- 4.47 The size of the middle ‘comfortably off’ group is highest in Rochford (54%), Castle Point (46%) and then Southend-on-Sea (42%) and also above average in Thurrock (35%). These areas have higher levels of semi-detached and terraced housing which caters for these groups.

Figure 4.18: Acorn Socio-Economic Classification



Source: CACI

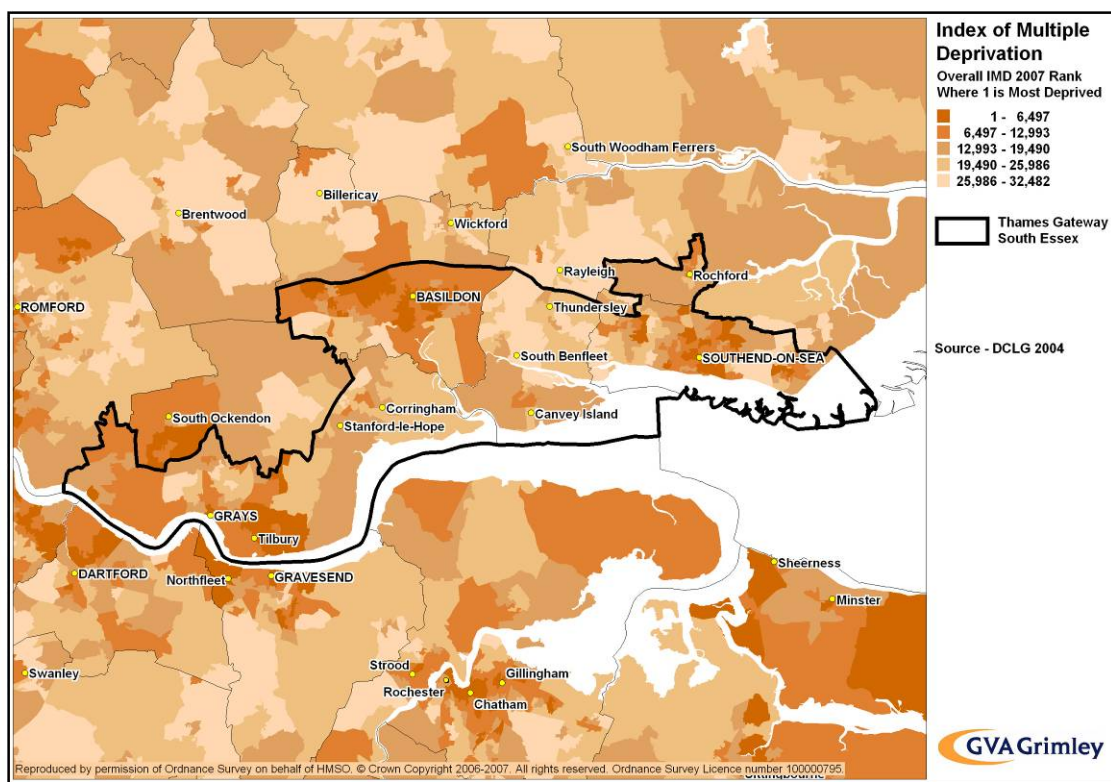
- 4.48 Castle Point and Rochford both have high levels of detached and semi-detached housing and this is reflected in their high levels of “wealthy achievers” and “established families”.

Conversely their low levels of flats mean they struggle to attract the youthful wealth of the “urban prosperity” classification.

Deprivation

4.49 We analyse deprivation across the sub-regional housing market in this section, based upon the Government’s 2007 Index of Multiple Deprivation. This ranks relative deprivation in each of the 32,482 Super Output Areas (LSOAs) in England.

Figure 4.19: Index of Multiple Deprivation



Source: CLG 2007

4.50 The East of England is the second least deprived region in England with only 6.3% of LSOAs in the region falling into the most deprived 20% across England.

4.51 Rochford is the least deprived of the local authority areas in the TGSE Sub-Regional Housing Market, ranked in the 15% least deprived local authorities nationally. The most deprived is Southend-on-Sea, falling within the 40% most deprived local authorities.

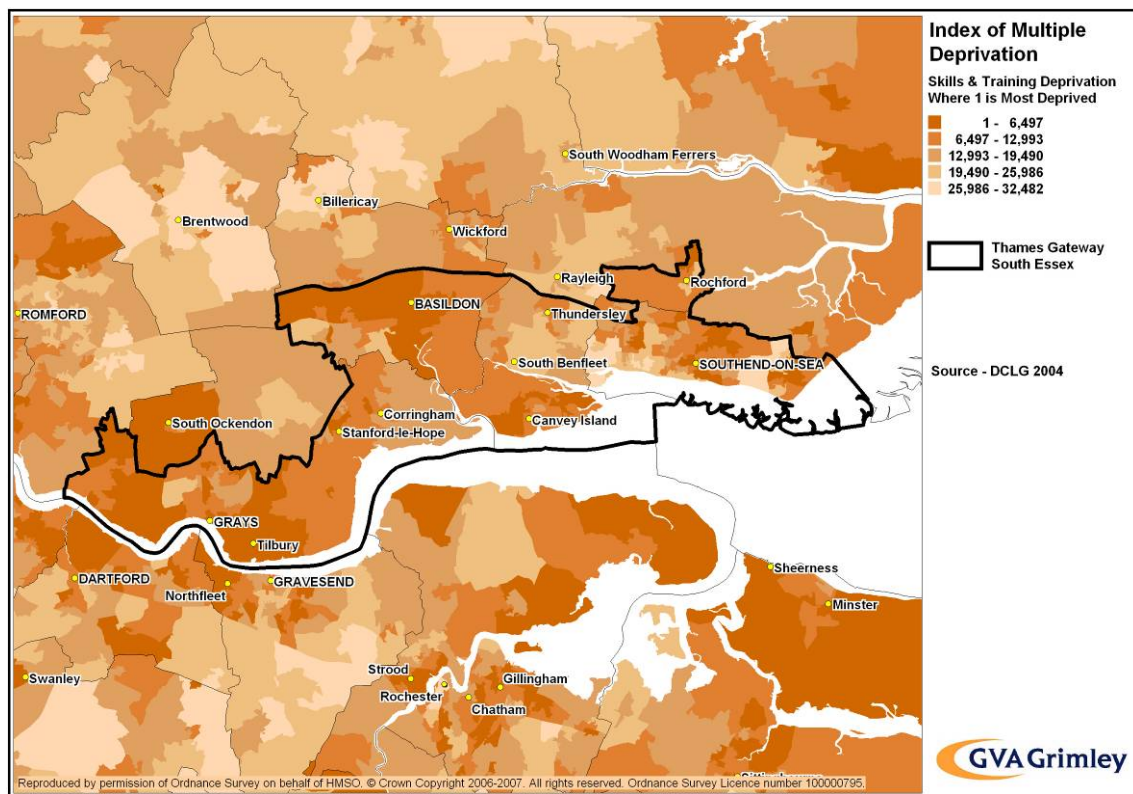
Figure 4.20: Deprivation by Local Authority

	Rank of Average Score	Rank of Extent	Rank of Local Concentration	Rank of Income Scale	Rank of Employment Scale
Southend-on-Sea	114	111	97	79	89
Thurrock	122	130	113	104	127
Basildon	132	106	116	83	110
Castle Point	245	273	258	237	245
Rochford	316	271	299	299	302

Source: CLG 2007

- 4.52 Deprivation in the Thames Gateway South Essex area is relatively widespread for the region with 15.7% of LSOAs in the most deprived 20% of areas nationally. Education, skills and training deprivation is particularly severe, with 35% of LSOAs in the most deprived 20% of areas.
- 4.53 The most deprived areas in the sub-region are primarily in Basildon and Southend and to a lesser extent Grays. Parts of these towns suffer from an extreme circle of poverty where weak education, skills and training contribute to higher levels of unemployment and lower incomes: all factors in overall deprivation. These areas also have higher levels of crime and disorder associated.
- 4.54 Conversely the more rural areas and smaller settlements in TGSE such as South Benfleet, Thundersley, Stanford-Le-Hope and Corringham are evidently much less deprived than the larger towns surrounding them.

Figure 4.21: Index of Multiple Deprivation: Education Skills and Training



Source: CLG 2007

4.55 Education, Skills and Training Deprivation is the most widespread. It is also most severe in parts with one LSOAs in the Study Area ranked 11th worst out of 32,402 areas nationally.

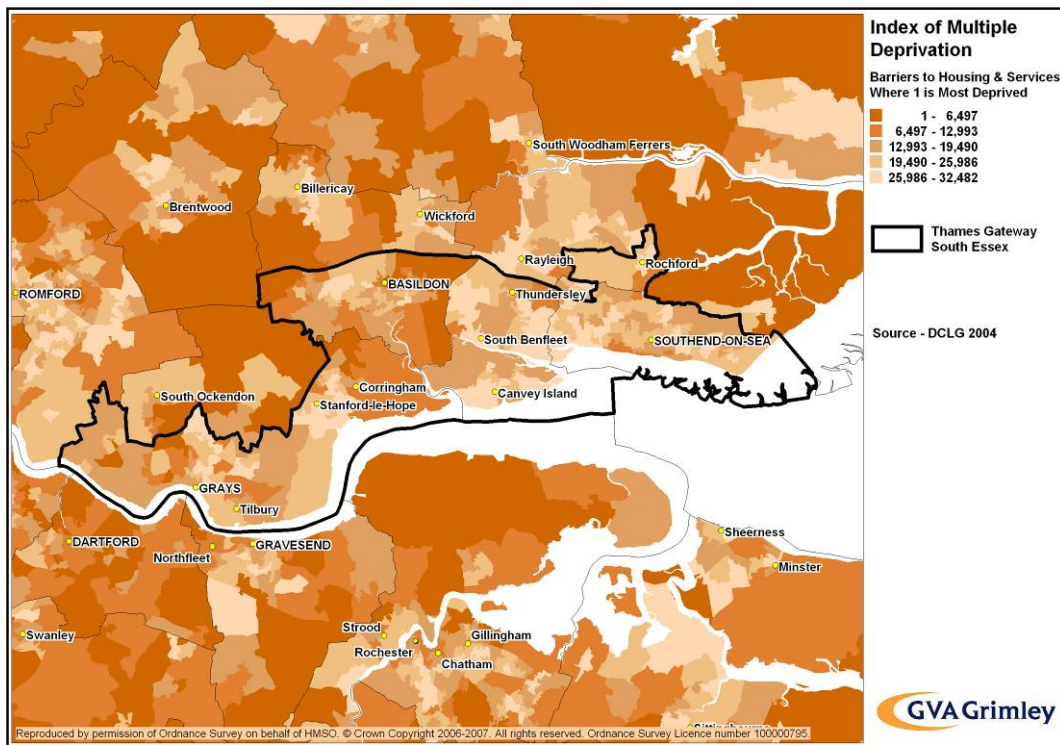
Figure 4.22: Deprivation Analysis in Thames Gateway

Domain	Overall	Living Environment	Crime & Disorder	Barriers to Housing & Services	Education, Skills & Training	Health	Employment	Income
% LSOAs	%	%	%	%	%	%	%	%
Bottom 10%	4.9	0.7	8.2	1.0	18.0	2.0	7.8	7.5
10% - 20%	10.8	3.6	11.1	2.9	17.3	9.8	8.8	12.4
20% - 30%	13.7	9.2	13.4	4.9	19.3	10.8	14.4	13.4
30% - 40%	14.1	4.9	19.9	6.9	15.0	12.7	12.7	15.4
40% - 50%	12.1	9.5	14.1	11.1	7.5	14.4	13.4	12.1
Top 50%	44.4	72.2	33.3	73.2	22.9	50.3	42.8	39.2

Source: CLG 2007

4.56 Unlike the surrounding areas the Thames Gateway South Essex sub-region does not have the same levels of deprivation in terms of barriers to housing and services. This is more acute in London (recognising affordability barriers).

Figure 4.23: Index of Multiple Deprivation: Barriers to Housing and Services



Source: CLG 2007

Health

4.57 Life expectancy at 77.7 for men and 81.5 for women in the Thames Gateway South Essex districts is slightly higher than the rest of England where the respective figures are 77.5 and 76.9. Rochford District is the best performing of the TGSE where the life expectancy rises to 78.9 for men and 83.1 for woman. Southend-on-Sea holds the worst life expectancy for men with figures of 76.7 and 80.8 for women the latter of which is still higher than the England average (Figure 4.24).

Figure 4.24: Health Profile

District	Life Expectancy Men	Life Expectancy Woman	Obese Adults	Adult Smokers	Binge Drinking Adults	Drug Users	Teenage pregnancies	Physically Active Adults
Basildon	77.5	80.9	21.6%	26.4%	15.8%	9.4%	48.9%	12.2%
Thurrock	76.9	81.1	24.2%	30.5%	16.8%	4.1%	42.0%	9.7%
Castle Point	78.6	81.4	21.4%	22.7%	15.0%	5.1%	31.2%	9.1%
Southend	76.7	80.8	23.2%	27.0%	16.4%	4.3%	50.3%	8.3%
Rochford	78.9	83.1	19.2%	20.2%	14.9%	5.4%	23.4%	10.5%
England Average	77.5	76.9	21.8%	26.0%	18.2%	9.9%	42.1%	11.6%
England Best	82.2	86.2	14.6%	15.5%	8.8%	1.3%	12.8%	17.2%
England Worst	72.5	78.1	31.0%	37.3%	29.2%	34.9%	95.3%	7.5%
TGSE Average	77.7	81.5	21.9%	25.4%	15.8%	5.7%	39.2%	10.0%

Source: Department of Health 2007

- 4.58 We have reviewed Health Profiles produced for each of the local authorities in the sub-regional housing market area. This indicated that there are particular issues surrounding physical activity, above average levels of smoking and teenage pregnancy to be addressed.
- 4.59 The TGSE housing market has slightly higher levels of households with one or more people with a limiting long term illness (33.5%) than the rest of the region (30.8%) although a level roughly in line with England as a whole. District-wide, Castle Point and Southend both have the highest levels of such households, which is consistent with a higher elderly population than other areas.

Education

- 4.60 School performance is an important determinant in the locational decisions of family households. It can influence both migration trends and housing demand and be reflected in house prices.
- 4.61 Across the sub-regional housing market 41.4% of pupils have achieved 5 or more A*-C grades at GCSE or equivalent over the last four years (2003 – 2006). This falls below the national average of 43.5%. There is however an upward trend with the latest figures for 2006 indicating that 44.5% achieved 5 or more A*-C grades, narrowing the gap with the national average (45.3%).
- 4.62 School performance is strongest in Southend-on-Sea and Rochford local authorities with 47.7% and 48.9% of pupils achieving 5 or more GCSE A*-C grades (including English and

Maths) above the national average. Thurrock on the other hand has the weakest performance with only 35.4% achieving 5+ GCSE (including English and Maths) between A*-C scores. Clearly there is a disparity between the levels of attainment within the TGSE and an overall underperformance against the rest of the country which requires addressing, especially in the more academic areas.

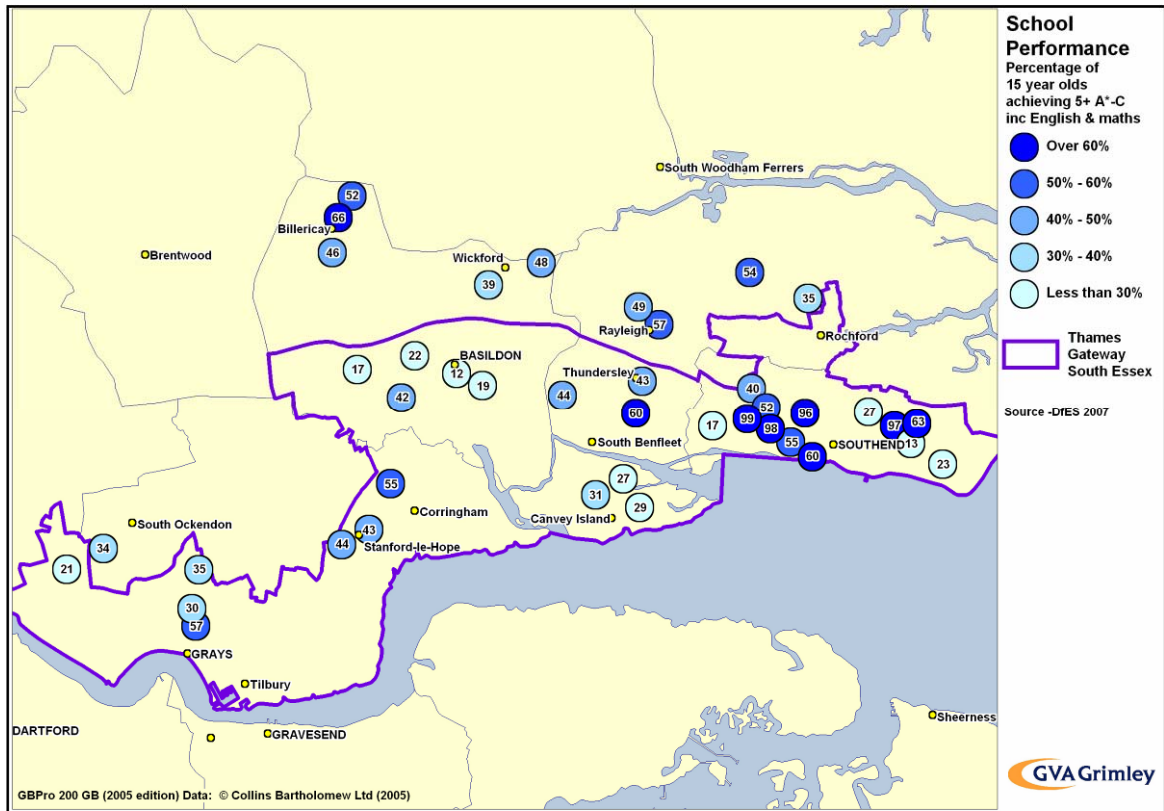
Figure 4.25: School Performance (Key Stage 4)

	% of 15 year old pupils achieving 5+A*-C (and equivalent) including English and maths				Average
	2003	2004	2005	2006	2001-2006
Thurrock	35.2%	33.9%	34.0%	38.5%	35.4%
Basildon	31.2%	34.5%	37.5%	41.1%	36.1%
Castle Point	39.3%	38.7%	38.0%	39.8%	39.0%
Rochford	48.0%	48.0%	46.3%	53.3%	48.9%
Southend	46.6%	46.3%	48.4%	49.6%	47.7%
TGSE District Averages	40.1%	40.3%	40.8%	44.5%	41.4%
England Average	41.9%	42.6%	44.3%	45.3%	43.5%

Source: DFES 2007

- 4.63 These figures dramatically change when the subjects of English and Maths are removed and the more vocational subjects are included. This shows that the average number of pupils in the Thames Gateway South Essex Districts achieving 5+ GCSE at A*-C grade rises to 57.2%: above the English average of 55.4%. Again there was a sharp improvement in performance over the 4 year period and no doubt reflects the work already undertaken to improve educational standards in the sub-region.
- 4.64 There are clusters of high performance in the Southend where six schools obtain over 60% of their pupils achieve five or over GCSE at A*-C grade, however there is only one further school in the rest of Thames Gateway which manages to achieve this. Good schools in Southend and Rochford influence demand for family housing in this area.
- 4.65 Conversely there is a cluster of poorly performing schools in the Basildon area where the district average GCSE score over the last four years has been 36%. Within Basildon District, there are however better performing schools outside the TGSE in the more affluent towns of Billericay and Wickford. Likewise Canvey Island has a cluster of poorly performing schools but those in Thundersley and South Benfleet are better and masked from the Castle Point figures. It is important that school results are improved in order to attract families to these areas in the future.

Figure 4.26: School Performance at Key Stage 4 (Average 2003 – 2006)



Source: DFES 2006

Summary

Sub-Regional Housing Market: Characteristics & Drivers

- The population structure is average across the sub-regional housing market. It is not particularly ethnically diverse, albeit that the ethnic minority population is growing. The profile of households is similar; but with slightly higher levels of single persons and married couples than the region as a whole. 29% of households are one-person, 30% families with dependent children, and 25% pensioner households.
- The sub-region as a whole has experienced steady population growth. The rate of growth has however been below average for the region: over the last fifteen years the sub-region's population has grown by 5% compared to 9.5% regional growth. Household growth has been a consistent 10% per decade since 1981.
- Population growth has resulted from a combination of natural growth (more births than deaths) and domestic migration, particularly from East London. Since 1999, net migration from East London to the TGSE Housing Market has averaged a considerable 7,825 per annum. The sub-region has hence been fulfilling a key role in meeting demand from households looking to move out of London, supporting the London housing market.
- The socio-economic profile (which is influenced by the sub-region's housing offer) is however more narrow than in other areas, and is biased towards lower-paid socio-economic groups as well as skilled trade occupations. This reflects the housing-quality of place offer and socio-economic profile. Planned housing growth and wider regeneration activities provide an opportunity to address this.
- Within the sub-regional housing market, different areas play different roles in providing housing choice. There are clear relationships between the three primary urban areas (Basildon, Thurrock and Southend) and the smaller settlements and rural areas. These provide a different and to some degree complimentary housing and quality of place offer.
- Southend and Rochford have a more rounded housing offer than the other local authorities, with complementarities between the two. Castle Point is in a similar situation. The housing offer in Thurrock and in Basildon New Town is narrower, and should be developed. Across the sub-region, the trendy flatted and urban living offer to appeal to younger households is somewhat under-developed.
- Deprivation is above average for the region in the TGSE housing market. Sub-standard education and skills is a key contributory factor to this; although it is also influenced by

the housing-quality of place offer. School performance is below average and will need to be improved as part of any strategy to diversify the housing offer.

- The population is ageing with implications for housing demand resulting from strong expected growth in single person older households. This may support demand for appropriate smaller housing which allows households to downsize or tenure models which support the release of equity. A declining 20-34 cohort, according to current trends, may influence rates of new household formation.

Sub-Market Characteristics and Drivers

- Thurrock has a narrower housing offer and socio-economic profile than other parts of the sub-regional housing market. It comprises predominantly family households but focused towards lower socio-economic groups. 50% of resident households are either “hard pressed” or of “moderate means.” Reflecting above average deprivation, educational performance at local schools is below average.
- The supply of suitable housing development land in Thurrock has however been strong; and the area benefits from good accessibility (particularly by road). Rates of housing development and (related to this) population growth, have hence been stronger than in other areas. The area has been particularly attractive to families relocating from East London.
- The housing offer and socio-economic profile in Basildon are similarly more narrow than other areas, again with 50% resident households either “hard pressed” or of “moderate means.” There are above average family and lone parent households. These characteristics reflect particularly the New Town housing stock in terms of type and tenure. School performance is correspondingly below average.
- Basildon District has experienced moderate population growth, which has catered primarily for its own need (i.e. natural growth) as well as some limited international migration. This partially reflects below target levels of housing completions achieved.
- There are strong inter-relationships between Southend and Rochford, Rayleigh, Hockley and Benfleet. These areas appear to function collectively to provide a fairly comprehensive housing offer. The urban core provides smaller housing (with 35% single person households in Southend) and an urban living offer, while the wider areas provide family and high-end housing. Compared to the Basildon and Thurrock sub-markets, this sub-market has a stronger upper and mid-market offer. This is borne out in terms of higher levels of persons employed in higher-level managerial and professional occupations. It is supported by stronger secondary school performance.

- Southend's population has fallen over the last decade as a function of natural decrease and outward international migration. Limited new housing development, influenced by the high population density and limited land availability are likely to have contributed to this. The population of Castle Point and Rochford Districts have grown through domestic in-migration.
- The Southend sub-market has a higher older population compared to a younger family focus in the Basildon and Thurrock areas. The challenges that these factors bring are that while the population is relatively affluent in areas in the east of the sub-region it is ageing where as in the west the problems are more socio-economic.

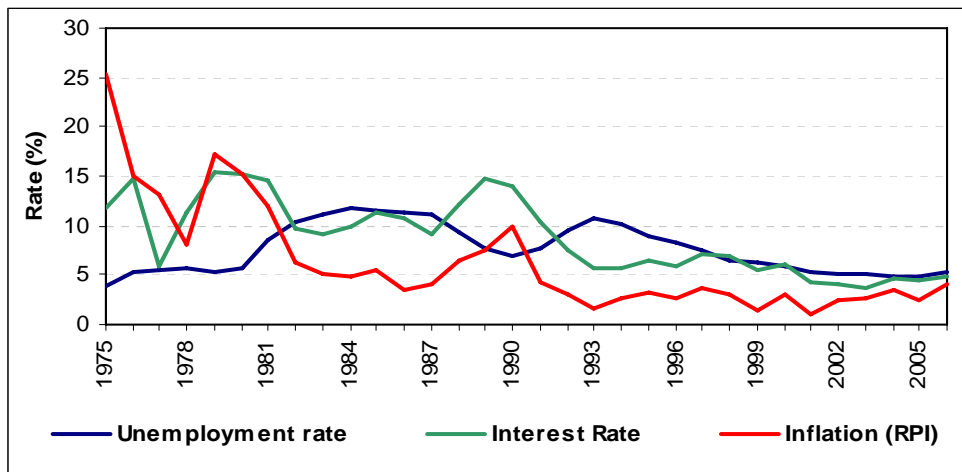
5. ECONOMIC REVIEW

- 5.1 The fortunes of the economy and housing market are closely intertwined, with housing a key driver of, but also responsive to, national and local economic growth and performance. It is therefore critical in our review of the Thames Gateway South Essex Housing Market to understand the economic context in which it is based.
- 5.2 This section takes a strategic, long-term view which first considers macro-economic performance over the last decade as a context to the local level analysis and wider housing market trends. Local economic performance is then considered, focusing on GVA and earnings, the economic and sectoral structure, labour market dynamics and commuting patterns. Economic conditions over the last decade are considered as a precursor to looking at housing market dynamics in the next section. Section 9 looks in more detail at economic and housing market trends over the last year.
- 5.3 This economic review is based upon an understanding that the economy and housing market are linked, the economy being a key driver of (domestic and international) migration patterns; whilst recognising on the other hand that an area's housing-quality of place offer influences its labour market skills profile and its attractiveness as a business location. There is also a relationship between the economic structure and earnings, which impacts upon affordability.

Macro-economic Context: Economic Trends and the Housing Market

- 5.4 The UK economy has experienced over the last decade one of the longest periods of sustained macro-economic stability and growth on record, and has been one of the strongest economies in Europe in terms of inflation, interest rates and unemployment, all of which remain at historically low levels (Figure 5.1). Since the mid 1990s the Government and Bank of England have been remarkably successful in maintaining stable and healthy economic growth and low interest rates, notwithstanding some of the current difficulties. This has supported strong performance of the housing market over the last decade.

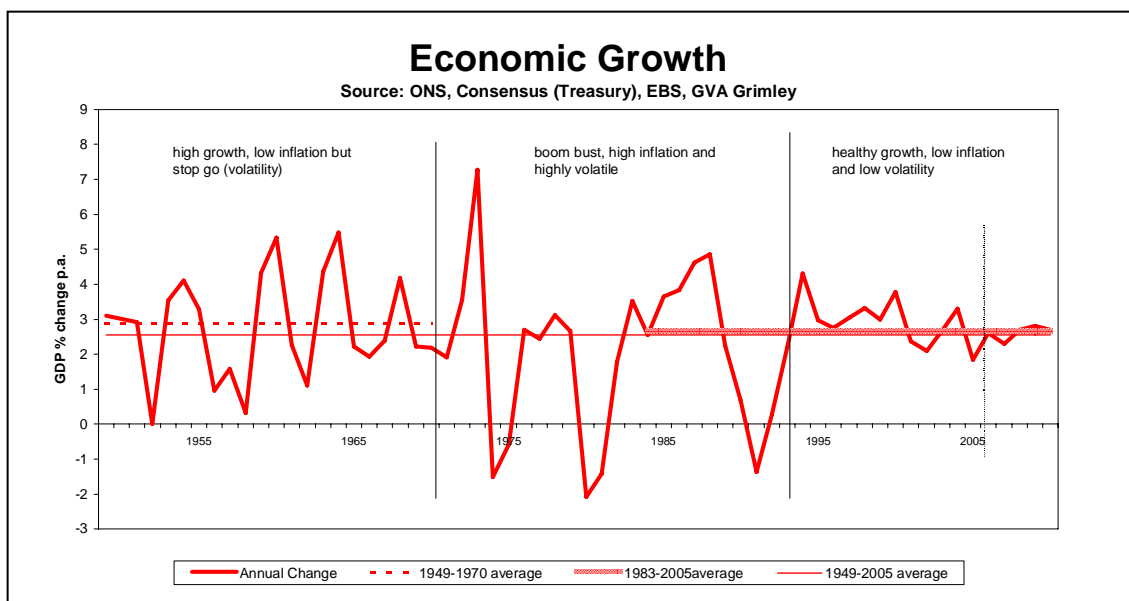
Figure 5.1: Unemployment, Interest rates and Inflation 1975 - 2006



Source: National Statistics and Bank of England Note: All data are taken from the last quarter/period of the year stated.

5.5 Economic and housing market conditions over the last decade are however in marked contrast to much of the post-war period, where volatility was much greater and political factors influenced the setting of interest rates (Figure 5.2).

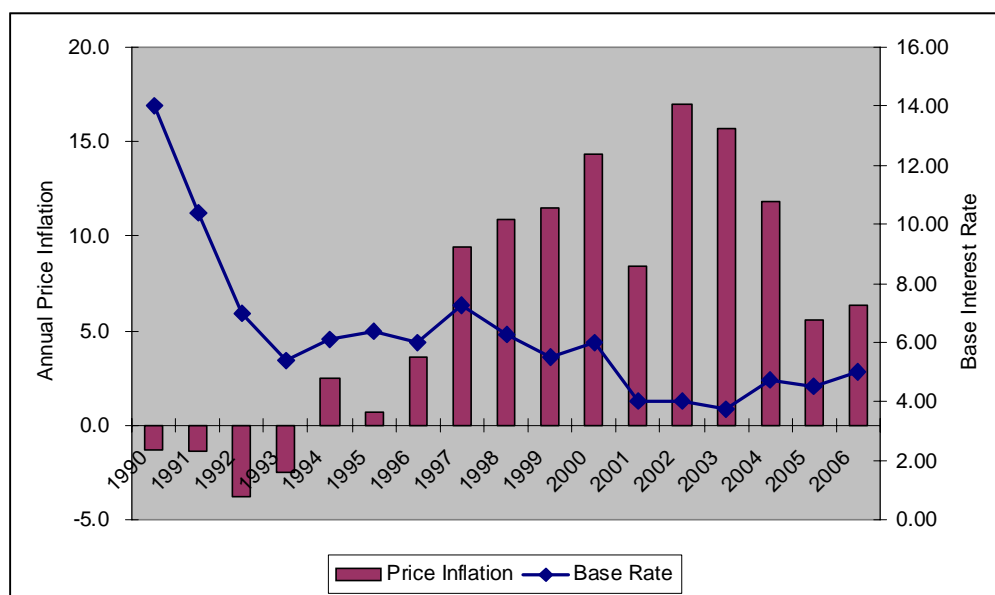
Figure 5.2: Historic Trends in GDP Growth



5.6 It is interest rates which most directly affect the housing market. Figure 5.3 plots trends in interest rates and national house price inflation on a quarterly basis since 1995. It indicates a significant downward trend from base interest rates of 7.5% in mid 1995 to 3.5% in late summer 2003.

5.7 Low interest rates improve access to the housing market through improving access to finance. The graph indicates a clear correlation (albeit with a slight time lag) between falling interest rates and house price inflation, with drops in interest rates stimulating demand. The period of strong national house price inflation between late 2001 and the end of 2004 when annual price growth was more than 12.5% coincided with historically low interest rates of below 4.65%.

Figure 5.3: Interest Rates and House Price Inflation



Source: Bank of England; CLG

Sub-Regional Economic Performance

Economic Size and Productivity

5.8 Essex is a £24,893 million economy⁹ and generates 26% of GVA in the East of England region. The economy has grown by 74% over the last decade, from a base of £14,340 million in 1995.

5.9 The key economic centres in the sub-region are Basildon, Southend-on-Sea and Thurrock.

⁹ Total GVA at current basic prices in 2005. GVA is the total value of products and services generated in the local economy. Essex includes Southend-on-Sea and Thurrock Unitary Authorities.

- 5.10 The table below sets out the relative size of the county and unitary authorities and wider comparators (in terms of total GVA); and appraises the relative economic productivity of these in terms of GVA per capita.

Figure 5.4: Gross Value Added


Geography	Total GVA, 2005 (millions)	GVA per Capita, 2005	GVA per Capita: % UK Average
Essex CC	£20,424	£15,125	85%
Southend-on-Sea	£2,253	£14,142	79%
Thurrock	£2,216	£15,019	84%
Essex	£24,893	£15,020	84%
East of England	£94,463	£16,980	95%
London	-	£27,672	155%
UK	-	£18,205	100%

Source: ONS

- 5.11 The TGSE Housing Market appears less productive than wider regional and national comparators. Productivity, as measured by GVA per capita, is 85% of the UK average across the Essex County Council area, 84% in Thurrock and a lower 79% in Southend. This is partly a reflection of commuting patterns; with more people commuting out of the sub-region than commuting in. It is also influenced by the sectoral composition of the local economies.
- 5.12 Looking back over the previous 10 years, the relative economic performance of Essex (in terms of GVA per capita) fell between 1998 – 2000, but has performed more strongly since, recovering its relative position.
- 5.13 Southend is a £2,253 million economy. It has seen a slight upward trend in relative performance: GVA per capita has grown from 76% of the UK average in 1995 to 79% in 2005 indicating that (in comparative terms) it has grown more strongly than the UK albeit from a lower base.
- 5.14 Thurrock on the other hand has seen the converse trend: GVA per capita in Thurrock fell from 102% of the UK average in 1997 strongly to just 83% in 2003. It has since stabilised and seen some recovery; but clearly there is less wealth generated locally in Thurrock than was the case a decade ago.
- 5.15 GVA data is not available to a district level. However although we have no specific data for Basildon, Castle Point and Rochford, we can use workplace earnings as a proxy for

productivity. The table below indicates gross annual workplace-based earnings in 2007 for full-time workers.

Figure 5.5: Gross Annual Earnings for Full-Time Workers (Workplace-based)

Area	Gross Annual Earnings	% GB Average	
Castle Point	£19,842	82%	 Increasing Productivity
Southend	£21,958	91%	
Thurrock	£23,385	97%	
Rochford	£24,009	100%	
East of England	£24,000	100%	
Great Britain	£24,091	100%	
Essex CC	£24,613	100%	
Basildon	£27,095	107%	

Source: ASHE 2007

- 5.16 The analysis indicates that Basildon's economy is probably significantly higher value than others in the sub-region. Rochford's performance is relatively consistent with the regional and national picture. However Castle Point appears to have notably lower productivity and wealth creation in relative terms.
- 5.17 Analysing relative trends in workplace-based earnings¹⁰ relative to the region, the following is apparent:
- Earnings growth has been strongest in Basildon and Rochford. Earnings growth in Basildon has kept pace with the national average and grown faster than the region as a whole. This suggests that Basildon has maintained and strengthened its value base. In Rochford earnings have also grown faster than average, suggesting that its relative economic performance has improved.
 - Thurrock, on the other hand, has seen the opposite trend. In 1999 average workplace earnings were above both regional and national averages. But average wages have fallen in comparative terms as the economy has restructured, and are now below regional and national benchmarks. This is consistent with the picture of GVA per capita performance.
 - The earnings data for Castle Point is somewhat inconclusive.

¹⁰ Workplace-based earnings are for those who work in the area, rather than those resident locally.

- 5.18 The earnings analysis suggests that relative economic performance is a reflection of the sectoral base and productivity of local enterprises in the sub-region and individual local authorities. It is however also influenced by commuting patterns.
- 5.19 Comparing workplace and residence-based earnings provides an indicator of relative skills and earnings of those who work locally as opposed to those who commute out of the local authority area to work. Residence-based earnings are higher in four of the five local authorities, with Basildon being the exception (where residence-based earnings are £1,120 lower). This is consistent with other areas within a commuting distance of London where there is a significant incentive (in terms of earnings levels) to commute.

Figure 5.6: Residence-Workplace Earnings Differential

Earnings	Employees		Residents		Differential	
	2002	2007	2002	2007	2002	2007
Basildon	£23,192	£27,095	£24,500	£25,976	£1,308	-£1,119
Castle Point	£16,148	£19,842	£21,778	£25,945	£5,630	£6,103
Rochford	£18,372	£24,009	£25,424	£28,725	£7,052	£4,716
Southend-on-Sea	£19,346	£21,958	£21,354	£25,364	£2,008	£3,406
Thurrock	£24,529	£23,385	£24,854	£25,261	£325	£1,876
East of England	£20,495	£24,000	£21,731	£25,446	£1,236	£1,446

Source: Annual Survey of Hours and Earnings

- 5.20 The residence-workplace earnings differential is highest in Castle Point at £6,100 per annum followed by Rochford. In Thurrock, those who work in the area are paid on average £1,180 less than those who live there.
- 5.21 Interestingly, the differential between residence and workplace-based earnings has changed over time. It has shrunk substantially in Rochford over the past five years (potentially reflecting stronger performance of the local economy); but has grown in Southend and (substantially so) in Thurrock. The differential has remained relatively consistent in Castle Point. A key question is whether levels of out-commuting have increased from Southend and Thurrock as these economies have undergone restructuring; or whether this trend simply reflects a restructuring towards a lower-skilled, lower-paid economic base. Either way, Basildon and Rochford clearly emerge as the stronger recent economic performers in terms of wage/ productivity growth in the sub-region.

Employment Base

- 5.22 There were 230,500 jobs across the Sub-Regional Housing Market according to the 2006 Annual Business Inquiry representing 10% of total jobs in the East of England. Basildon District contains the greatest concentration of employment (33% jobs across the five local authorities) followed by Southend-on-Sea (27%) and Thurrock (24%). These represent the major economic centres; with levels of employment in Castle Point and Rochford Districts notably lower.
- 5.23 Jobs density is however highest in Castle Point followed by Thurrock, Basildon and then Southend. A jobs density of 0.82 would broadly be required to achieve a numerical balance between jobs and residents. Castle Point boasts a density of 0.85 and Thurrock 0.81. The other local authorities however have more residents than jobs: Basildon achieves a density of 0.67, Southend 0.53 and Rochford 0.47.

Figure 5.7: Jobs Density

Basildon	0.67
Castle Point	0.85
Rochford	0.47
Southend-on-Sea	0.53
Thurrock	0.81
TGSE Boroughs	0.66
East of England	0.82
England & Wales	0.84

Source: ONS Jobs Density, 2005

- 5.24 There is a rational case that the sub-region needs to improve the density of employment locally, to support its continued development and deliver more localised travel patterns. While it will be difficult to shy away from the significant influence of London, there is clearly some potential to increase the jobs density, particularly in Southend and Rochford. Increasing the jobs density in these areas would lift local productivity (GVA per capita) particularly where higher-skilled jobs are created.

5.25 Over the 1996 – 2006 decade, the employment base grew in each of the local authorities.

Figure 5.8: Employment Baseline and Change

Employee Jobs	Castle Point	Rochford	Basildon	Thurrock	Southend-on-Sea	East of England	Great Britain
Employment 1996	16,073	18,283	61,707	46,403	51,703	2,033,982	23,137,135
Employment 2006	18,500	19,000	76,100	55,700	61,200	2,378,700	26,320,600
% Employment in TGSE Boroughs	8%	8%	33%	24%	27%		
Employment Growth 1996 - 2006	2,427	717	14,393	9,297	9,497	344,718	3,183,465
% Employment Growth 1996 - 2006	15.1%	3.9%	23.3%	20.0%	18.4%	16.9%	13.8%
Employment Growth 2001 - 2006	700	-1500	10000	2300	-3000	112600	830300
RSS Jobs Target (Pro-Rata) 2001 - 2006	500	1500	2750	6500	3250	113000	-

Source: ABI

5.26 We have assessed employment growth over the 1996 – 2006 decade in absolute terms (net new jobs) and a percentage of the existing employment base. In percentage terms, growth was strongest in Basildon and Thurrock followed by Southend. In absolute terms these economies witnessed the greatest levels of jobs growth. The picture is hence broadly one of an economy reinforcing around the existing main centres.

5.27 Of total employment growth between 1996 – 2006 in the sub-region, 39.6% was in Basildon (compared to 33% of total jobs); and 25.6% was in Thurrock (compared to 24% of total jobs). These were the stronger performers. Castle Point and Rochford witnessed weaker performance relative to the size of their existing employment base. The picture is of the greatest economic growth potential in the larger urban centres.

5.28 We compare below proportional housing and economic growth across the sub-region. Over the five year period 2001 – 2006 total employment in the housing market area grew by 8,500 whilst 9,418 dwellings were completed. Given an overall jobs target of 55,000 and a housing target of 43,800 over the plan period to 2021 across the five local authorities, greater progress is being made with levels of housing than employment growth.

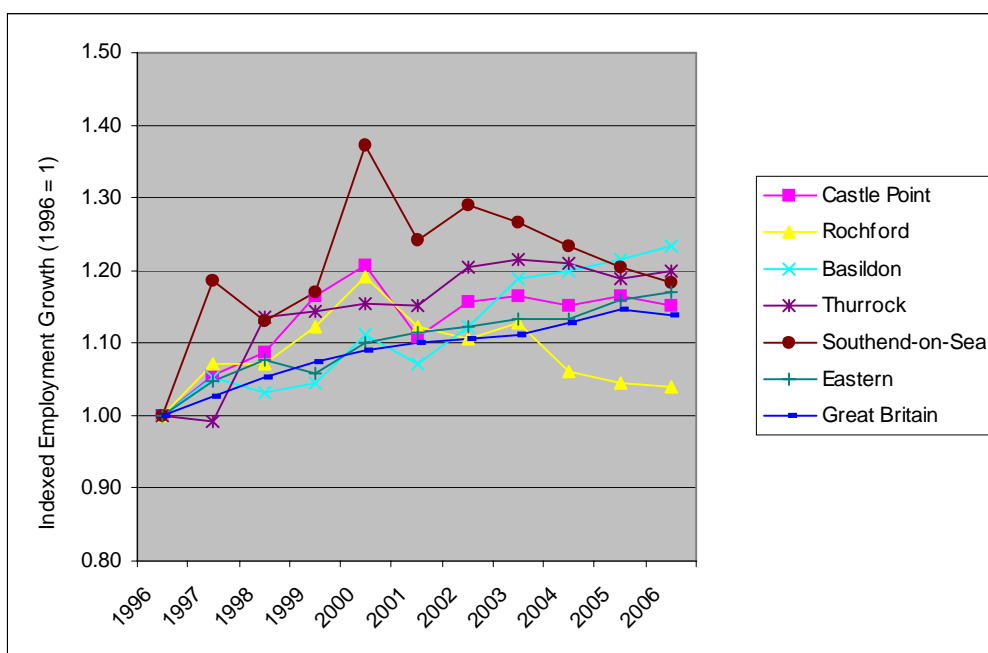
Figure 5.9: Housing and Employment Growth, 2001 – 2006

Local Authority	Employment Growth	Housing Growth
Basildon	10,000	1,223
Castle Point	700	1,006
Rochford	- 1,500	811
Southend-on-Sea	- 3,000	2,132
Thurrock	2,300	4,246
TGSE Housing Market	8,500	9,418

Source: ABI

5.29 The chart below provides an indexed analysis of employment growth over time. It indicates that total employment in Rochford and Southend has actually fallen since 2000; whilst Thurrock has seen a slight drop since 2002 with Castle Point remaining relatively stagnant over this period. It affirms that Basildon has indeed been the recent best performer.

Figure 5.10: Indexed Employment Growth 1996 – 2006



Source: ABI

Sectoral Composition

5.30 Across the sub-region the largest sectors in terms of total employment are wholesale and retail trade; business activities; health and social care; and manufacturing. Figure 5.11 also indicates the detailed breakdown of employment by sector at a local authority level.

Figure 5.11: Employment by Sector

Sector	Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	TGSE	East	England & Wales
	%	%	%	%	%	%	%	%
Agriculture, Hunting and Forestry	0.2	0.0	2.3	0.0	0.3	0.3	1.3	0.8
Fishing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining and Quarrying	0.0	0.0	0.2	0.0	0.0	0.0	0.1	0.1
Manufacturing	15.4	9.4	13.3	6.8	9.2	11.0	11.0	11.0
Electricity, Gas and Water Supply	0.1	0.0	0.4	0.0	0.6	0.2	0.3	0.4
Construction	6.3	8.1	6.3	3.0	4.8	5.2	5.3	4.7
Wholesale and Retail Trade	22.5	24.0	18.3	18.2	33.2	23.7	18.9	16.9
Hotels and Restaurants	4.2	5.4	6.0	6.7	5.9	5.5	6.1	6.7
Transport, Storage & Communication	4.9	5.4	5.5	3.7	14.3	6.9	6.3	6.0
Financial Intermediation	5.0	1.4	2.4	4.2	0.9	3.3	3.1	3.9
Real Estate, Renting & Business Activities	14.4	13.7	13.6	18.2	9.0	14.0	17.3	17.6
Public Admin & Defence	3.5	2.4	3.9	5.6	2.0	3.6	4.5	5.4
Education	5.9	14.7	10.6	10.0	10.0	9.1	9.7	9.2
Health and Social Work	13.9	10.5	11.1	17.9	5.8	12.5	11.3	11.9
Other Community & Service Activities	3.8	5.1	6.1	5.7	4.1	4.7	4.9	5.3

Source: ABI, 2006

5.31 We have used location quotients to compare the economic structure at the housing market and local authority levels to the region. Location quotients compare the relative size of a sector in one area against relevant comparator areas. A location quotient above 1.0 indicates that the sector contributes more to the total employment than in the comparator areas. This is an indicator that the area in question might provide a locational advantage for this specific sector. A quotient of below 1.0 indicates a relatively lower contribution to the total employment of a sector relative to the region.

Figure 5.12: Location Quotient Analysis of Economic Structure

LQ vs. EofE 2006	Basildon	Castle Point	Rochford	Southend on Sea	Thurrock	TGSE	England & Wales
Agriculture, hunting and forestry	0.2	0.0	1.8	0.0	0.2	0.2	0.6
Fishing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mining and quarrying	0.0	0.0	2.0	0.0	0.0	0.2	1.0
Manufacturing	1.4	0.9	1.2	0.6	0.8	1.0	1.0
Electricity, gas and water supply	0.3	0.0	1.3	0.0	2.0	0.6	1.3
Construction	1.2	1.5	1.2	0.6	0.9	1.0	0.9
Wholesale and retail trade	1.2	1.3	1.0	1.0	1.8	1.3	0.9
Hotels and restaurants	0.7	0.9	1.0	1.1	1.0	0.9	1.1
Transport, storage and communication	0.8	0.9	0.9	0.6	2.3	1.1	1.0
Financial intermediation	1.6	0.5	0.8	1.4	0.3	1.1	1.3
Real estate, renting and business activities	0.8	0.8	0.8	1.1	0.5	0.8	1.0
Public admin & defence; compulsory social security	0.8	0.5	0.9	1.2	0.4	0.8	1.2
Education	0.6	1.5	1.1	1.0	1.0	0.9	0.9
Health and social work	1.2	0.9	1.0	1.6	0.5	1.1	1.1
Other community, social & personal service activities	0.8	1.0	1.2	1.2	0.8	1.0	1.1

Source: ABI, 2006/ GVA Grimley

- 5.32 The analysis indicates that the sub-region has an above average representation of employment in wholesale and retail trade; transport, storage and communication; and in health and social care relative to the region as a whole.
- 5.33 Figure 5.13 presents an analysis of employment growth over the decade 1996 – 2006. It provides an analysis of absolute and proportional growth by sector.
- 5.34 Across the TGSE Housing Market the strongest growth in proportional terms has been in construction, education and healthcare. In absolute terms, wholesale and retail trade have seen the strongest growth – each adding 12,000 jobs over the last decade.

Figure 5.13: Employment Growth 1996-2006 by Sector

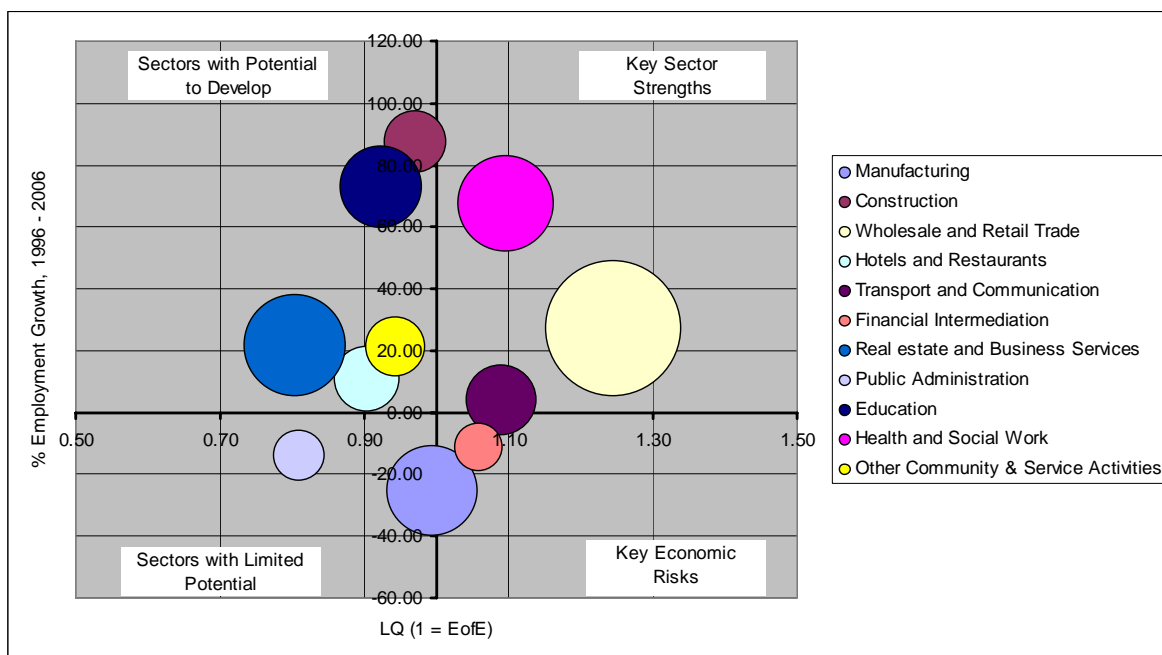
	Manufacturing	Construction	Wholesale and Retail Trade	Hotels and Restaurants	Transport and Communication	Financial Intermediation	Real estate and Business Services	Public Administration	Education	Health and Social Work	Other Community & Service Activities
Basildon	-2,000	2,700	5,000	430	-200	1,800	30	540	1,200	4,200	860
	-16%	125%	41%	16%	-4%	92%	0%	25%	35%	66%	42%
Castle Point	-1,000	500	1,100	130	140	-60	750	-500	1,400	520	-100
	-43%	49%	32%	14%	16%	-18%	42%	-55%	109%	36%	-13%
Rochford	-1,000	380	-200	-100	460	-20	-200	-60	890	350	470
	-28%	46%	-5%	-10%	77%	-4%	-8%	-7%	79%	20%	67%
Southend-on-Sea	-1,000	740	40	660	-400	-3,000	3,900	-800	2,700	5,900	480
	-23%	69%	0%	19%	-14%	-49%	55%	-19%	77%	115%	16%
Thurrock	-3,000	1,300	5,700	130	570	-200	1,300	-500	2,700	650	230
	-36%	97%	45%	4%	8%	-24%	35%	-32%	92%	25%	11%
TGSE	-9,000	5,600	12,000	1,200	640	-900	5,800	-1,000	8,800	12,000	1,900
	-25%	87%	27%	11%	4%	-11%	22%	-14%	73%	67%	21%
East	-27%	69%	15%	24%	13%	2%	48%	15%	44%	31%	21%
England and Wales	-30%	48%	10%	23%	15%	1%	48%	6%	39%	28%	23%

Source: Annual Business Inquiry

5.35 We have drawn together this analysis in a bubble chart, Figure 5.14 which assesses the relationship between sectors in which the TGSE Housing Market has a particular strength, and those which are growing strongly or not. The vertical axis considers employment change over the 1996 - 2006 period; while the horizontal axis indicates the concentration of employment. The size of the bubble indicates total employment in the sector.

5.36 Sectors in the top left of the graph are growing strongly and demonstrate a high degree of specialism in the sub-region. These are particular strengths within the sub-regional economy. Sectors in the bottom right are those in which the sub-region is quite dependent but which are declining: this represents a weakness in the economic structure. Sectors to the top right are growing but are those in which the sub-region does not currently have a particular specialisms: these are however opportunities for growth.

Figure 5.14: Employment Growth vs. Concentration, TGSE



Source: ABI/GVA Grimley

5.37 The analysis indicates that the sub-region is strong in the healthcare and wholesale/retail trade sectors which are growth orientated. There are also key opportunities to develop the construction and education sectors, which, while still currently not particularly strongly represented, have demonstrated some of the highest rates of employment growth.

5.38 While TGSE has an above average representation in transport, storage and communication and financial intermediation; these sectors have not to date seen significant employment

growth. In our view there is however some potential to develop these sectors, related to London Gateway and to possibly capturing back-office relocations from the City of London in the financial services sector.

- 5.39 While manufacturing is declining in terms of total employment, it is likely to remain an important contributant to wealth creation in the sub-region and should hence be nurtured. The current employment base however does not indicate an over-dependence on the manufacturing sector.
- 5.40 We next drill down to a local level to assess economic trends and opportunities, focusing particularly on the main economic hubs of Basildon, Southend-on-Sea and Thurrock.

Basildon

- 5.41 Basildon's local economy has a strong level of employment in wholesale and retail trade (17,200); manufacturing (11,700); real estate, renting and business services (10,900); and health and social work (10,500). The district contains the highest level of manufacturing jobs in the sub-region.
- 5.42 The level of wholesale and retail employment is marginally below Thurrock and significantly greater than Southend. With significant regeneration plans for the district's town centres, this may be a potential growth sector locally.
- 5.43 The level of employment in real estate, renting and business services in Basildon falls marginally below Southend, but is over twice the level in Thurrock based on total employment.
- 5.44 Employment in health and social work is marginally below Southend but significantly above levels in other local authority areas. This is a potential growth sector, with the opening of a Cardiothoracic Centre at Basildon Hospital in 2007.
- 5.45 The location quotient analysis reveals a particular concentration of employment in financial intermediation, manufacturing, and health and social work. A number of major financial companies have back-office functions in the district. Other sectors with an above average representation of employment include: construction; and wholesale and retail trade.

-
- 5.46 Those sectors which have grown particularly strongly comprise wholesale and retail trade; health and social work; construction; financial intermediation; and education. The local economy shows every sign of continuing to perform well, with growth spread across a range of sectors (both high and lower value).

Thurrock

- 5.47 Thurrock benefits strongly from its locational situation; being 20 miles east of Central London, on the M25 and containing Tilbury Docks – a major container port as well as international cruise terminal. The area is, as a result, a major cluster of port, port-related and distribution/logistics activities. It is also home to the Lakeside Shopping Centre which offers nearly 124,000 sq.m of retail floorspace, with a further 30,000 sq.m of retail warehousing at Lakeside and Thurrock retail parks. Thurrock contains the second largest concentration of employment in the sub-region behind Basildon with 56,000 jobs.
- 5.48 In numerical terms, the largest sector locally is wholesale and retail trade (with 18,500 jobs locally). This is typically fairly low paid with above average levels of part-time employment. Other significant sectors are transport storage and communication, employing 8,000 people, followed by manufacturing; real estate, renting and business activities; and education, each of which employs between 5,000 – 5,500 persons. The size of the real estate, renting and business services is half the size of that in Basildon and Southend in terms of total employment.
- 5.49 Thurrock contains more jobs in transport, storage and communication; and wholesale and retail trade than any of the other local authorities in the sub-region. It contains the second highest level of jobs in hotels and restaurants (which probably particularly reflects leisure uses associated with Lakeside); in education; as well as manufacturing and construction jobs. The numbers of manufacturing and construction jobs are however under half those in Basildon District.
- 5.50 The borough's employment structure reflects its locational characteristics. A location quotient analysis indicates a strong concentration of employment (reflective to the structure of the regional economy) in the transport, storage and communications sector reflecting its strength in distribution/ logistics; in electricity, gas and water supply; and in the wholesale and retail trade sector. These three sectors very much dominate the employment structure.

5.51 Overall the economic structure:

- shows a strong locational advantage in port-related, distribution/logistics, and retail/ retail warehousing sectors;
- is focused towards blue-collar/ lower-paid employment opportunities;
- shows every sign of reinforcing around these existing employment sectors.

5.52 The key growth sectors over the last ten years have been wholesale/retail trade; education; construction; and real estate and business activities. Looking forward, local stakeholders have also identified potential to develop the public administration, port-related and arts/cultural sectors.

5.53 A supply-led strategy for development of modern port facilities and logistics/ distribution space at London Gateway are likely to strengthen its competitive advantage in the warehousing and distribution sector. Provision of associated industrial and business park space provide an opportunity to develop levels of employment in manufacturing, construction etc. We would be more cautious about the potential to develop office-based employment activities.

5.54 The scale of development of modern commercial space in Thurrock, in our view, provides a degree of risk to the existing industrial activities elsewhere in the sub-region. We can see companies relocation for instance from existing premises on the A127 corridor in Basildon to more modern space in Thurrock; although businesses are also likely to move from elsewhere, including from East London.

5.55 Challenges relate to:

- Clawing back levels of out-commuting (presumably of higher skilled residents)
- Bringing in sufficient higher-level skilled jobs to restructure the economic base
- Delivering sufficient infrastructure and investing in quality of place to achieve jobs targets
- Effect of competition from Bluewater on Lakeside/ the local retail sector.

Southend

5.56 Southend-on-Sea has a stronger level of office-based employment than the other centres in the sub-region. It has a reasonably strong level of employment in financial services, a growing sector. This is primarily back-office services such as call centres, where there is some risk of international relocation. Current call centres in Southend include HSBC, Lloyds TSB, RBS and

-
- Converso. There is also a strength in terms of the health and public administration sectors, with Southend NHS Trust and the Inland Revenue significant local employers.
- 5.57 Tourism is strong, with a concentration of employment in retail, hotels and restaurants. The sector has underperformed slightly compared to other areas, but still grew by 19% between 1996 – 2006.
- 5.58 The manufacturing sector has declined, with total employment falling by 23% resulting in the loss of 1000 jobs over the last decade. There are still some significant manufacturing employers locally, bringing with it some degree of economic risk.
- 5.59 Key sectors in terms of absolute employment comprise wholesale and retail trade; real estate, renting and business activities; and health and social work. All are of a similar size (c. 11,000 employees). Southend has the strongest levels of real estate, renting and business activities; and health and social work in the sub-region. The wholesale and retail trade concentration is significantly less well developed compared to Basildon and Thurrock. Leigh District Centre is very buoyant. There are plans within the Core Strategy DPD and Regeneration Framework for the Borough to regenerate Southend Town Centre and other centres at Westcliff, Southchurch and Shoeburyness.
- 5.60 The town has the highest absolute employment in hotels and restaurants (4,100) and in education (6,100) in the sub-region. Recent investment by the South Essex College and the University of Essex, coupled with major future expansion plans, should reinforce the growth in the education sector and be a catalyst for potential economic growth due to the knowledge creation and transfer resulting from the HE Centre of Excellence.
- 5.61 The location quotient analysis shows strong representation in health and social work; in financial intermediation; and in public administration. Other services have also a greater representation than across the sub-region. Southend has a stronger service-sector focus compared to other major employment hubs.
- 5.62 Employment growth since 1996 has been strongest in health and social work; real estate and business services; and education. The economic base is hence reinforcing around its existing service sector strength.
- 5.63 Major drivers for the economy are:
- [Airport expansion – and associated industrial development;](#)
-

- Town Centre proposals – which is expected to help to revitalise and sustain the retail and leisure sector. Broader investment in the tourism offer is planned.
- Education – associated with growth of the University of Essex campus.

Castle Point and Rochford

- 5.64 Castle Point and Rochford have a much smaller economic base compared to the major urban areas, with 18,500 jobs in Castle Point and 19,000 in Rochford. Neither are major economic drivers.
- 5.65 Rochford employment structure shows above average representation in mining and quarrying, and agriculture (although small in terms of absolute numbers); and in electricity, gas and water supply. Employment growth over the last decade has been strongest in education, health and other community and service activities.
- 5.66 Castle Point's employment structure shows an above average representation in construction; education; and in wholesale and retail trade. These are very much about serving local needs. Key growth sectors have been wholesale and retail trade and education, indicating that its economy is reinforcing around these existing strengths.
- 5.67 The expansion of Southend Airport will benefit Rochford's economy. Rochford and Southend Councils are working together to prepare a Joint Area Action Plan to guide its future development. In Castle Point, the development of Land at Northwick Road is intended to stimulate inward investment. Both local authorities have proposals for town centre regeneration programmes.

Labour Market

- 5.68 Economic activity levels in Thames Gateway South Essex fall marginally below average for the East of England. Over the five year period to 2001, economic activity rates grew, eradicating the differential with the region. However since 2001 economic activity in TGSE has fallen at a faster rate than across the region and today are about 1% below average. An analysis of employment rates indicates a consistent picture.
- 5.69 Geographically, economic activity is broadly consistent across the sub-region with the exception of Castle Point in which both the economic activity and employment rate are notably lower.

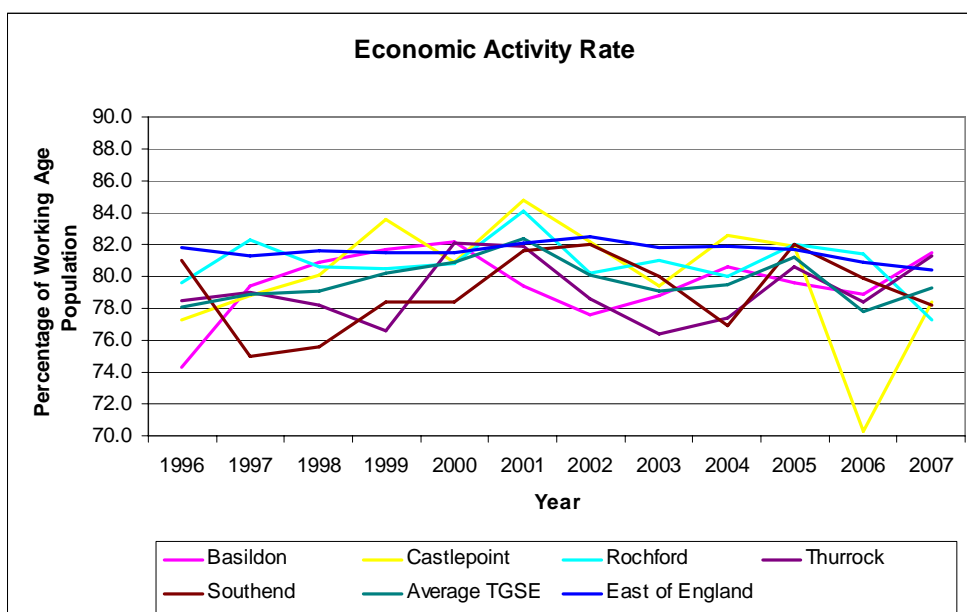
Figure 5.15: Economic Activity and Employment Rates

	Economic Activity Rate, 2005 – 7	Employment Rate, 2005 – 7
Basildon	80.0	76.8
Castlepoint	76.9	75.6
Rochford	80.2	76.9
Thurrock	80.1	76.1
Southend	80.0	76.8
Average TGSE	79.4	76.5
East of England	81.0	77.6

Source: APS/ LFS (Averages 2005, 2006, 2007)

5.70 The analysis indicates some, albeit limited, potential to increase economic participation through targeted problems to address worklessness. There is some potential for this to contribute to meeting future employment growth.

Figure 5.16: Economic Activity Rates



5.71 Spatially, levels of economic inactivity are above average in Chadwell St Mary; in Basildon and Laindon; in Benfleet and Hadleigh; in parts of Canvey Island; and in Central Southend and Southchurch.

5.72 As we have identified, the level of employment in the sub-region falls below the number of working-age residents. In this way, part of the function of the housing market is as a commuter location to support London. Figure 5.17 provides an analysis of travel to work patterns at a local authority level.

- 5.73 71% of travel to work trips are contained within the sub-regional housing market, with a significant 19% of trips to London and 10% to other destinations. There is hence a significant flow of labour from the sub-region to London, totalling 55,600 persons across the sub-region.
- 5.74 Numbers of travel to work trips to London are highest in Thurrock and Basildon (19,500 and 13,300 trips each day respectively) but decline further east. 10,400 persons commute from Southend, 8000 from Castle Point and 4400 from Rochford. Figure 5.17 presents this in terms of the percentage of total trips. In proportional terms, commuting to London is highest in Thurrock, then Castle Point and Basildon. The influence of London is significant across the sub-regional housing market.
- 5.75 Self-containment of travel to work trips within individual local authorities is higher in the larger urban centres, with Southend having the highest self-containment level of 62%. It is lowest in Castle Point and Rochford at 36 – 38%.

Figure 5.17: Travel to Work Patterns, 2001

Area	% Trips contained within LA	% Trips to Other TGSE LAs	%Trips to London	% Trips to Elsewhere
Basildon	54.7	10.0	17.2	18.1
Castle Point	37.7	35.8	19.5	6.9
Rochford	36.1	38.1	11.6	14.3
Southend	62.3	17.4	14.9	5.4
Thurrock	56.8	8.0	28.1	7.1
TGSE		70.7	18.8	10.5

Source: Census 2001

Summary

Sub-Regional Housing Market: Key Drivers and Characteristics

- The Sub-Regional Housing Market is sensitive to the macro-economic context, with the housing market particularly sensitive to changes in interest rates which affect the affordability of housing and the availability of mortgage finance.
- Key economic hubs in the sub-region are Basildon, Southend and Thurrock and these form the foundation of the sub-markets identified. A strong relationship with London in terms of migration and travel to work is however an important component of the Sub-Regional Housing Market. 19% of travel to work journeys are to London with 71% self-contained within TGSE. Measures of productivity (which are below average) reflect this.
- Employment growth has varied across the sub-region; but has been concentrated in the economic hubs. Employment growth of 10% over 1996 – 2006 period was below the regional average.
- There is however strong economic growth potential in the sub-region, supported by the Thames Gateway programme. Potential is greatest in west of sub-region: in Basildon and Thurrock. Accelerating employment growth will be important as a demand driver for the housing market.
- Key economic sectors in the sub-region are wholesale/retail trade; transport, storage and communication; health and social care. The business activities and manufacturing sectors also large employers. Key growth sectors are construction, education, healthcare, and retail. Each offers key opportunities for growth going forward. There is also potential to develop the transport, storage and communication; and financial intermediation sectors. The sub-region which has quite a strong economic base across a variety of sectors which will support supply-led efforts to develop its housing offer.

Sub-Markets: Characteristics and Drivers

- Thurrock's economy has restructured towards a lower-value base. It has a strong concentration of employment in transport, storage and communications; electricity, gas and water supply; and retail, and is likely to reinforce around these lower/mid-value sectors. With major economic proposals, most notably London Gateway, the economy is however likely to provide a significant impetus to housing demand.
- Southend's economy is typically lower value but its performance is improving. It is service orientated, with above average representation in health and social work; financial

intermediation; and public administration. There is potential for high-tech industrial growth associated with London Southend Airport, for development of educational (including higher education) facilities and development of the tourism and retail sectors with Town Centre regeneration. These will support demand for a broad range of housing products. Economic activity is below average in Castle Point.

- Basildon is the strongest sub-regional economy in the sub-region and has witnessed the most significant growth. However it needs to restructure housing offer to capture the benefits of higher-skilled jobs; whilst a significant proportion of job growth will be mid/low skilled reinforcing demand for existing housing.

6. HOUSING STOCK AND SUPPLY TRENDS

6.1 This chapter examines the current housing stock profile and supply trends within the TGSE Sub-Regional Housing Market. It provides an assessment of the number, range and quality of housing that is currently available within the existing stock. Following on from this, there is an overview of how the housing stock has changed over the last ten years and future housing supply projections.

Current Housing Stock

Number of Dwellings

6.2 The total number of dwellings in each local authority is shown in Figure 6.1 below.

Figure 6.1 Dwelling Numbers

Area	All Dwellings	% of TGSE area
Basildon	73,133	25.7%
Castle Point	36,642	12.9%
Rochford	34,063	12.0%
Southend-on-Sea	77,124	27.1%
Thurrock	63,236	22.3%
TGSE Boroughs	284,198	

Source: HSSA (Housing Strategy Statistical Appendix) 2006/07

6.3 Figure 6.1 indicates that Southend-on-Sea (77,124) and Basildon (73,113) have the largest amount of total dwellings, together representing 53% of the housing stock in the TGSE area. Rochford, with 12% has the least amount of dwellings.

Tenure

6.4 Across the TGSE Sub-Regional Housing Market at April 2007 there were more private sector dwellings (240,725) compared to social sector dwellings (43,473). Overall 85% of the housing stock was in private sector ownership compared to 84% across the East of England and 81% for England.

6.5 Basildon and Thurrock had the highest concentration of social sector properties. Basildon contained 16,592 public sector dwellings, representing 38% of the total sub-regional public sector housing stock. Thurrock contained 11,751 social sector dwellings, equating to 27% of

the total sub-regional social housing stock. The largest amount of private sector housing was located in Southend-on-Sea, with 66,979 private dwelling stock, representing 28% of the total sub-regional private housing stock.

- 6.6 In proportional terms the level of social housing is greatest in Basildon (23%) and Thurrock (19%): these two local authorities being the only ones with a level of social housing above the regional (16%) and England (19%) averages. Castle Point District has the lowest social housing at 6% of its housing stock. Private ownership is particularly high in Castle Point (94%) and Rochford (91%).

Figure 6.2: Tenure Profile, April 2006

Location	Public Sector	Private Sector	Total
Basildon	16,592 (23%)	56,541 (77%)	73,133
Castle Point	2,034 (6%)	34,608 (94%)	36,642
Rochford	2,951 (9%)	31,112 (91%)	34,063
Southend-On-Sea	10,145 (13%)	66,979 (87%)	77,124
Thurrock	11,751 (19%)	51,485 (81%)	63,236
TGSE Total	43,473 (15%)	240,725 (85%)	284,198

Source: HSSA (Housing Strategy Statistical Appendix) 2006/07

- 6.7 The 2001 Census provides a more detailed breakdown of tenure including information on the size of the private rented sector, albeit that the picture is likely to have changed post 2001. It indicates that private renting across the sub-regional housing market is below average (8.6% compared to 10.8% across the region), but there is a concentration of private renting in Southend-on-Sea (14%). Thurrock also had a slightly higher level of private renting in 2001 (7.7%) than the other local authorities.

Figure 6.3: Detailed Tenure Profile, 2001

Area	Owner Occupied	Social Rented	Private Rented
Basildon	70.6%	23.4%	6.0%
Castle Point	88.5%	5.6%	5.9%
Rochford	85.8%	8.3%	5.9%
Southend	72.8%	11.8%	14.4%
Thurrock	72.0%	20.4%	7.7%
TGSE	75.7%	15.4%	8.6%
East of England	72.7%	16.5%	10.8%
England and Wales	68.9%	19.2%	10.1%

Source: Census 2001

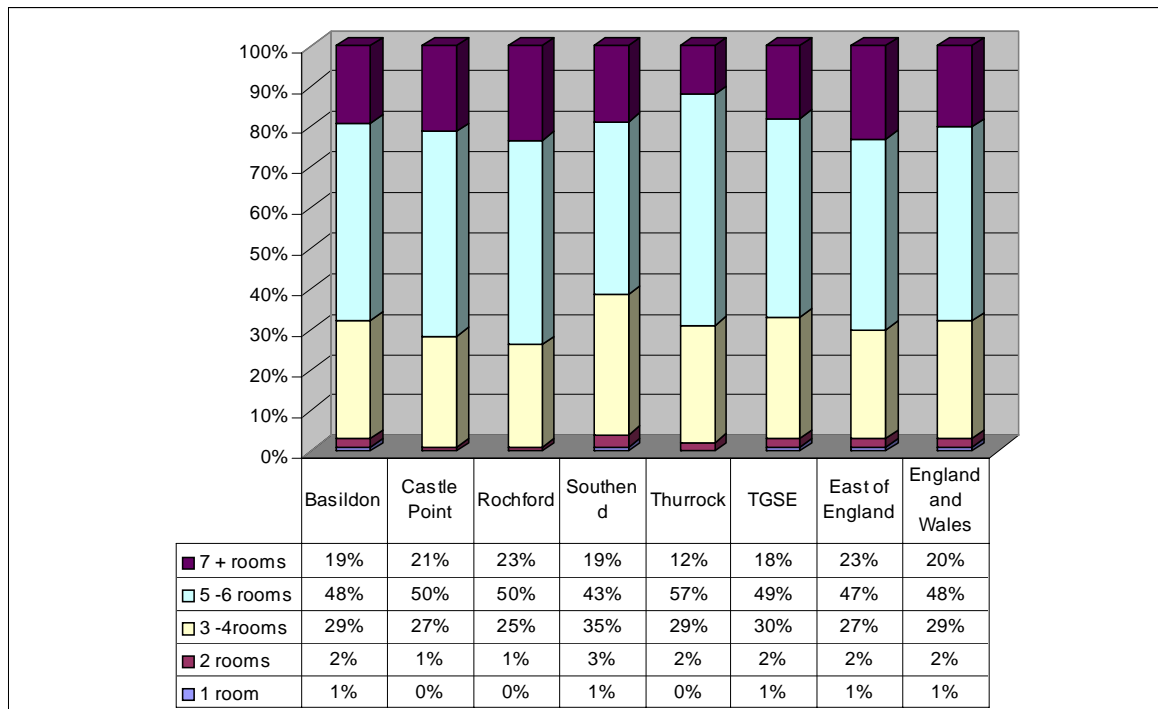
- 6.8 Owner occupation was highest in Castle Point (88.5%) and Rochford (85.8%) in 2001.

House Size

6.9 Figures 6.4 shows the size of stock by number of rooms across TGSE. The count of the number of rooms in a household’s accommodation does not include bathrooms, toilets, halls or landings, or rooms that can only be used for storage. All other rooms, for example, kitchens, living rooms, bedrooms, utility rooms and studies are counted. If two rooms have been converted into one then they are counted as one room. Rooms shared between a number of households, for example a shared kitchen, are not counted. For the purpose of this discussion, we have assumed the following relationship between the number of rooms and the number of bedrooms:

- 1-4 room dwelling equate to a 1-2 bed property if we assume this includes a kitchen, and could include 1-2 reception rooms.
- 5-6 room dwellings equate to a 2-3 bed property if we assume this includes a kitchen and one or two reception rooms.
- 7-8 room dwellings equate to 4 bed plus properties.

Figure 6.4: Size of Stock



Source: 2001 Census

-
- 6.10 Figure 6.4 shows across the TGSE area 2-3 bed properties are the most abundant and this pattern is consistent with the proportion of stock size across the region and nationally. On a more local level, Southend has the largest amount of 1-2 bed properties. Thurrock with 57% has the highest concentration of 2-3 bed property. Lastly, Rochford with 23% and Castle Point with 21% have the largest amount of 4 bed properties.

Housing Type

- 6.11 The TGSE housing market has a similar profile of housing stock by type to England and Wales as a whole. It has a below average level of detached housing at 23% compared to the region (30%) and a higher level of flats and maisonettes (19% compared to 14%).
- 6.12 Within the sub-regional housing market, Castle Point and Rochford have a higher proportion of detached and semi-detached properties. 43% of the housing stock in Castle Point is detached and 40% semi-detached. Half of Rochford's housing stock (49%) is semi-detached with a further third detached (33%).
- 6.13 Basildon with 36% and Thurrock with 35%, have the highest amount of terraced housing. Finally, Southend with 31%, compared to 19% across the sub-region, has the highest proportion of flats and maisonettes.
- 6.14 The high proportion of flats in Southend reflects its nature as a densely urbanised seaside town and can be seen in other similar towns such as Brighton (46% flats) and Bournemouth (42% flats) where the proportions of flats to houses are similar.

Figure 6.5: Housing Type Profile

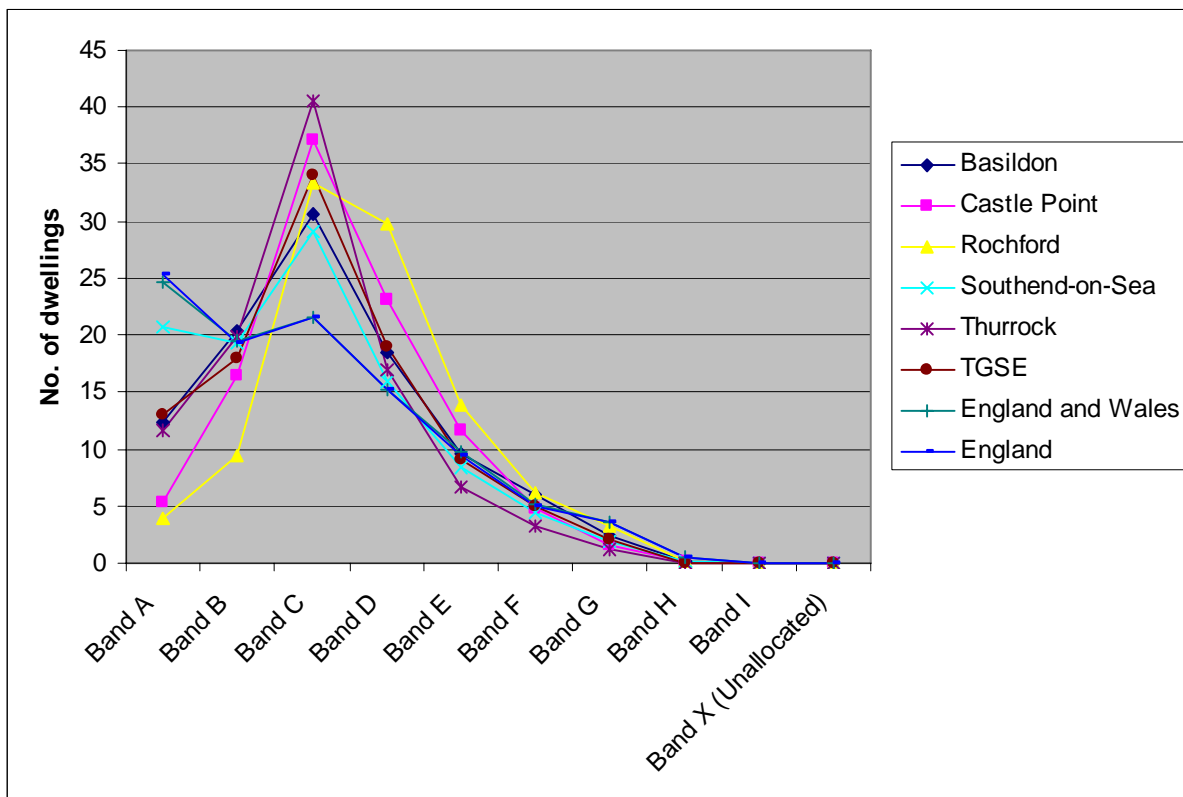
6.15

Figure 6.6 shows the distribution of dwellings by Council Tax Band across the TGSE Housing Market. This is used as a proxy for the size, value and quality of property. Band A is the lowest costing Council Tax Band and alternatively Band I is the highest costing Council Tax Band. Across the TGSE housing market compared to the regional average there is a higher proportion of properties in Band C and Band D with a lower than average proportion of Band A properties. This differential is even more pronounced compared to the national average.

6.16

On a more local level, Rochford and Castle Point have the highest amounts of higher end property (Band E – H) and smaller quantities of the lower end property (Band A –D). Southend and Thurrock have the largest volumes of properties in lower Council Tax Bands.

Figure 6.6: Dwellings by Council Tax



Source: 2001 Census

Social Housing Stock

- 6.17 Across the sub-regional housing market there are 43,373 properties in social sector ownership representing 15% of the total housing stock. Across the sub-region, 72% of social sector properties are owned by local authorities, 26% by Registered Social Landlords (RSLs) and 1.1% by other organisations.
- 6.18 RSL ownership is highest in Basildon where it represents 6.4% of the total housing stock. Of the total number of properties across the sub-region owned by RSLs, 85% are for general needs lettings, 8% for supported lettings, and 8% shared ownership properties.

Figure 6.7: Social Housing Stock, April 2007

	Total Housing Stock	Local Authority Stock	RSL Stock	Other Public Sector Stock	Total Social Housing Stock
Basildon	73133	11592	4678	322	16592
		15.9%	6.4%	0.4%	22.7%
Castle Point	36642	1553	481	0	2034
		4.2%	1.3%	0.0%	5.6%
Rochford	34063	1738	1043	170	2951
		5.1%	3.1%	0.5%	8.7%
Southend-on-Sea	77124	6225	3920	0	10145
		8.1%	5.1%	0.0%	13.2%
Thurrock UA	63236	10369	1382	0	11751
		16.4%	2.2%	0.0%	18.6%

Source: HSSA April 2007 (N.B. Rochford transferred its LA Stock in 2007 to Rochford Housing Association)

Stock Condition and Energy Efficiency

6.19 Information on the condition of housing in the private sector has been collated from local private sector housing stock condition surveys. Figure 6.8 summarises the results of these assessments.

Figure 6.8: Non-Decent Private Sector Dwellings by Area

	Basildon	Rochford	Thurrock	Southend-on-Sea	Castle Point	TGSE Sub-Region
Total Private Sector Dwellings	61,635	32,104	51,594	68,600	34,500	248,433
Non-Decent	6,769	5,524	7,987	13,800	8,310	42,390
% Non-Decent	11%	17.2%	15.4%	20.1%	24.1%	17.1%

6.20 In terms of energy efficiency, the average SAP rating for the private sector dwellings in the five local authorities is 60, which is much higher than the average SAP rating in the UK which is 52.5 (English House Condition Survey 2005 Headline Report, January 2007).

Vacant Dwellings

6.21 There were a total of 8,627 vacant dwellings across the TGSE sub-regional housing market as at April 2006. Southend-On-Sea contained the largest amount of vacant dwellings, with 3,653 in total and Castle Point had the least amount of vacant dwellings with 950. Across the

TGSE area there were more vacant private sector dwellings, 7831, compared to 796 vacant public sector dwellings.

- 6.22 Basildon contained the largest proportion of vacant public sector housing, with 42 percent of the total vacant public sector housing stock in the sub-region. Southend-On-Sea had the highest amount of private sector vacant dwellings, representing 43 percent of the total vacant sub-regional private sector housing stock.

Figure 6.9: Vacant Properties

Location	Total Vacant Dwellings	Public Sector Vacant Dwellings	% of Vacant Dwellings	Private Sector Vacant Dwellings	% of Vacant Dwellings
Basildon	1,679	336	20%	1,343	80%
Castle Point	950	12	1%	938	99%
Rochford	996	81	8%	915	92%
Southend-On-Sea	3,653	253	7%	3,400	93%
Thurrock	1,349	114	8%	1,235	92%
Total	8,627	796	9%	7,831	91%

Source: HSSA (Housing Strategy Statistical Appendix) 2005/06

- 6.23 Figure 6.10 sets out vacancy rates by sector. Across the sub-region 3.1% of residential properties are vacant, which is consistent with the national average but above the regional average of 2.7%. Commonly it is assumed that 2.5 – 3.0% vacancy is required to allow for turnover in the stock.

- 6.24 The vacancy rate is highest in Southend-on-Sea at 4.8% and sufficient to be considered an issue. Vacancy is above average in the private sector at 5.1% but also above average in the Council stock at 3.5%.

Figure 6.10: Vacancy Rates

	Vacant Properties	% Vacant	% LA Vacant	% RSL Vacant	% Other Public Sector Vacant	% Private Sector Vacant
Basildon	1679	2.3%	1.7%	2.6%	3.1%	2.4%
Castle Point	950	2.6%	0.5%	0.9%	-	2.7%
Rochford	996	3.0%	2.1%	4.6%	0.0%	3.0%
Southend-on-Sea	3653	4.8%	3.5%	1.2%	0.0%	5.1%
Thurrock	1349	2.2%	0.9%	1.3%	-	2.4%
TGSE	8627	3.1%	1.8%	2.1%	1.8%	3.3%
East of England	64227	2.7%	1.6%	1.4%	7.5%	2.8%
England	675525	3.1%	2.1%	2.1%	9.0%	3.3%

Source: HSSA 2006/7

Turnover

6.25 Figure 6.11 below shows the level of turnover across the TGSE housing market from 2003 to 2006 for properties in all tenures. Figure 6.11 indicates that over this time period generally, Thurrock and Castle Point have had the highest turnover of properties (albeit that turnover in these areas has declined). Alternatively Basildon has had the lowest turnover of property. On average, 5 – 6% of properties are re-let or sold per annum.

Figure 6.11: Turnover

Location	2003	2004	2005	2006
Basildon	5%	6%	3%	5%
Castle Point	8%	6%	5%	5%
Rochford	5%	5%	4%	5%
Southend	6%	6%	6%	6%
Thurrock	7%	7%	6%	6%

Source: HSSA 2005/2006 and Land Registry 2006

Second Home Ownership

6.26 Figure 6.12 shows the pattern of second home ownership in 2001 across the TGSE Housing Market. The table indicates that Southend-on-Sea has the largest amount of second homes, with 44% of the total second homes across TGSE. Alternatively, Castle Point has the smallest amount of second homes, with 6% of the total second homes across the TGSE area.

6.27 The percentage of second homes in each of the authorities is however minimal, at less than 0.5%.

Figure 6.12: Second Home Ownership

	Total Dwellings	Second Homes	% Second Homes
Basildon	69207	87	0.1%
Castle Point	35279	27	0.1%
Rochford	31952	67	0.2%
Southend-on-Sea	70978	205	0.3%
Thurrock	58485	79	0.1%
TGSE	265901	465	0.2%
East of England	2231974	17944	0.8%
England and Wales	21660475	150718	0.7%

Source: Census 2001

Communal Establishments

6.28 Figure 6.13 shows the number of communal establishments and residents habiting communal establishments in 2001 across the TGSE Housing Market. Communal establishments are defined as an establishment providing managed residential accommodation, ranging from hospitals and prisons to nursing and care homes. The table shows that the number of communal establishments in the TGSE area is small (420) in comparison to the East of England (4308). Southend has the largest quantity of communal establishments, with 43% of the total communal establishments across the TGSE area. Alternatively Rochford has the smallest amount of communal establishments, with 4% of the total communal establishments across TGSE.

Figure 6.13: Communal Establishments

Area	All Communal Establishments	Number of residents
Basildon	68	721
Castle Point	27	391
Rochford	15	443
Southend-on-Sea	179	2168
Thurrock	131	406
TGSE	420	4129
East of England	4308	84944
England and Wales	46431	858098

Source: Census 2001

6.29 In terms of the number of residents habiting these communal establishments, Southend (2168) has most residents living in communal establishments. Interestingly the table shows that although Rochford has by far the least amount of communal establishments the number of residents (443) living in this type of establishment is fairly large in comparison to the other local authorities. This suggests that the communal establishments in Rochford are relatively larger in size.

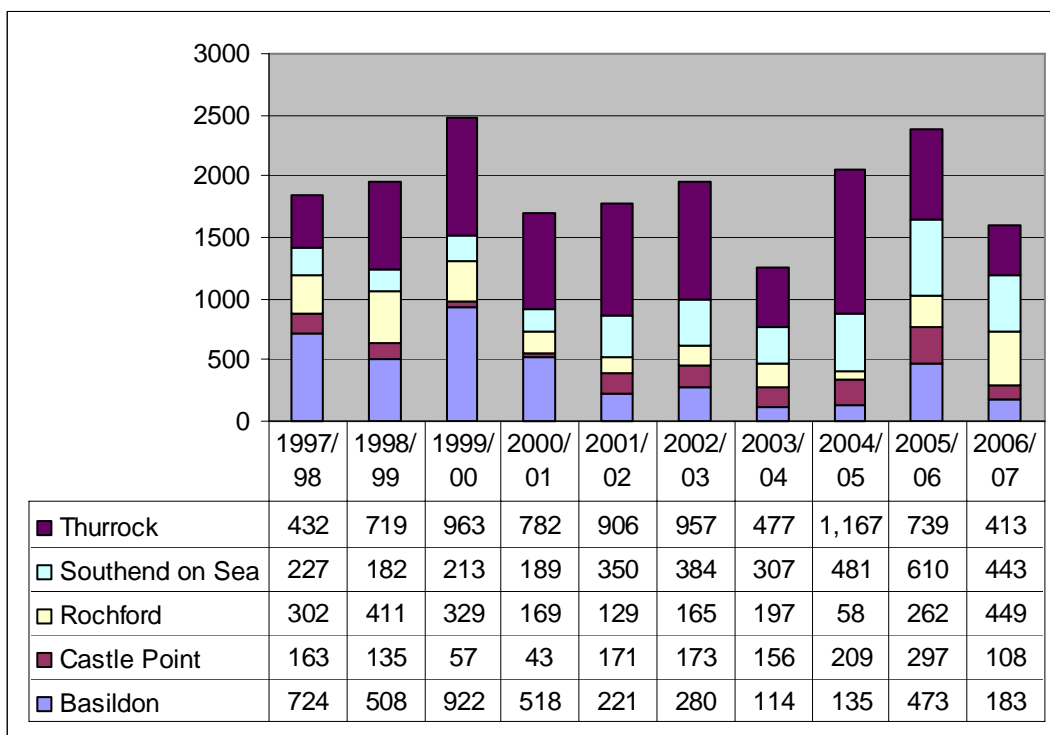
Housing Supply Trends

Housing Completions

6.30 Figure 6.14 presents the number of houses completed between 1998 and 2007 across the TGSE Housing Market.

-
- 6.31 Over the last decade there has actually been a slight downward trend in net housing completions across the five TGSE local authorities, however the picture varies at a district level.
- 6.32 Housing completions in the sub-region rose in 2004/5 and 2005/6, net completions growing from 1251 in 2003/4 to 2050 in 2004/5 and 2381 in 2005/6. Delivery levels were however lower in 2006/7 at 1596 units (net). Looking back over the last decade however, levels of housing delivery still remains below levels achieved in 1999/00 when 2484 homes were delivered.
- 6.33 Thurrock, Basildon and Southend-on-Sea have made the most significant contribution to housing delivery overall. There has however been a notable trend of declining net completions in Basildon, with limited delivery post 2000/1 compared to the late 1990s. In contrast, Southend has seen upward growth in net completions since 2000/1. Delivery in Thurrock, while varying year-to-year has generally exceeded levels in other authorities.
- 6.34 Since 2001, net annual completions have averaged 186 in Castle Point, 210 in Rochford, 429 in Southend, 234 in Basildon and 777 in Thurrock. Comparing this with the annualised RSS dwelling target, of the five local authorities only Southend-on-Sea is exceeding its annual dwelling target. Castle Point has delivered 93% of its pro rata target (annualised), Rochford 91% and Thurrock 84%. Basildon District is not delivering well on its housing targets and has achieved 44% compared with targets to date over the plan period.

Figure 6.14: Housing Completions



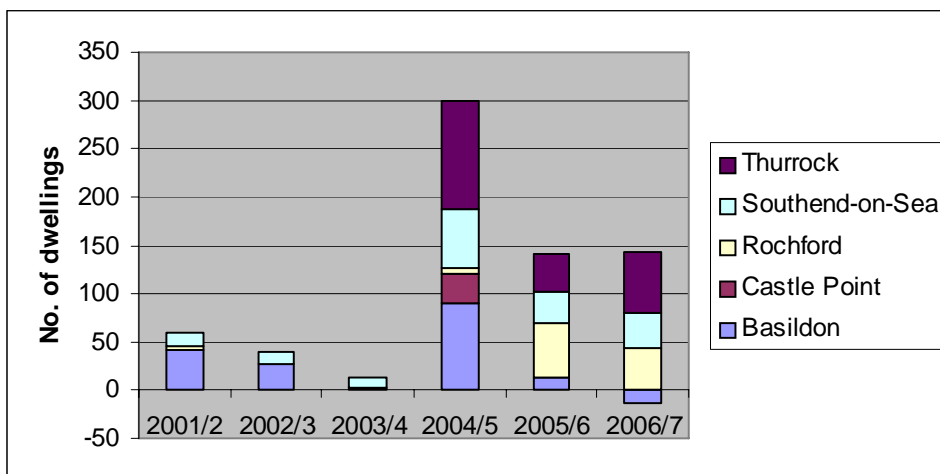
Source: EERA Annual Monitoring Reports

6.35 Net housing completions in 2006/7 actually fell in each local authority except Rochford (and in Basildon and Thurrock noticeably so) compared to the previous year. Only in Rochford did starts increase in 2006/7.

6.36 Figure 6.15 indicates net affordable housing completions across the Sub-Regional Housing Market since 2001, based on local authority returns to EERA. It indicates:

- Very limited affordable housing delivery between 2001/2 and 2003/4, varying between 12 - 60 dwellings per annum across TGSE.
- Significantly stronger delivery over the last three years (2004/5, 2005/6 and 2006/7), with 299 dwellings delivered in 2004/5 (15% net completions), 140 in 2005/6 (6%) and 129 (8%) in 2006/7.
- That delivery of affordable housing over the plan period to date (2001/2 – 2006/7) has been strongest in Basildon (11%) and Rochford (9%). In Southend-on-Sea, 6% of net completions have been of affordable housing, in Thurrock 5% and in Castle Point 3%.

Figure 6.15: Social Housing Completions



Source: EERA

6.37 Figure 6.16 indicates the local authority level figures of social housing completions. Basildon appears to have been the most successful of the five local authorities in delivering affordable housing (as a proportion of total completions).

Figure 6.16: Net Affordable Housing Completions

	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	Total
Basildon	42	27	2	91	13	-13	162
Castle Point	0	0	0	29	0	0	29
Rochford	4	0	0	7	57	44	112
Southend-on-Sea	14	12	10	61	32	35	164
Thurrock	0	0	0	111	38	63	212
Total	60	39	12	299	140	129	679

Source: EERA

6.38 Across the Thames Gateway South Essex sub-region, there has been an increase in the provision of additional affordable housing as Figure 6.16 indicates.

Right-to-buy Sales

6.39 Figure 6.17 indicates trends in right-to-buy sales over the last decade. It shows a declining trend in right-to-buys over the last five years, likely as a result of increasing unaffordability of properties and losses of the most popular stock.

Figure 6.17: Right to Buy Sales

	1979/80 - 1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Total
Basildon	4,291	118	193	207	232	208	188	224	106	51	5,818
Castle Point	1,367	20	45	32	30	21	21	8	7	11	1,562
Rochford	1,302	12	46	40	35	33	27	12	6	8	1,521
Southend	2,731	66	62	126	88	77	49	31	20	15	3,265
Thurrock	7,766	224	274	207	182	171	165	66	37	51	9,143
TGSE	17,457	440	620	612	567	510	450	341	176	136	21,309

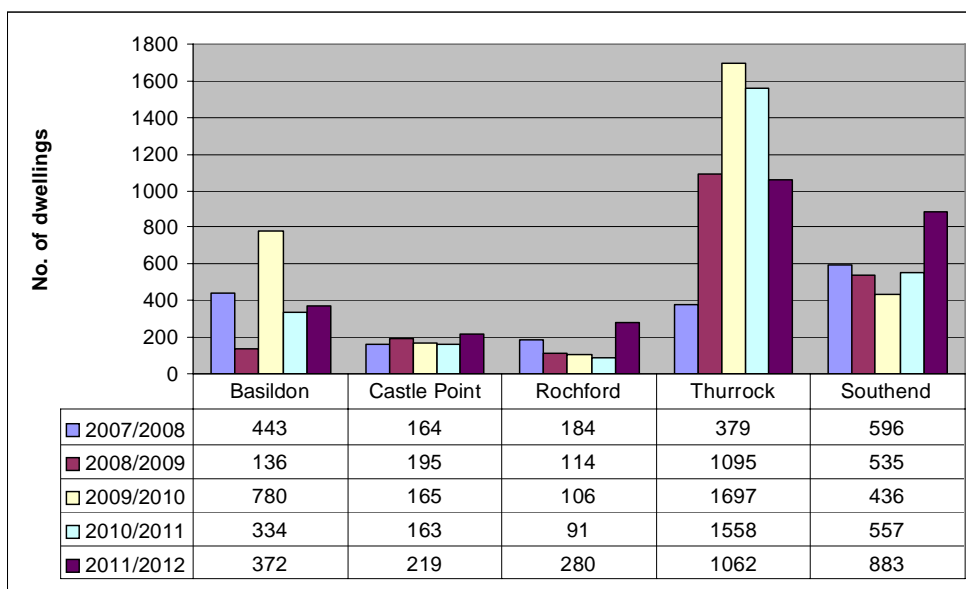
Source: CLG

Housing Trajectory

- 6.40 Figures 6.18 and Figure 6.19 show the predicted housing completions between 2007 and 2012 across the TGSE area based on local authorities existing Annual Monitoring Reports. It should be noted that this is based on delivery assumptions in early 2007, before the impact of the credit crunch or the downturn in the housing market took full effect.
- 6.41 Considering projected completions with this caveat, the expectation was of significant enhanced housing delivery between 2009/10 – 2011/12. Over the five year period, expected completions total 12,500 of which Thurrock was expected to contribute 46%, Southend 24% and Basildon 16%.
- 6.42 There was expected to be a notable peak of completions in Thurrock and Basildon in 2009/10 and in Southend in 2011/12.
- 6.43 We have compared each local authorities housing trajectories against housing targets set out in the East of England Plan. In 2007, Southend-on-Sea was the only local authority to have been delivering above targets (from a 2001 base date), albeit that Castle Point and Rochford had been delivering over 90% of their requirements. Housing trajectories indicate that in 2012, Southend's performance should have continued to have improved (with delivery of 169% compared to the cumulative requirement), while Thurrock should be meeting its targets (103%). Delivery in Castle Point was expected to continue to fall slightly below average (92%), but not to the same degree as in Rochford (80%) or Basildon (59%) albeit that Basildon's performance was expected to improve on its current position.

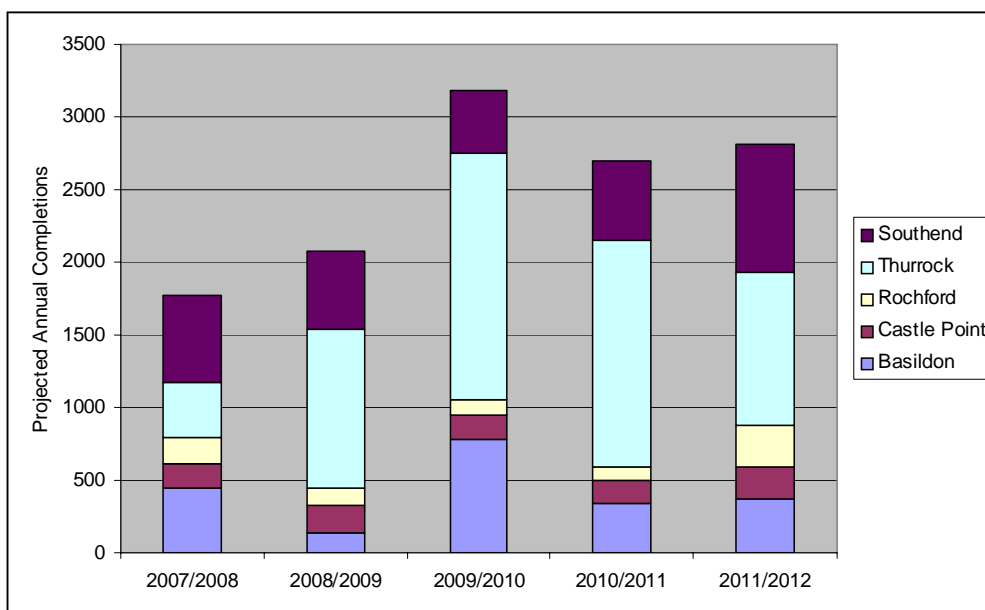
6.44 There are clear delivery risks to the current development pipeline associated with current market conditions, and we would expect delivery over the next five years to actually fall short of current projections set out in the housing trajectories.

Figure 6.18: Five Year Housing Trajectory



Source: Local Authority Annual Monitoring Reports

Figure 6.19: Composite Housing Trajectory



Source: Local Authority Annual Monitoring Reports

Summary

Sub-Regional Housing Market: Characteristics & Drivers

- The TGSE sub-regional housing market has above average private sector ownership at 85%. Three quarters of resident households are owner occupiers. A below average affordable housing sector makes it difficult to meet housing need under current market conditions.
- There are 43,500 social sector and shared ownership properties in the housing market, which represents 15.3% of the total housing stock.
- The profile of housing stock is focused particularly on cheaper and mid-market housing. The size profile shows above average 2 and 3 bed properties. Flats and maisonettes are however more prevalent than average which is particularly a reflection of a concentration of flats in Southend-on-Sea. The sub-region contains a higher proportion of Bands B & C properties. The offer at the top of the market, in terms of detached properties and highest Council Tax Bands, is currently below average.
- The level of vacant properties at 3.1% is above the regional average, but reflects a higher concentration of vacant properties in Southend-on-Sea. Turnover is average at 5-6% and there is evidence that the population is becoming more stable. Second home ownership is limited.
- While there has been an upward trend in housing completions across the housing market, house building still stands below the levels which were being achieved in the late 1990s despite the policy priority provided by the Growth Agenda and strong market conditions over the last decade. Low housing starts and completions in 2006/7 and the recent turnaround in market conditions indicate that completions are unlikely to accelerate in the short-term.
- Over the next five years, projected completions in Thurrock and Southend-on-Sea only exceed RSS housing targets. In the other local authorities, it is unclear whether a five year residential land supply in terms of deliverable sites can be achieved. There are clear delivery risks to house building in the short-term related to current housing market conditions.
- Delivery of new affordable housing has been relatively poor historically, although this has picked up over the last three years. Declining levels of right-to-buy sales will also help to ease pressures on the social sector in the near-term.

Sub-Market Characteristics and Drivers

- The Thurrock and Basildon sub-markets contain an above average proportion of social rented properties. While Southend-on-Sea has a lower proportion of social rented properties at 12%, it has a significantly higher level of private renting than in other areas (14% in 2001).
- Thurrock's housing stock is predominantly terraced and semi-detached, with a focus on the lower end of the market and family housing. It has an above average proportion of properties in lower Council Tax Bands.
- Thurrock however has a strong record in housing delivery in absolute terms, delivering 777 completions per annum – a level significantly higher than any of the other authorities in absolute terms – and making a significant contribution to the sub-regional supply total. With the strongest supply pipeline; there is good potential to develop its housing offer.
- Basildon contains the largest concentration of social rented properties in the housing market in the New Town neighbourhoods. These are associated with concentrations of deprivation and include an over-representation of 3-bed terraced properties. However across the District, the housing offer is more balanced.
- Levels of housing delivery in Basildon have been relatively low against the housing requirement, partly reflecting a lack of certainty regarding the status of potential development sites and influenced by a degree of imbalance between the mix of housing sites (focused towards an emerging urban living market in town centres) and the current demand profile (more strongly orientated towards family housing). Basildon has however achieved quite strong delivery of affordable housing, although this particularly reflects delivery of estate renewal programmes (e.g. Five Links).
- Southend-on-Sea contains a lower proportion of social rented properties (12%), above average private renting and flatted accommodation (linked partly to the sub-division of larger properties). It contains the largest proportion of 1 and 2-bed properties of the five local authorities. These characteristics are common to other coastal towns. It has the highest level of vacancy at 4.8% indicating some potential to better use the existing stock to meet market demand.
- Within the housing market, a higher end housing offer is provided in Rochford District, in Benfleet, Billericay and Wickford. Overall Castle Point and Rochford districts have higher levels of 4-bed properties, and a housing stock biased towards detached and semi-detached housing. This plays a complementary and supporting role to the main economic centres of Basildon, Thurrock and Southend.

7. PRIVATE SECTOR ACTIVE MARKET

- 7.1 Having considered the housing stock, this Section moves on to consider the current private-sector housing market (the 'active' market). The CLG Guidance states that understanding house price change is key to understanding the housing market. It represents a direct indicator in relation to the supply and demand balance. For example, where demand is lower than supply, the price will fall; where demand is higher than supply, the price will rise.
- 7.2 This section considers:
- The costs of buying or renting a property;
 - How these have changed over time, in terms of house price and rental growth;
 - The affordability of market housing; and
 - Overcrowding and under-occupation of housing.
- 7.3 The assessment draws on secondary data sources, using time-series analysis where possible to track trends. It is also informed by a telephone survey of estate and letting agents from across the sub-regional housing market to assess market perceptions.
- 7.4 The focus of this section is on providing a strategic overview of housing market trends over the last decade. Section 9 considers in more detail the most recent housing market trends and short-term demand outlook.

The Cost of Buying or Renting a Property

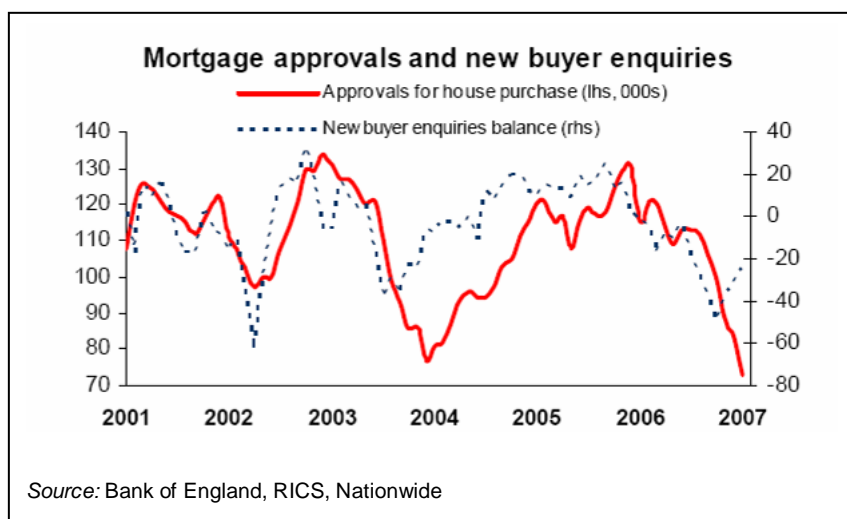
House Prices

- 7.5 House prices indicate relative demand for different housing products and locations, albeit that they are set within the context of wider national and regional market dynamics.
- 7.6 Recent years have witnessed consistent upwards trends in house prices across the country. This has been supported by strong macro-economic stability and growth, together with historically low interest rates. The attractiveness of housing as an investment has also played an important role.
- 7.7 However we have seen a recent turnaround in market conditions. House price growth started to decelerate in the second half of 2007, with price levels peaking in October 2007. The

Nationwide House Price Index suggests that prices are now 6.7% lower nationally (as at May 2008) than their October peak. In the 'Outer Metropolitan Area' which includes TGSE, the Index recorded a fall in prices of -2.0% between Q4 2007 and Q1 2008. HM Land Registry data recorded that house prices in each of the five local authorities fell in Q1 2008 relative to the previous quarter.

7.8 The trend of loosening housing market conditions is supported by other indicators. Key indicators such as mortgage approvals and the sales-to-stock ratio have now fallen to or even below the troughs reached in late 2004: a period which was followed by a year of very subdued house price growth. Mortgage approvals in the final quarter of 2007 were 35% lower than in the same period the previous year. This is illustrated in Figure 7.1. Mortgage approvals nationally in May 2008 were 49% lower than in the same month the previous year.

Figure 7.1: Trends in Mortgage Approvals and New Buyer Enquiries, UK



7.9 The Halifax House Price Index tracks average house prices based on qualitative criteria used to define a standard UK property. The TGSE Housing Market falls within Halifax's defined South East region which includes the South East Government Office Region and Essex. It indicates an average house price of £258,530 for the final quarter of 2007. This is 31% above the UK average of £197,071. Only Greater London is more expensive, with an average price of £300,318.

7.10 Annual house price growth in the South East has been 7.0% which is above the UK average of 5.2% for 2007. Over the past decade house prices in the South East have risen by 175%.

- 7.11 In common with the national picture, the market is however slowing. Following growth of 9.6% in average prices over the first nine months of 2007, the Halifax Index indicates that house prices fell by 2.3% in the last quarter.
- 7.12 The Halifax Index indicates comparative prices for a standard property across different postal towns and tracks price growth in these. Figure 7.2 indicates current and recent price performance in the post towns in South Essex.

Figure 7.2: Average Prices and Price Growth for a Standard Property

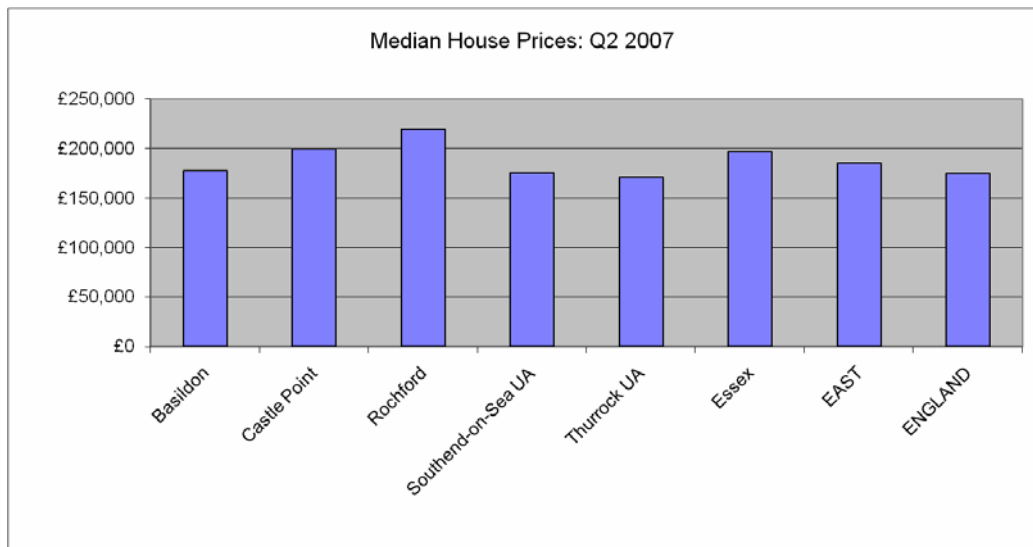
Post Town	Average House Price, 2006	Average House Price, 2007	% Change 2006-7
Basildon	£166,101	£181,341	9%
Benfleet	£237,587	£262,917	11%
Billericay	£268,198	£451,438	35%
Canvey Island	£192,578	£201,300	5%
Grays	£198,049	£207,974	5%
Leigh on Sea	£220,623	£259,971	18%
Rayleigh	£221,305	£243,622	15%
South Ockendon	£153,143	£168,012	10%
Southend-on-Sea	£187,344	£223,028	19%
Brentwood	£340,367	£343,296	1%
Chelmsford	£227,227	£263,479	16%

Source: Halifax House Price Index (Jan 2008)

- 7.13 The most expensive town in the sub-region (by quite some way) is Billericay. Billericay experienced the second highest price growth in 2007 of all towns in the South East region. The next most expensive towns are Benfleet, Leigh-on-Sea and Rayleigh.
- 7.14 At the other end of the spectrum, the cheapest average house prices are found in South Ockendon and Basildon where average prices are under £185,000 against the regional average of £258,530.
- 7.15 It is the more desirable, higher priced areas which experienced the strongest house price growth in 2007. These were Billericay, Leigh-on-Sea, Rayleigh as well as Southend.
- 7.16 The Land Registry provides data on mean and median house prices for all properties sold in an area; and allows analysis of prices to a lower, postcode sector level.
- 7.17 This section provides an analysis of house prices and house price changes. Figure 7.3 benchmarks house prices at a local authority level across the TGSE Housing Market. It indicates that house prices are highest in Rochford followed by Castle Point, in which prices

are average for Essex. House prices in the other local authorities fall below the regional average.

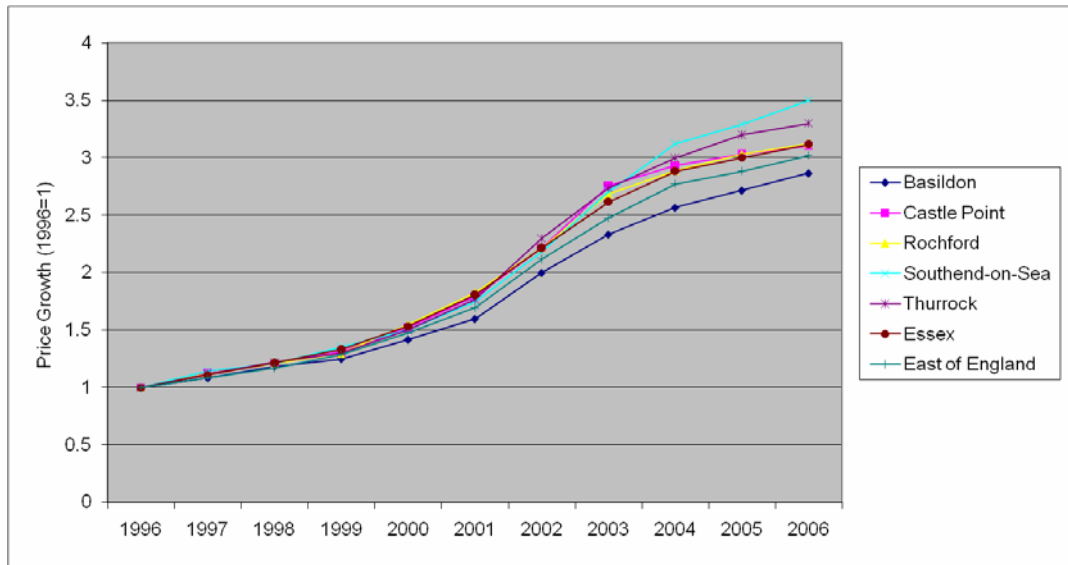
Figure 7.3: Median House Prices



Source: HM Land Registry/ CLG

- 7.18 Figure 7.4 provides an indexed analysis of trends in average house prices over the last 10 years (1996 – 2006). It indicates that average house prices across the sub-region have tripled over the last decade. The strongest growth has been in Southend-on-Sea where average house prices in 2006 were 3.5 times those in 1996. This particularly reflects stronger growth in prices in Southend compared to the other local authorities over the last five years.
- 7.19 At the other end of the spectrum, the housing market has performed less strongly in Basildon District. House prices in the District overall have failed to keep pace with those elsewhere in the sub-region.

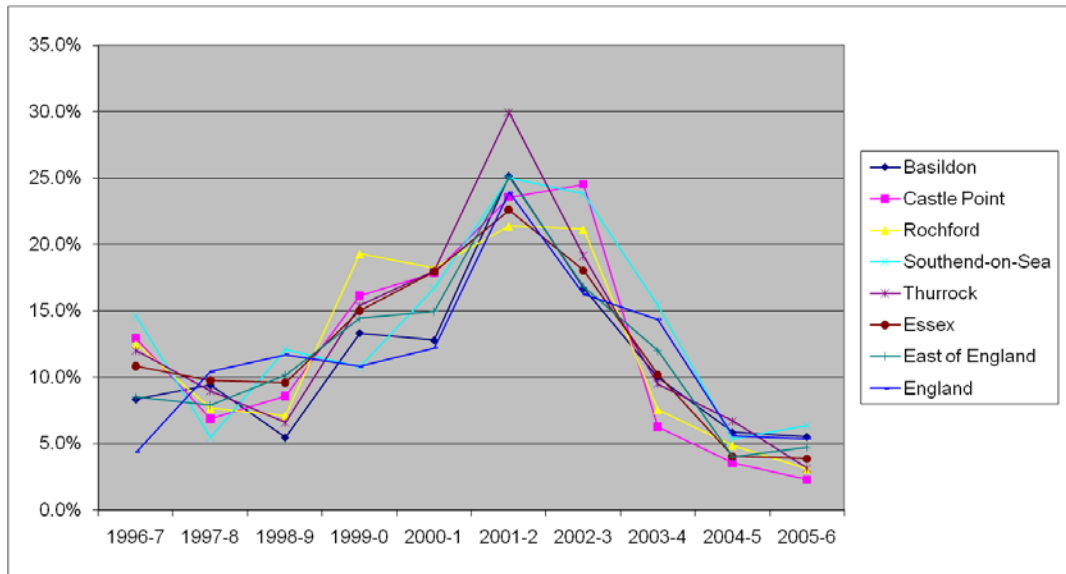
Figure 7.4: House Price Trends over the last Decade



Source: HMLR/ CLG

7.20 As the graph below shows, the rate of house price inflation grew strongly from 1999-2000 to a peak of over 20% growth between 2001 to 2002. However the rate of price growth has fallen markedly and we are now experiencing negative growth.

Figure 7.5: Rates of House Price Growth per Annum

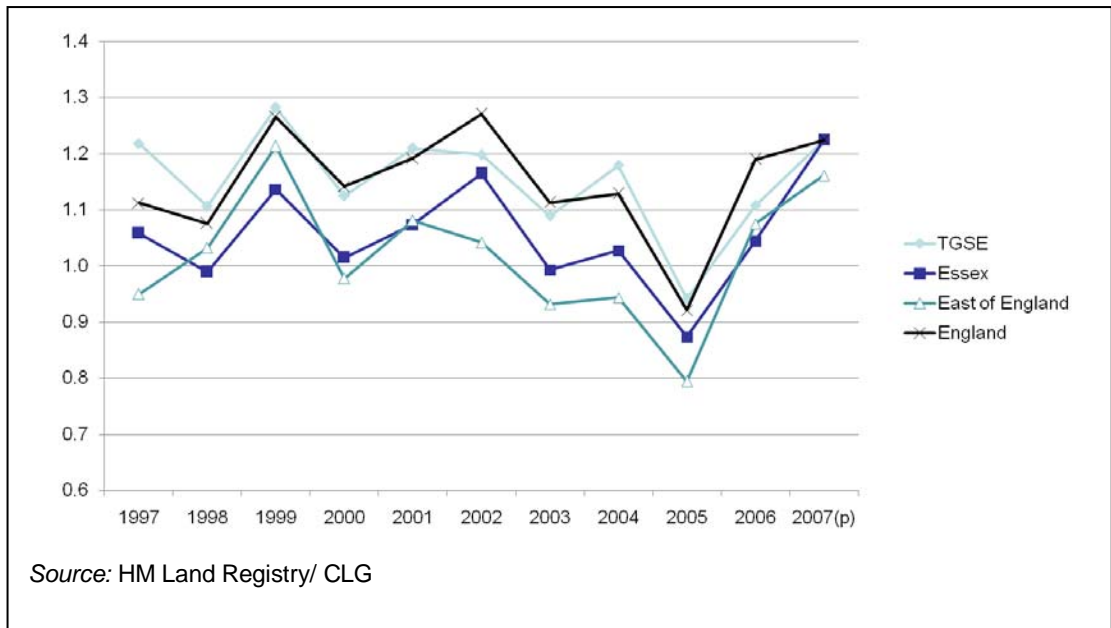


Source: HM Land Registry/ CLG

- 7.21 While there is some variation between rates of house price growth between different local authorities, the broad pattern is consistent. This reflects the importance of macro-economic influences, including interest rates.

- 7.22 Figure 7.6 below indicates variance in sales trends in the sub-regional housing market and wider areas, compared against a 1996 base. The notable slump in activity in 2005 is evident: the year in which price growth was also notably low. The figures for 2007 are forecast on the basis of the first two quarters, before the effect of the credit crunch was felt. We would expect actual activity in 2007 to have been lower than shown as the trend over the second 6 months of the year has been clearly downward.

Figure 7.6: Sales Trends



7.23 We show overleaf a series of plans which indicate how house prices vary at a more local level by type, as well as rates of house price growth. This is based on Land Registry data at a postcode sector level (e.g. SS2 4).

Figure 7.7: Detached House Prices, 2007

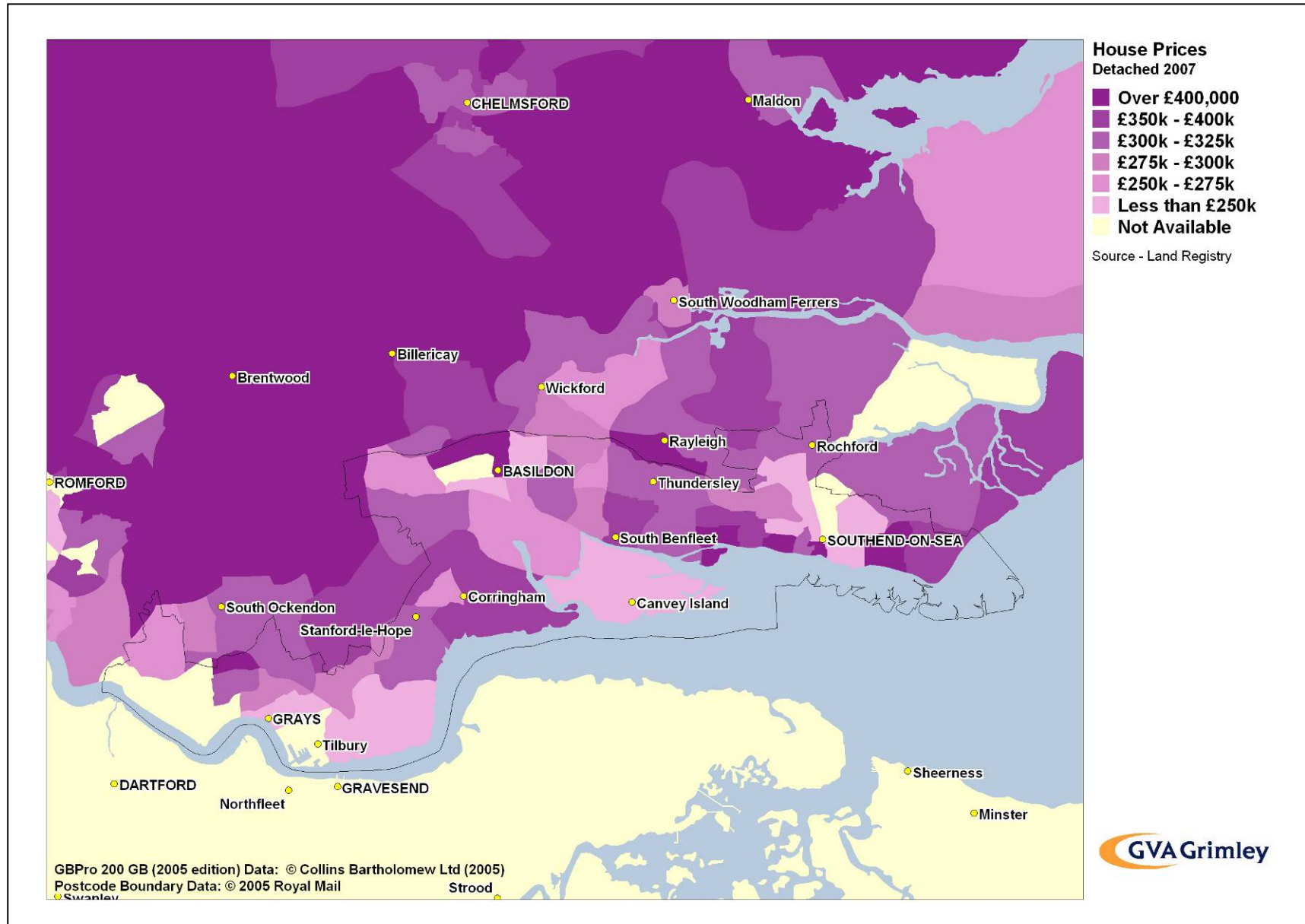


Figure 7.8: Detached Price Growth, 1997 - 2007

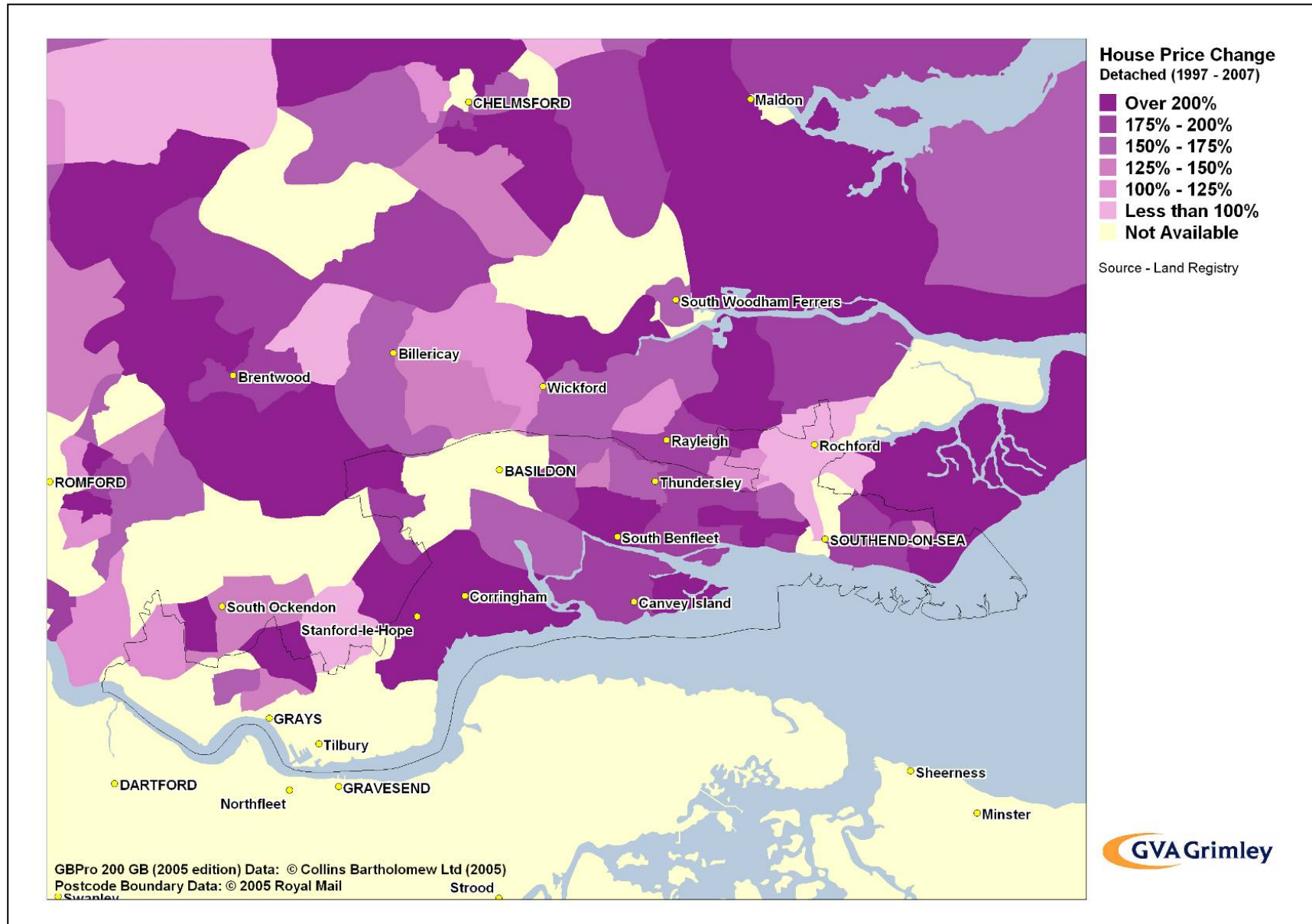


Figure 7.9: Semi-Detached House Prices, 2007

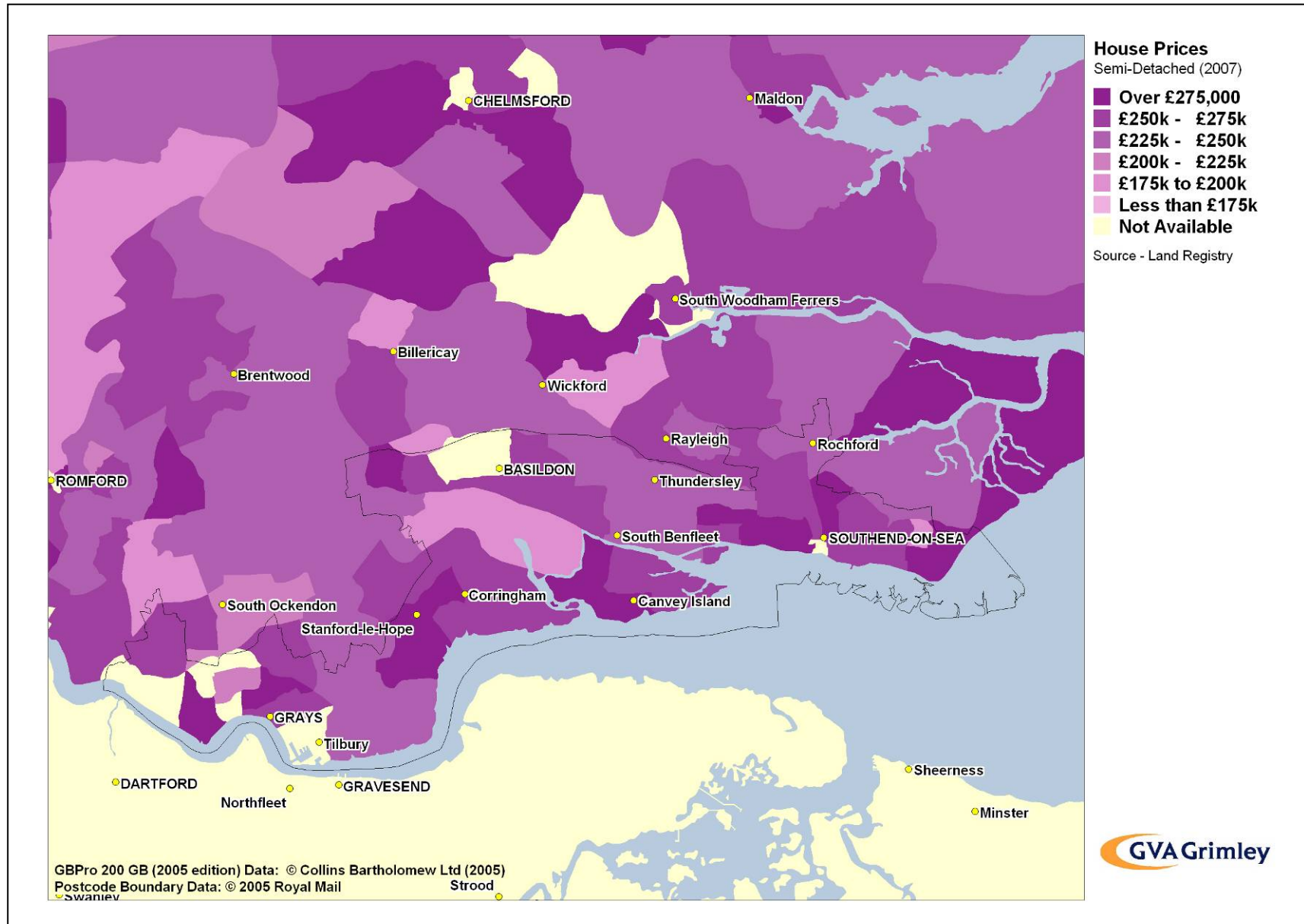


Figure 7.10: Semi-Detached Price Growth, 1997 - 2007

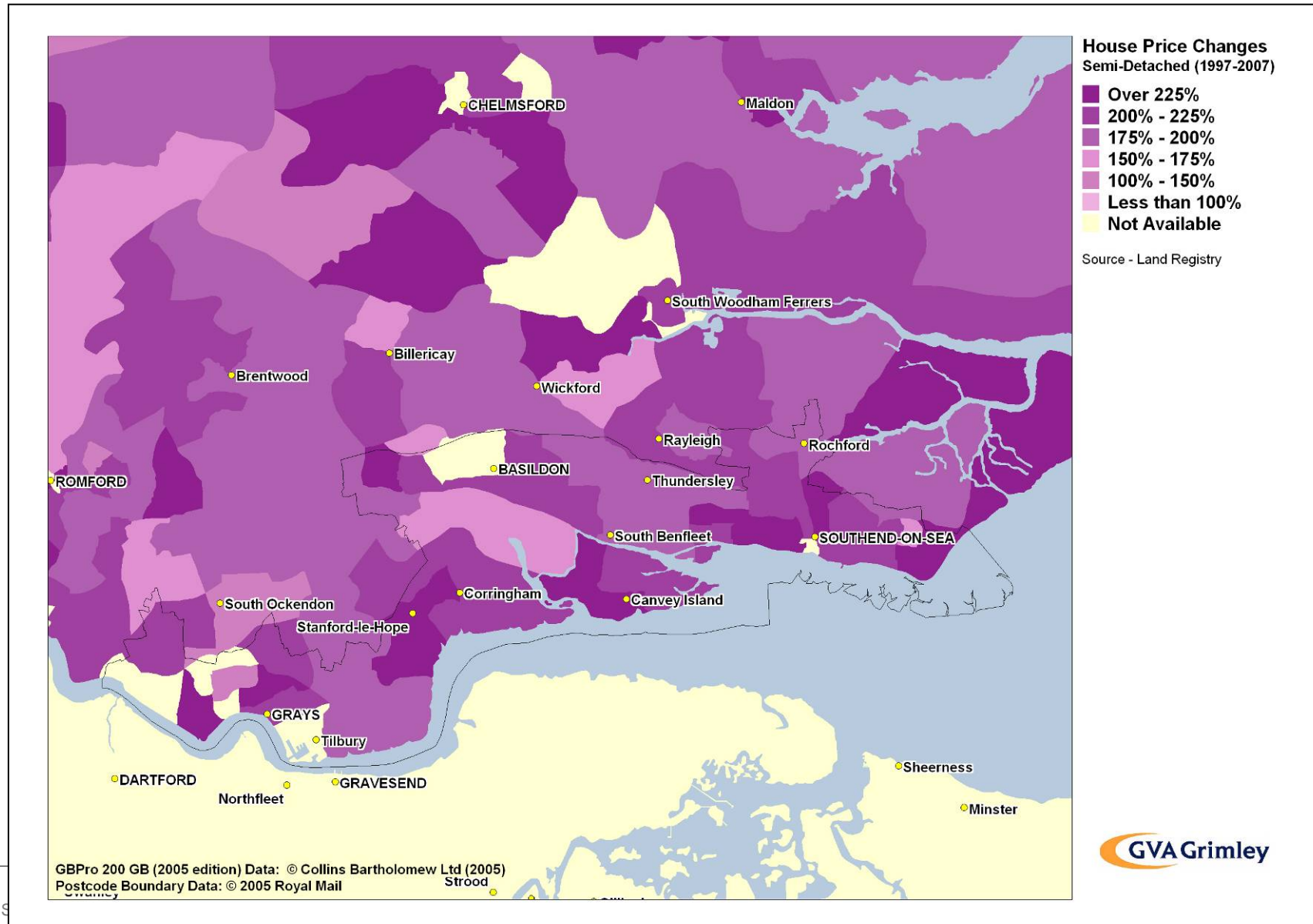


Figure 7.11: Terraced House Prices, 2007

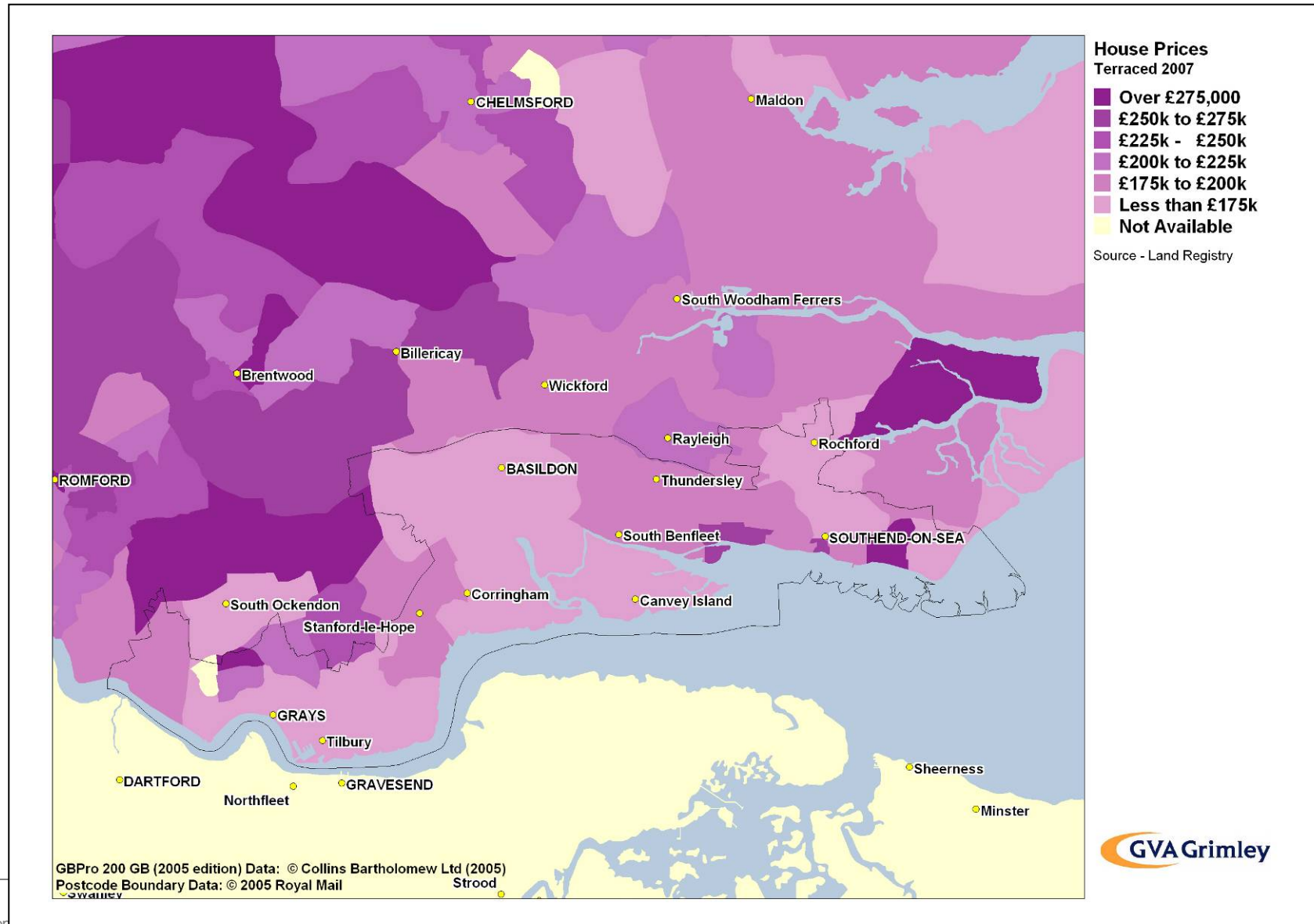


Figure 7.12: Terraced Price Growth, 1997 - 2007

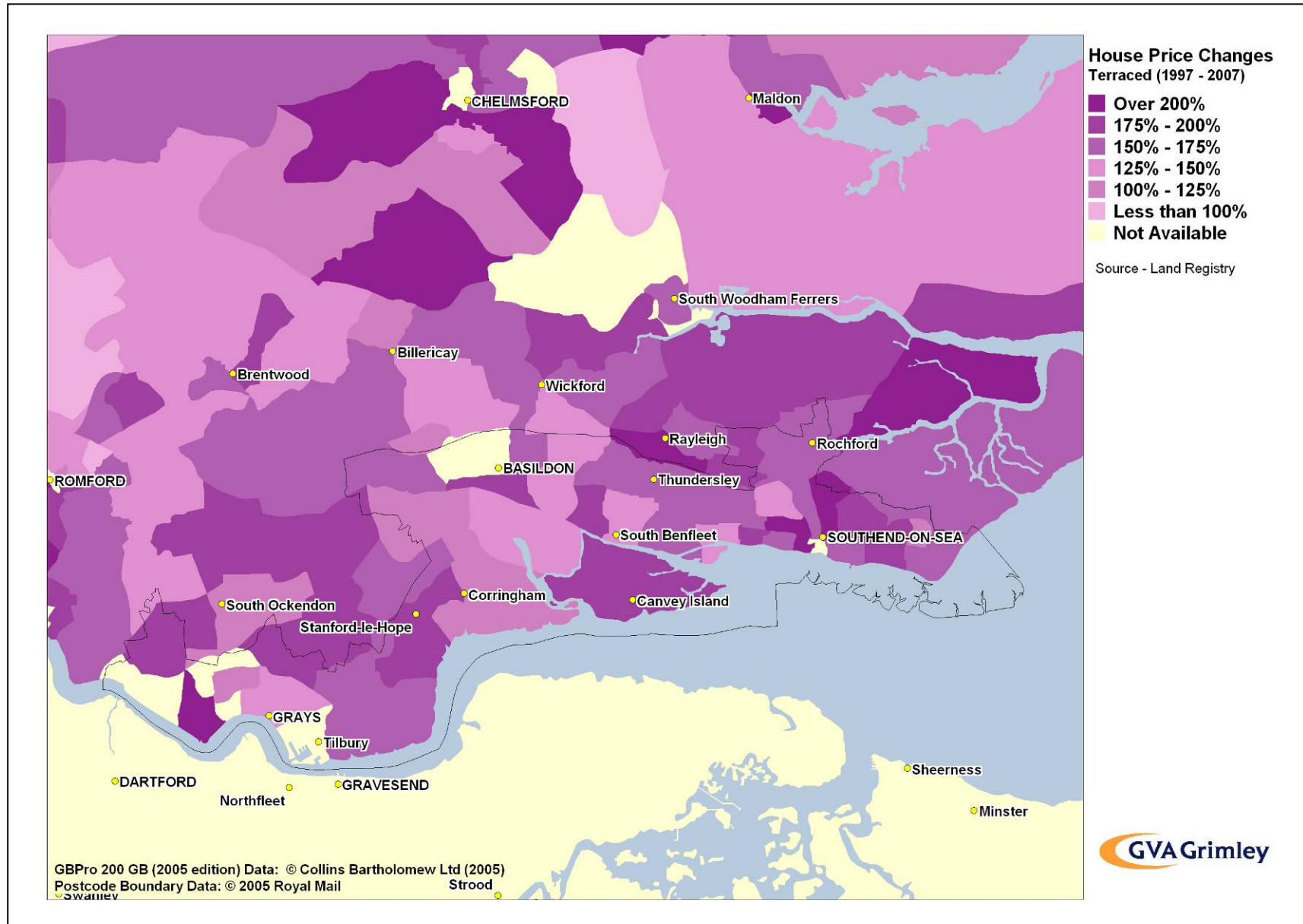


Figure 7.13: Flat/Maisonette Prices, 2007

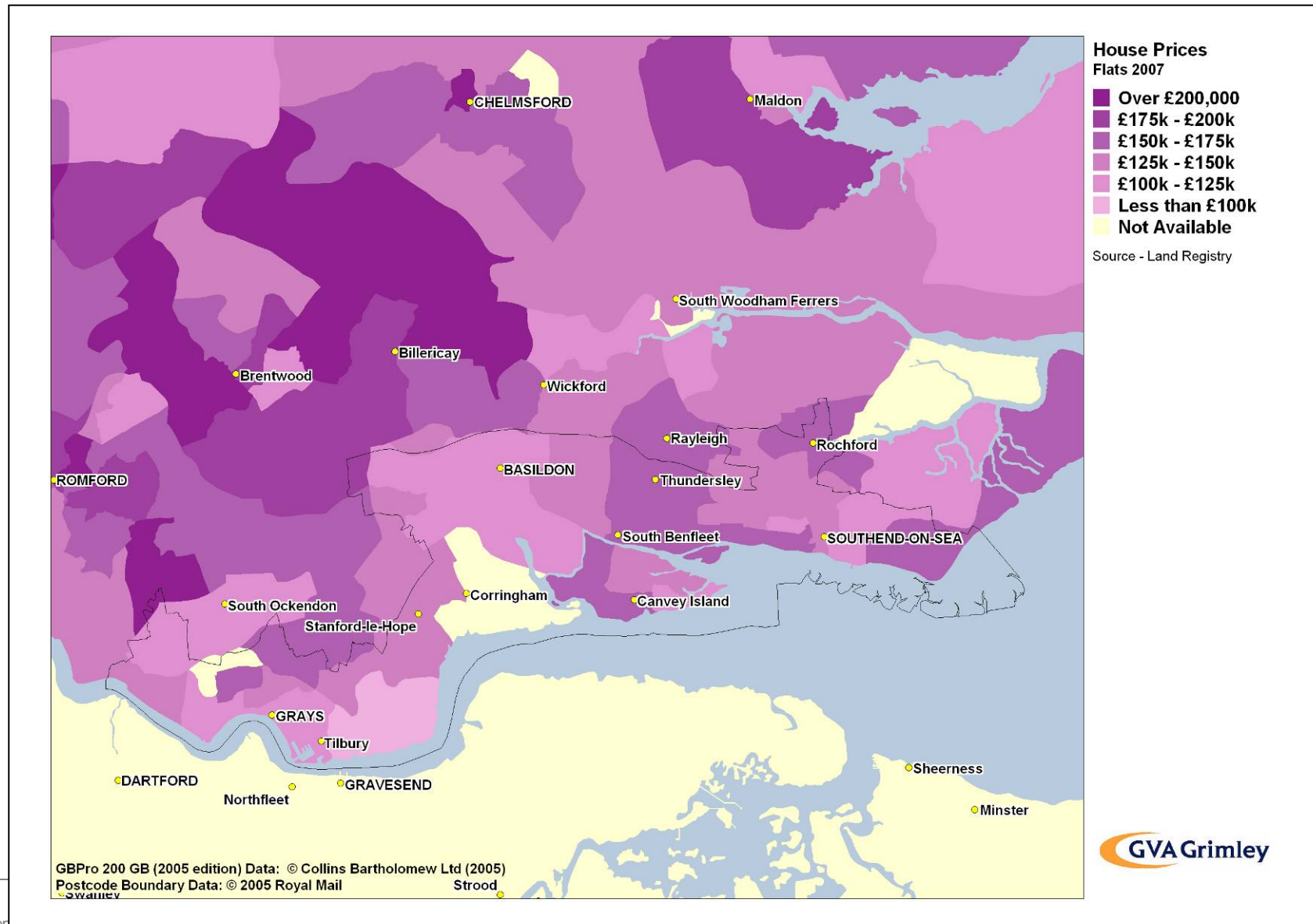
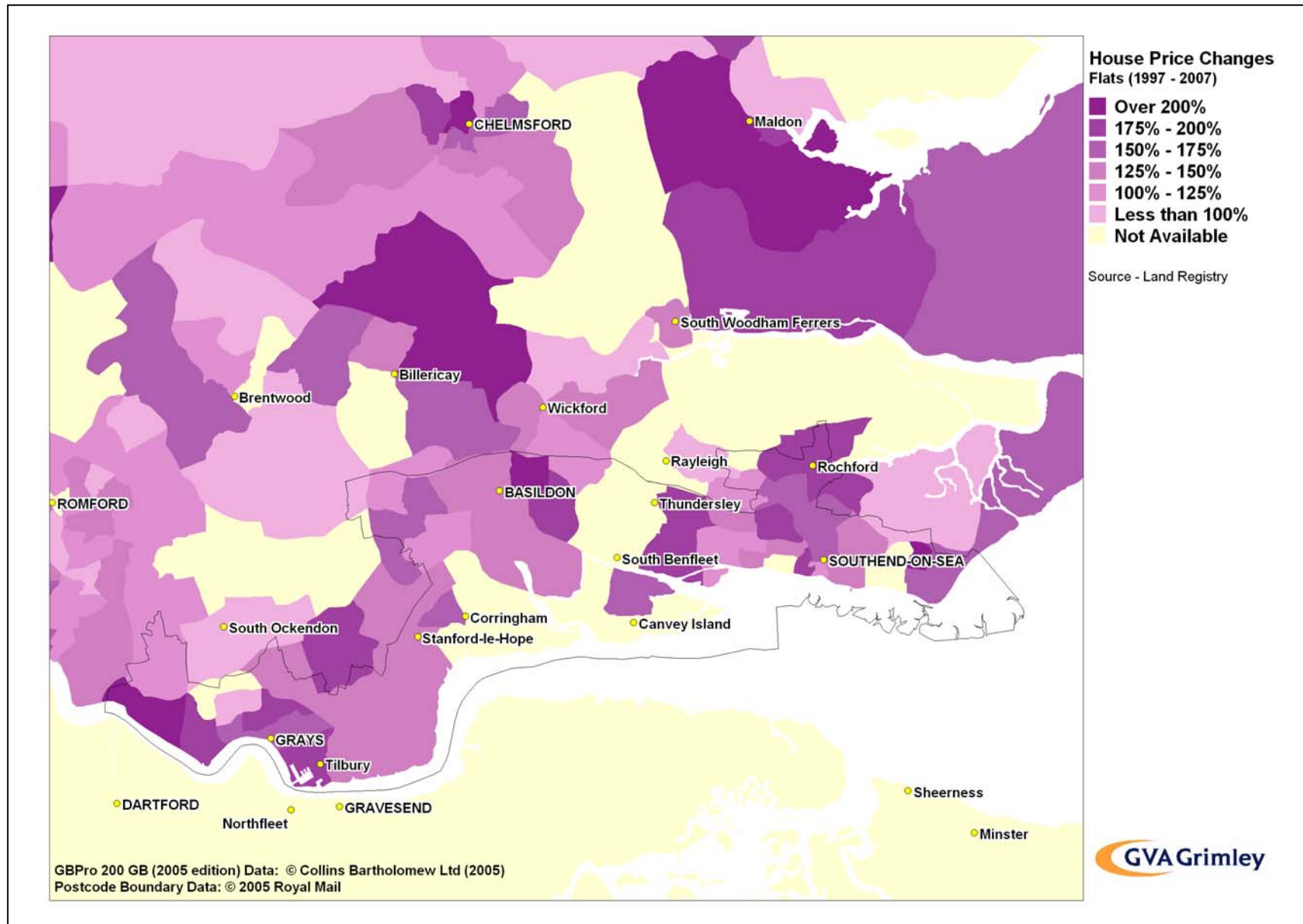


Figure 7.14: Flat/Maisonette Price Growth, 2007

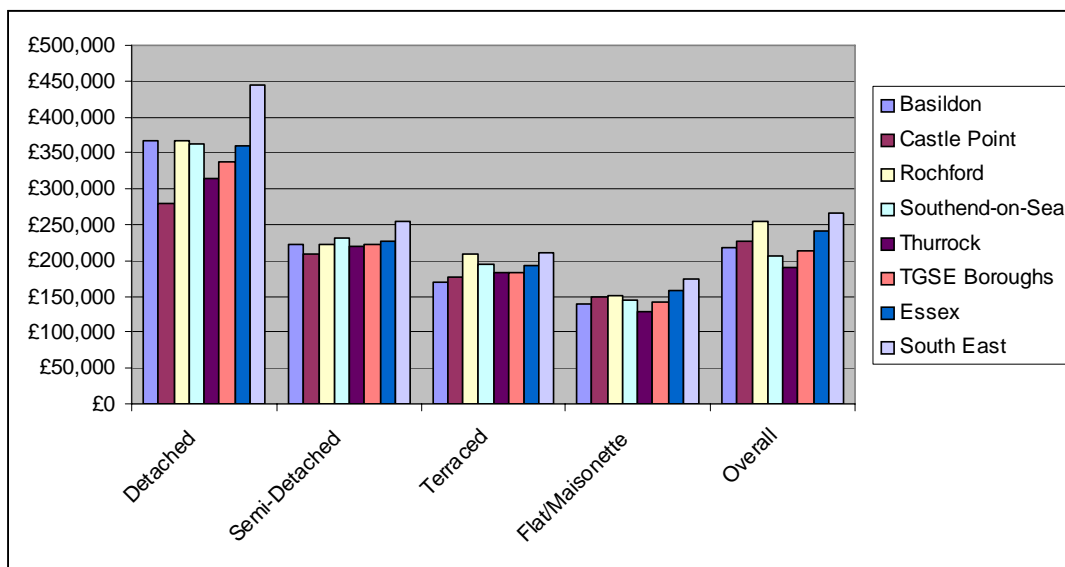


7.24 We have analysed price signals for different types and size of property to consider relative demand.

7.25 Figure 7.15 sets out average house prices by type for the sub-regional housing market, constituent local authorities together with the county and regional averages. Our analysis indicates that:

- Average house prices in the sub-regional housing market are below county and regional averages for all property types, but particularly for detached housing and flats/maisonettes. The implication is of stronger demand in the sub-region for semi-detached and terraced housing than other types.
- Prices for detached housing are highest in Basildon, Rochford and Southend-on-Sea districts and are consistent with averages across Essex. Prices for detached housing are lower in Castle Point and Thurrock, which may be influenced by the profile of stock (i.e. bungalows in Castle Point) or indicate lower demand for these more expensive products in these areas.
- There is limited variation in prices for semi-detached housing across the sub-region. Prices are higher than Southend in other districts, but in other districts are marginally below the Essex average.
- There is more variance in prices for terraced housing with a premium being paid in Rochford particularly as well as Southend-on-Sea compared to other areas. In Southend this may for instance reflect the size of terraced properties. Terraced prices in these are above average for Essex but below average for the South East region.
- There is limited variance in prices for flats and maisonettes, with prices across the sub-regional housing market at or below £150,000 and cheaper than across Essex and the South East as a whole. Prices are lowest at £130,000 in Thurrock, followed by Basildon District.

Figure 7.15: Average House Prices by Type, Q4 2007



Q4 2007	Detached	Semi-Detached	Terraced	Flat/Maisonette	Overall
Basildon	£367,764	£222,411	£170,083	£139,283	£217,979
Castle Point	£279,856	£208,991	£177,421	£149,620	£226,864
Rochford	£366,139	£222,352	£207,811	£151,488	£254,000
Southend-on-Sea	£361,506	£231,273	£195,580	£145,351	£206,862
Thurrock	£314,556	£220,167	£182,762	£129,335	£189,747
TGSE Boroughs	£338,087	£222,428	£182,823	£141,104	£213,401
Essex	£361,085	£228,158	£192,514	£157,515	£241,884
South East	£443,935	£253,506	£210,828	£174,515	£266,820

Source: HM Land Registry

7.26 Figure 7.16 below indicates rates of growth in prices for different types of housing over the last year. It shows that overall price growth has been strongest in Castle Point and Rochford. By type, it indicates that the strongest growth has been in detached prices (except in Thurrock), in semi-detached house prices in Basildon, Rochford and Thurrock and in terraced prices in Rochford and Southend. In each case price growth over the last year has exceeded 10%.

Figure 7.16: House Price Growth, Q4 2006 – Q4 2007

	Detached	Semi-Detached	Terraced	Flat/Maisonette	Overall
Basildon	12.9%	11.6%	8.6%	10.0%	6.7%
Castle Point	15.1%	9.4%	9.1%	4.0%	13.3%
Rochford	14.5%	11.1%	14.2%	6.2%	11.5%
Southend-on-Sea	14.0%	8.5%	12.6%	8.3%	8.5%
Thurrock	0.4%	11.1%	10.2%	5.3%	4.4%
Essex	6.4%	8.4%	8.0%	5.6%	8.8%
South East	10.8%	9.0%	9.8%	9.3%	7.6%

Source: HM Land Registry

7.27 Turning to prices for different sizes of properties, Figures 7.17 to 7.21 indicate average prices for different sizes of property in the various towns across the sub-region. The yellow line marked on the graph indicates the average price across England and Wales for comparative purposes for that dwelling size.

Figure 7.17: Average Prices for 1-bed Properties

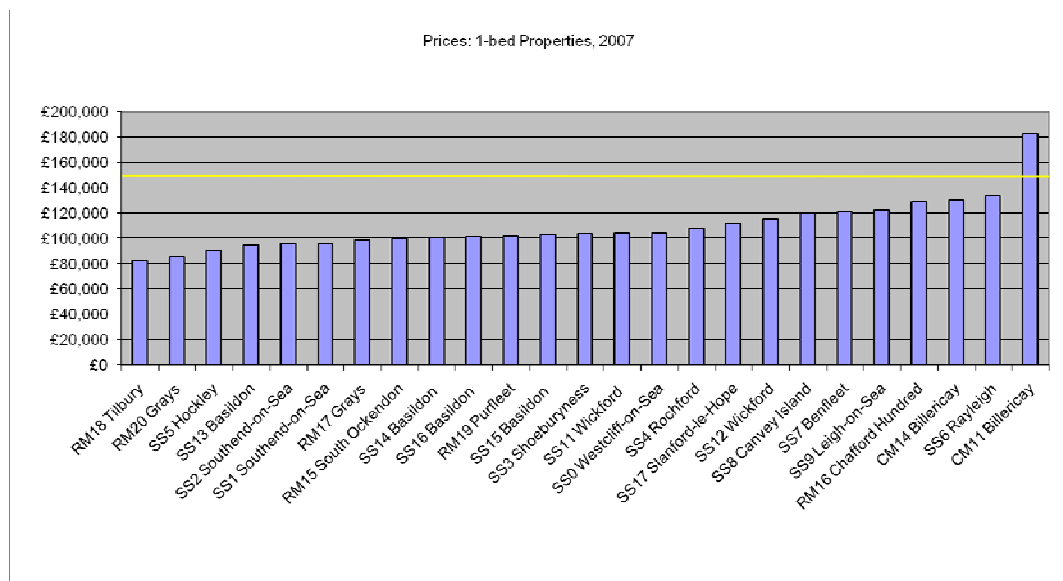


Figure 7.18: Average Prices for Two-Bed Properties

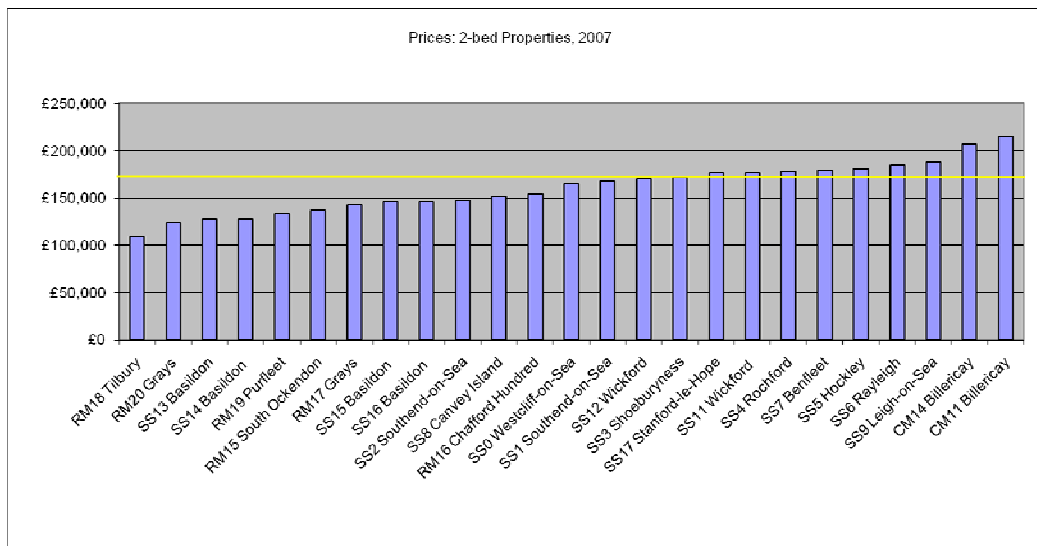


Figure 7.19: Average Prices for Three-Bed Properties

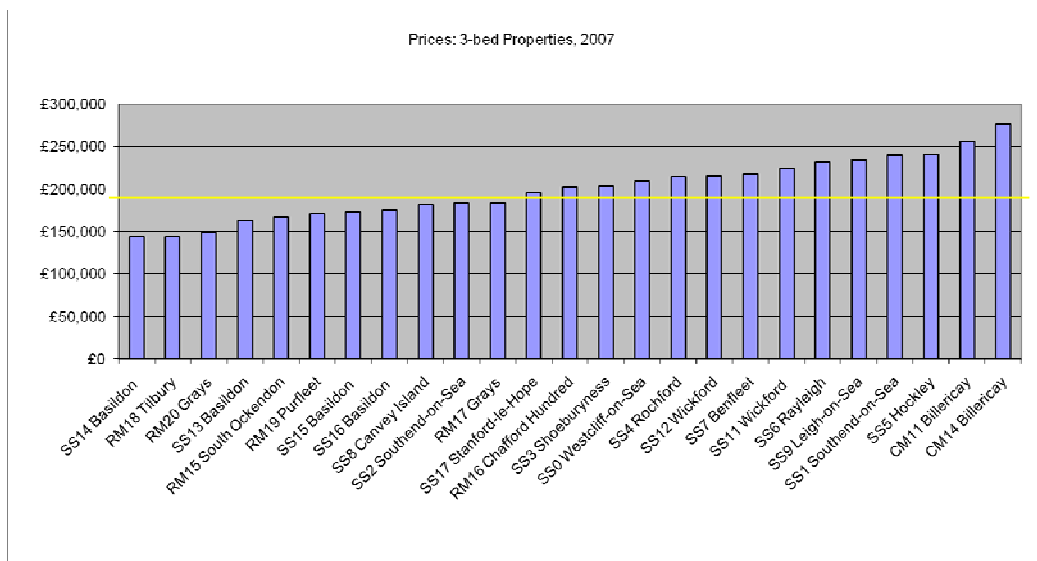


Figure 7.20: Average Prices for Four-Bed Properties

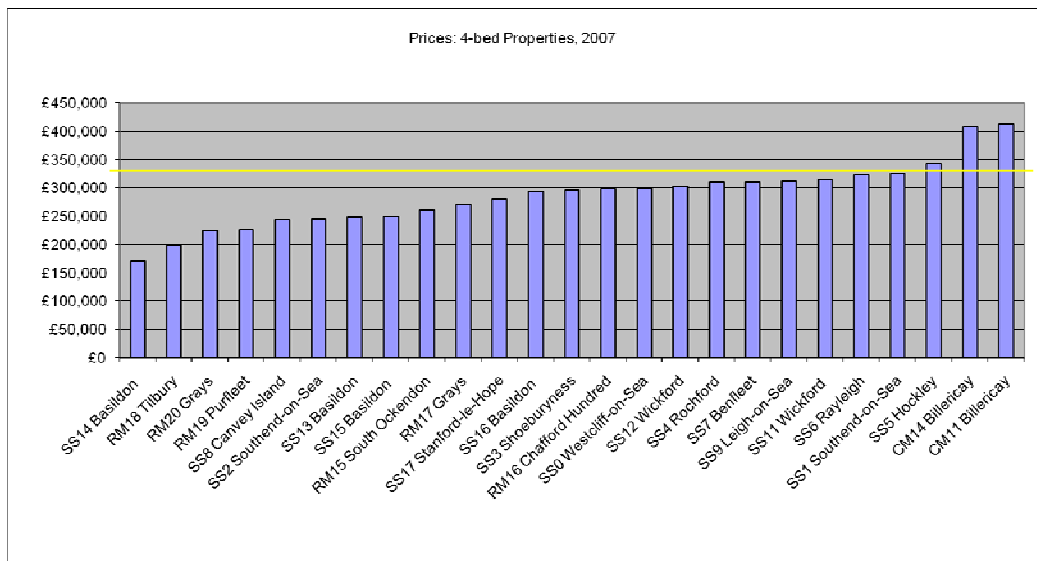
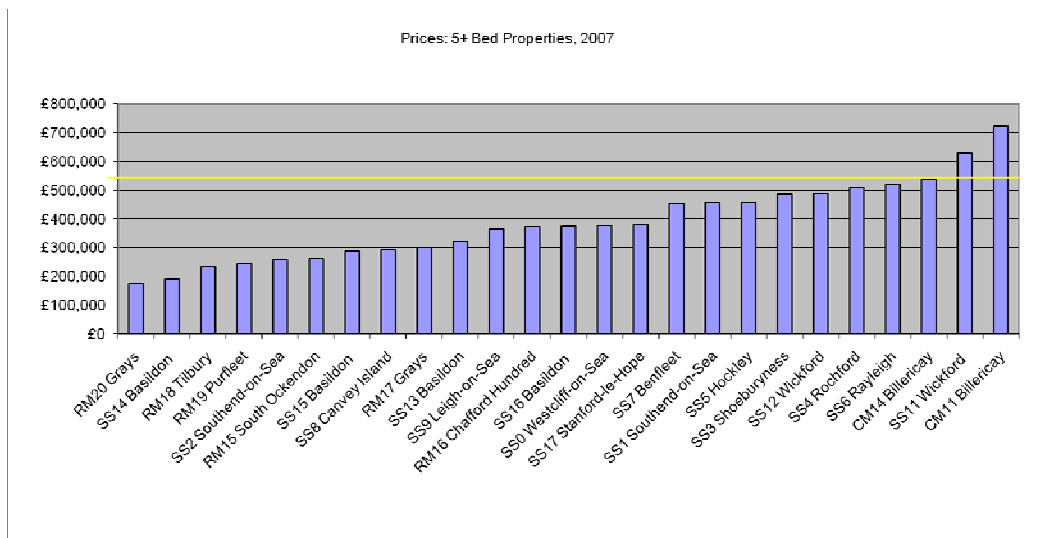


Figure 7.21: Average Prices for Five-Bed Properties



Source: HM Land Registry/ Mouseprice Website

7.28 The graphs presented indicate:

- Entry-level prices for 1-bed properties start around the £100,000 mark;
- Price signals indicate that demand in the sub-region is strongest for 3-bed properties;

- Demand is more limited for 1-bed properties at one end of the spectrum and for 5-bed properties at the other;
- Most housing in the sub-region is valued between £100,000 - £300,000 price bracket. This, in our view, is a relatively narrow band;
- There are very few locations where properties are priced over £500,000.

Market Perceptions: Sales Market

7.29 GVA Grimley undertook a telephone survey of estate and letting agents operating across the sub-region in November and December 2007. This supplements similar research which we undertook in early 2007 as part of the Basildon Strategic Housing Review, considering Basildon specifically. Our findings are segmented between the rental and sales markets. This section presents the findings for the latter. It is structured around a series of questions.

WHAT IS YOUR PERCEPTION OF THE CURRENT MARKET?

- 7.30 Agents were unanimous throughout the region in that the market has slowed. Agents in Thundersley implied that the slowdown currently being experienced is a generic problem and not just a reflection of Benfleet. Traditionally, the period leading up to Christmas has always seen a slowdown in activity, not just within the South Essex area but throughout the country as well. The fact that the housing market was suffering to a greater level than has previously been experienced in recent years accelerated this process as well as prolonging it into the beginning of 2008. Our research has indicated that increases in interest rates during 2007 were the catalyst for the slowdown that occurred, and that a reduction of such rates would contribute to improved market confidence in the TGSE Housing Market.
- 7.31 This is a view that correlates with the findings of agents in Hockley where they reported an improvement in the amount of interest being shown. This contrasted with predictions made at the end of 2007. It was felt [at this time] that such trends would not be the norm when compared to national trends and that the region may be in a minority. Agents felt that South Essex would be experiencing this as a result of the affordability of the region.
- 7.32 From our enquiries in Thundersley and Leigh-on-Sea we have learnt that there is a great need to ensure that pricing is both realistic and appropriate. Agents in Southend have stipulated that there has been a reduction in the amount of transactions in recent months. They note that a contributing factor to this was the much publicized problems experienced by Northern Rock, which only served to accelerate and confirm the fears of potential buyers.

HOW WOULD YOU CHARACTERISE THE CURRENT DEMAND PROFILE?

- 7.33 Our research has indicated that throughout the Basildon Sub-Market and in Canvey Island there was [as at the point of survey] strong demand for entry level family housing so buyers could benefit from lower average house prices. This contrasts to our findings within Billericay where we have found that demand tends to be for predominantly larger and more expensive family housing.
- 7.34 Agents have stipulated that there is demand for a variety of property types. In certain areas such as Southend these include all types. In Basildon and Billericay demand tends to be for 3 bed detached or semi-detached properties, reflecting the profile of owner occupiers in the area, namely families.
- 7.35 In the South Essex region as a whole, agents have pointed to the absence of newly built accommodation as being the direct consequence of a combination of two factors. Firstly there is the issue that any new build property is likely to achieve a premium value within the area and in most cases will prove to be too expensive for current residents. This view is upheld by agents in the Thurrock area where agents have indicated that there is an absence of such developments. Secondly, there is the issue of demand. Agents question whether new build properties within these areas will indeed sell or not. An absence of developments indicates a dearth in the amount of demand. Agents in Basildon have commented that there is comparatively little demand for smaller one and two bedroom units across all locations as the market is dominated by young and older families looking to either set-up or upgrade outside London.
- 7.36 Agents in Rayleigh have indicated that properties of c £300,000 in value tend to be the cut off point for buyers in the area whereas in Southend Town Centre, £180,000 is deemed as the maximum amount people are willing to pay.

HOW WOULD YOU CHARACTERISE THE BUYER PROFILE IN YOUR AREA?

- 7.37 Agents stipulated that there was an increase in the amount of interest being shown from potential buyers seeking to relocate from East London. Our research has indicated that demand in lower priced areas such as Basildon, South Benfleet and Canvey Island consists of a significant amount of first time buyers seeking to relocate from East London where prices exclude a large proportion of this particular buyer group. Agents in Hockley and Rayleigh in particular reported significant interest from people seeking to relocate from London. These areas have good connections and are popular with people moving from East London, such as

-
- from Dagenham. Such a view correlates with those of agents in Hockley who imply that affordability is the reason for such behaviour.
- 7.38 Our research in higher priced areas such as Billericay and Wickford, conveys the view that demand comes predominantly from wealthier young and middle aged families where the owners hold jobs within and commute to central London. This is where the issue of areas providing suitable transport provisions becomes important when people are deciding where they are to relocate. Agents in Rayleigh, Southend and Canvey Island reported that, through their experience, good transport links has proved to be a major factor in the number of people relocating to the areas.
- 7.39 Prior to the slowdown experienced throughout the industry, agents within the South Essex area shared a view that there was a significant amount of first-time-buyers within the marketplace. This is a direct consequence of the affordability of the Sub-Regional Housing Market in a wider regional context.
- 7.40 As the slowdown in demand has occurred so has the number of transactions involving first-time-buyers. Agents were undivided in their views [as at late 2007] that people want to wait and see how the market alters in the forthcoming months before the purchasing of new properties, rather than it being the case that demand has ceased to exist on the behalf of first time buyers.
- 7.41 Agents had conflicting opinions as to what was the most prominent unit type for a first time buyer. Agents in Hockley stated that 2 bed houses were the most popular unit whereas agents within the Basildon region judged it to be 3 bed houses. This reflects the stock profile and house prices.
- 7.42 Agents felt that the new developments in Southend were too expensive for many local first-time buyers. The Southend area attracts first time buyers although they will not get as good value for money as they would in other areas because it possesses a more appealing range of recreational facilities.
- 7.43 The table below provides details of values provided to us by agents for relevant areas.
-

Figure 7.22: Typical Property Prices (Winter 2007)

Area	1 Bed Units	2 Bed Units	3 Bed Units
Canvey Island	£120,000	£140,000	£150,000
Rayleigh	£125,000	£170,000	£225,000
Rochford	£115,000	£180,000	£220,000
Leigh-on-Sea	£150,000	£165,000	£250,000
South Ockendon	£85,000	£150,000	£200,000
Shoeburyness	£115,000	£130,000	£180,000
Thurrock	£110,000	£130,000	£200,000

Source: GVA Grimley

- 7.44 As we can see house prices in the region are relatively affordable and that there is not much fluctuation in price, apart from South Ockendon. Agents made it clear that this area is one of the least desirable ones in the region, and that currently demand is minimal.

WHAT IS DRIVING HOUSE PRICES?

- 7.45 According to agents within the region the key driver for the house prices in the area is the weakening of demand. As touched upon this is a direct consequence of the fluctuations in interest rates over the last 12 months. This has generated a decrease in the amount of confidence that people have in the market.
- 7.46 Agents in Rochford reported cases of people placing their properties back onto the market as a result of forced prices. Our research also indicated that the aforementioned absence of first-time-buyers has created a void in the marketplace which is currently being filled by investors seeking to impose themselves upon the buy-to-let market.

The Rental Market

- 7.47 Detailed information on the private rental market at a local level is notoriously difficult to come by. We have drawn upon national level research undertaken by the Association of Residential Letting Agents (ARLA) to outline wider market trends. We have then undertaken detailed telephone interviews with letting agents across the sub-regional housing market to provide a more local perspective.
- 7.48 According to ARLA, tenant demand in the private rented sector currently stands at its highest level for five years. 57% of letting agents in the South East region outside of London report that they have more tenants on their books than properties available to rent. This proportion is now at its second highest level and has increased threefold in the last five years. Void periods remain at well under a month.

-
- 7.49 In terms of the investment market, ARLA's research indicates that landlords are marking time before buying or selling properties. As a result, the proportion of investment landlords who are selling has fallen from 21% to 16% and the proportion buying more properties from 16% to 11%. This pattern was last seen in 2004/5 (when interest rates rose) before the proportion increasing their investments rose rapidly in 2006.
- 7.50 The overall picture is that buy-to-let landlords have not been shaken by the credit crunch. Nine out of ten surveyed in ARLA's Q4 2007 Survey stated that they have no intention of selling their properties over the next twelve months, and instead expect to hold onto their investments for an average of nearly 17 years. Four out of 10 of them expect to invest further in the private rented sector in 2008. 89% of investors stated that even if house prices were to fall, they would not sell their residential property investments.
- 7.51 ARLA's analysis indicates that the average rate of return on a cash purchase of a residential investment property is 10.8% over five years and for geared investments, assuming a 75% mortgage, 21.4%. In the South East region it is 10.9%. The net annual yield from a cash purchase is 4.63% with capital appreciation of 8.21% per annum. For a geared investment the net annual rental yield is -0.77%. Landlords are hence, on average, making a greater return from the appreciation in value of their property than from rental incomes. It is in this context, that buy-to-let should be seen as a long-term investment. The rates of return are however falling.
- 7.52 ARLA's survey indicates average rents of £295 per week for houses and £195 for flats across the South East in November 2007. Between 45 – 59% respondents indicated that achievable rents have increased compared to 4 – 8% saying they had decreased. The figures suggest significant growth in rental levels.
- 7.53 The Rent Service's Annual Valuation Report 2006-7 suggests that in the East of England region, rental market buoyancy increased. It is suggested that this particularly relates to mid-range property, for which rents have grown. The higher and lower ends of the market saw little change. The most significant influence on this was demand from migrant workers. However most increases were localised and restricted to specific property types and areas.

Market Perceptions: The Rental Market

WHERE ARE THERE CONCENTRATIONS OF PRIVATE RENTED PROPERTIES?

- 7.54 Our research has indicated that the prominence of rental markets varies across the Sub-Regional Housing Market. In certain areas the market is buoyant and in others the opposite is

- true. For instance in Rayleigh the market is suffering from a (short-term) increase in demand with supply not being able to feed it. The increase in demand is borne out of the current market climate with a reduction in the number of purchases made. This is a view shared by agents in Rochford and Hockley.
- 7.55 Whereas agents in Basildon imply that there is strong demand from private investors from the local area and from East London looking for affordable ex-local authority units that can be let at proportionate returns. This also explains why there is an absence of investment in Billericay and Wickford, where values are classed as being too high. Agents state that this is because of the high values which make investments in this area less appealing.
- 7.56 Agents in Southend have indicated that the rental market is particularly strong in Leigh-on-Sea. In fact it is appropriate to imply that Leigh-on-Sea is predominantly a rental market. Our findings also point out that there is a significant potential for Southend Town Centre to follow suit. This is a result of the ongoing and proposed regeneration within the Town Centre. Local agents feel that this is a market which is likely to grow. They point to the expansion of Essex University as a factor which could alter the market. The building on Elmer Approach, on the outskirts of the Town Centre, was completed in January 2007. This building has been developed to include rehearsal spaces for performing arts, a health training centre and a Student's Union. It is hoped that such developments will serve to increase the appeal for people to join the University, and coupled with this, agents predict would be an upsurge in the rental markets. Areas adjoining to London Road are said to be those most suitable for the creation of a cluster of rented properties. When agents in other areas were asked this question they couldn't identify an area where there was a significant cluster of rented properties.
- 7.57 The dynamics of the student population and implications for the rental market in Southend are considered further in Section 12.

HOW WOULD YOU CHARACTERISE THE PROFILE OF RENTERS?

- 7.58 There are no demographic trends in terms of distinguishing between the profiles of renters. This was a view made significantly clear when engaging with agents in the Grays area. As a result of this we have found that there are two profiles of renters but that these are based on their financial circumstance. Agents were unanimous in their views that the recent market decline has generated an increase in the amount of rental transactions involving potential first-time buyers. Agents feel that this is a reflection of the current market trends, in the sense that potential buyers are waiting to see how the market will alter before they make a commitment.

The fact that people would rather rent than buy is a reflection of a severe lack of confidence within the market.

- 7.59 The second profile of renters identified by agents are people who can't afford the current prices of properties. It is worth noting that this is a profile that will never cease to exist and that agents have reported that their presence has fuelled the market in recent years.

HOW WOULD YOU CHARACTERISE THE INVESTOR PROFILE?

- 7.60 Agents in Rochford, have reported that the vast amount of demand for buy-to-let units has come from private investors rather than any particular investment institution. Such investors are predominantly local investors from areas which are in the higher income brackets. Agents in the Basildon region have reported similar findings. The principal property type attracting investors are ex-local authority units. When quizzed as to why this type of property was so attractive, agents were united in their views that affordability was the key driver.
- 7.61 Agents in Rayleigh and Thundersley reported that there was no investor profile type, and that they had enquiries from people from all walks of life.

HOW STRONG IS THE BUY-TO-LET MARKET?

- 7.62 The strength of the buy-to-let market is again a case sensitive one, and one which is interlinked to the strength of the rental market. Our research indicates that this market is underperforming in the Rochford and South Ockendon areas. Although these areas are attracting investment, they do not attract renters in the numbers which they once did. Agents in South Ockendon have reported that they have lost a significant amount of their custom to Grays, where the rental market has been growing.
- 7.63 Agents in Southend have indicated that they feel that there is great potential for the growth of a buy-to-let market. Agents feel that a continuation of the regeneration initiatives being launched in the Town Centre will contribute to increasing the appeal of Southend as an investment.
- 7.64 Rents in the area are consistent and range from £500-£800 per month dependent on the size of the unit.

WHAT SORT OF PROPERTIES/ LOCATIONS ARE ATTRACTING INVESTORS?

- 7.65 In Basildon investors recognise that demand is for family sized accommodation. Investors have been quick to capitalise on affordable ex-local authority family housing units that can be

- let locally or to occupiers looking to re-locate out of London in search of cheaper accommodation.
- 7.66 Similarly, agents in South Ockendon have reported that the key driver for investment is affordability. The fundamental difference is that investors tend to purchase flats in this area as they are so cheap.
- 7.67 Agents in Southend have also identified that new-build properties currently do not appear to be attractive investments as rental levels do not support the initial capital outlay.
- 7.68 Our research indicated that Thurrock was currently attracting the attentions of investors throughout the region. This is a result of the planned development of London Gateway. This has generated significant interest from investors looking to buy-to-let. Agents have reported that enquiries and transactions related to this development tend to be for 1 and 2 bed flats.

WHAT ARE VACANCY LEVELS LIKE IN THE PRIVATE RENTED SECTOR? IS THERE ANY EVIDENCE OF BUY-TO-LEAVE?

- 7.69 All agents when asked this question reported low vacancy levels.

WHAT IS DRIVING INVESTMENT PURCHASES?

- 7.70 Our research has lead us to make the following assumptions over the key drivers for investment purchases. Firstly that investment purchases are driven principally by the affordability of the area. This is a view that is shared by agents throughout the region. Although demand and the type of unit will fluctuate between areas, this is a factor that will not alter.
- 7.71 Secondly, in Rayleigh, Rochford and Hockley there has been an upsurge in demand which has occurred with a decrease in the supply. However, agents have indicated that in the wider scheme of things this is likely to be a short term problem and if the housing market stabilises then agents predict that there will be an increase in the number of purchasing transactions and a decrease in the number of rental ones.

Rental Levels

- 7.72 The table below indicates Local Reference Rents for different property sizes across the sub-region as recorded by the Rent Service. The Local Reference Rent is the mid-point between what is, in the rent officer's opinion the highest and the lowest non-exceptional rents in a given

locality. It is used to inform housing benefit claims. LRR's are calculated for the following areas:

- Southend – includes Canvey Island, Rayleigh and Southend-on-Sea
- Thurrock – includes the area from Wickford and Basildon to Grays and Tilbury Docks.

Figure 7.23: Local Reference Rents

Locality	One Room (Board)	One Room (Shared Facilities)	One Room (Self-Contained)	Two Rooms	Three Rooms	Four Rooms	Five Rooms	Six Rooms
Thurrock	£82.50	£72.00	£105.00	£126.93	£161.54	£201.93	£233.66	£265.39
Southend	£90.00	£65.00	£86.54	£121.16	£152.89	£167.31	£190.39	£237.50

Source: The Rent Service. LRRs: Q4 2007

7.73 Research by Hometrack (2008) also provides data on typical rental levels for 2/3 bed properties, and comparable mortgage costs. These are set out in Figure 7.24. Across the East of England, rental costs are around 61% of comparable monthly mortgage costs for a similar property. At a local level, rental levels are relatively cheaper in Basildon at 49% of comparable mortgage costs, but are much less so in Thurrock at 71% of comparable mortgage costs. However in all areas, rental costs are lower than comparable costs of house purchase. Renting is a viable alternative for many households who cannot afford to buy.

Figure 7.24: Private Rents compared to Mortgage Costs

2006	Monthly Rent	Monthly Mortgage Cost	Rent as % of Mortgage Cost
Castle Point	£732	£1,130	64.8%
Basildon	£505	£1,025	49.3%
Southend	£726	£1,109	65.4%
Thurrock	£740	£1,043	70.9%

Source: Wilcox/ Hometrack (2008) Can't Buy: Can't Rent

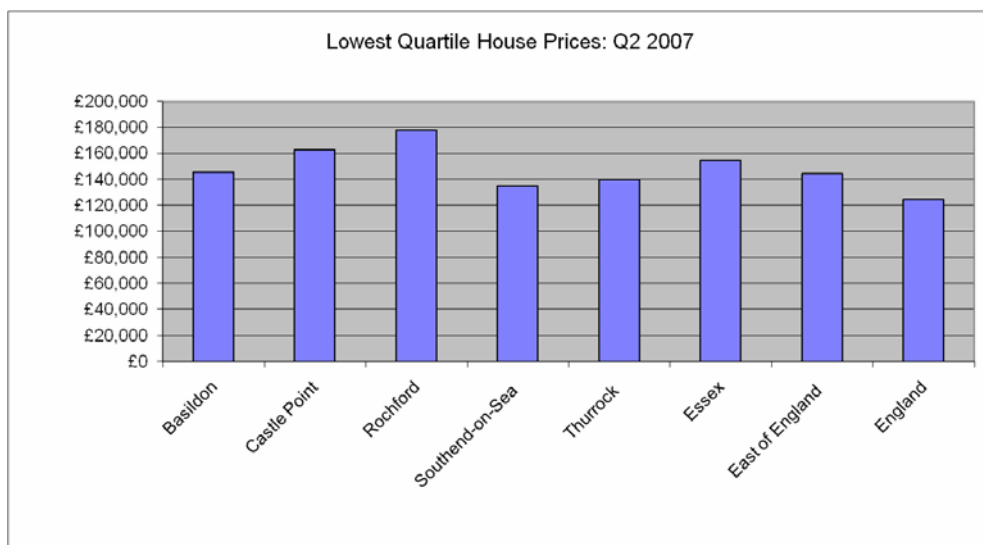
Affordability of Market Housing

7.74 This section provides an analysis of the affordability of market housing, considering which locations and types of properties are accessible to local people and which are the most

difficult to afford. Poor affordability can lead to excess commuting and unsustainable travel patterns, a loss of workers in the area, high dependence on social housing or housing benefit, health problems, poverty and homelessness. It also puts pressure on the social sector.

7.75 Assessing affordability involves comparing housing costs against the ability to pay. Figure 7.25 below indicates lowest quartile house prices, which are used as an equivalent for entry-level prices, recognising that the cheapest properties sold are often of a sub-standard quality.

Figure 7.25: Entry-Level (Lowest Quartile) House Prices



Source: HM Land Registry/ CLG

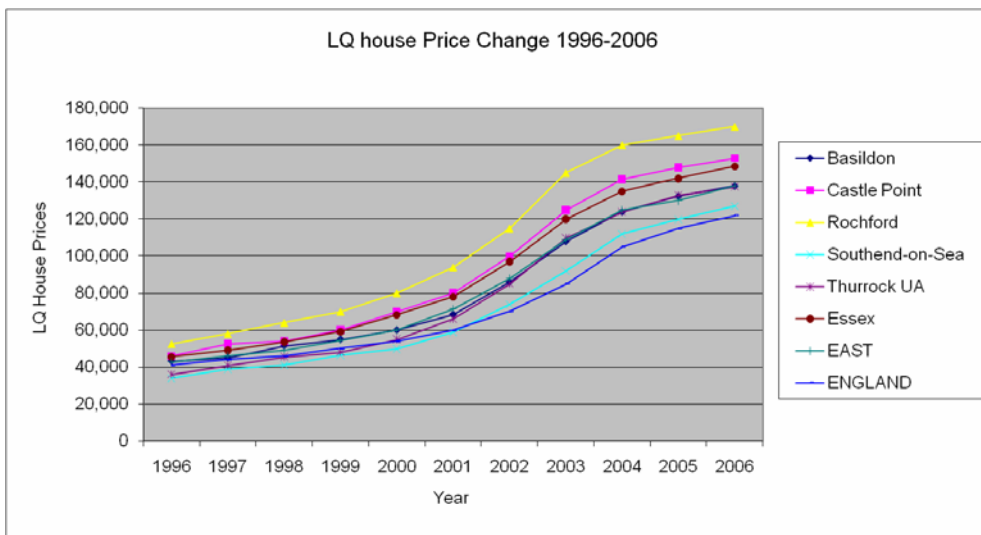
7.76 At 2007, lowest quartile houses prices in Basildon, Southend-on-Sea and Thurrock (the primary urban areas) at c. £140,000 are all below the average for Essex, the regional target and the national figure. Alternatively Castle Point and Rochford both have average lower quartile house prices above averages in Essex, the East of England and in England.

7.77 Within the TGSE Housing Market Rochford has the highest entry-level (lower quartile) house prices at £179,000 and is therefore the least affordable. Southend, at £139,000 has the lowest entry-level (lower quartile) house prices and thus is the most affordable local authority.

7.78 Figure 7.26 shows the change in lowest quartile house prices between 1996 and 2006. Throughout the observed time period, generally house prices across the TGSE Housing Market have risen. Significantly, between 1996 and 2006 Basildon, Castle Point and Rochford have consistently had lower quartile house prices above regional and national averages.

7.79 Over the ten year period, the price differential between entry-level house prices between the local authorities has grown. House prices have grown more strongly in the more desirable areas. This may well have hindered movement between locations.

Figure 7.26: Growth of Lowest Quartile House Prices

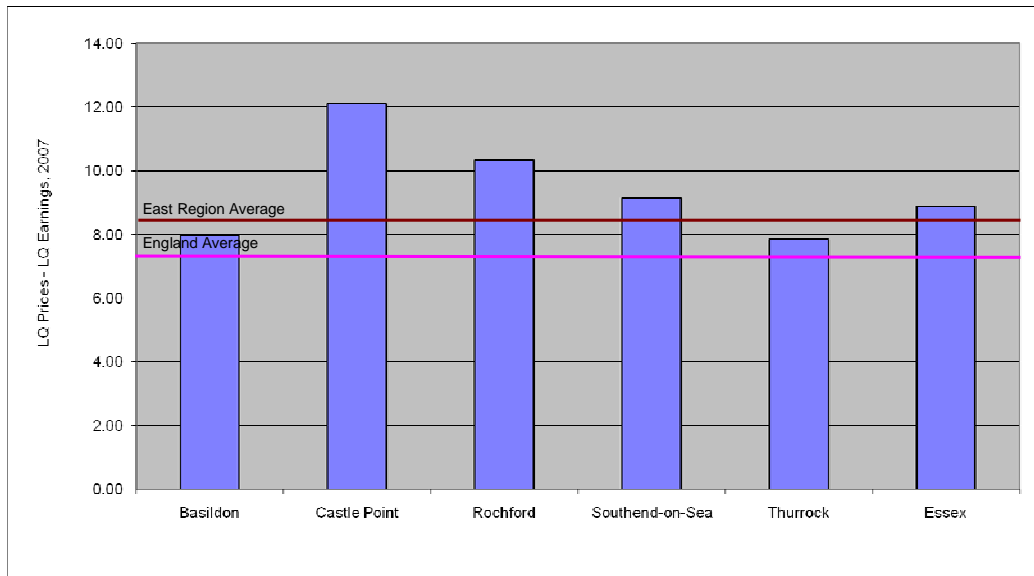


Source: HM Land Registry/ CLG

7.80 Within the TGSE Housing Market, Rochford has consistently had the highest lowest quartile prices and thus been the least affordable between 1996 and 2006. Southend have had consistently throughout the observed time period had the lowest entry-level house prices and hence actually been more affordable than other areas.

7.81 Figure 7.27 shows the ratio of the lowest quartile prices to lowest quartile earnings. Figure 7.27 indicates that Castle Point is the least affordable local authority within the TGSE, with LQ average house prices 12 times greater than average LQ earnings. Thurrock is the most affordable, with LQ average house prices nearly 8 times greater than average LQ earnings.

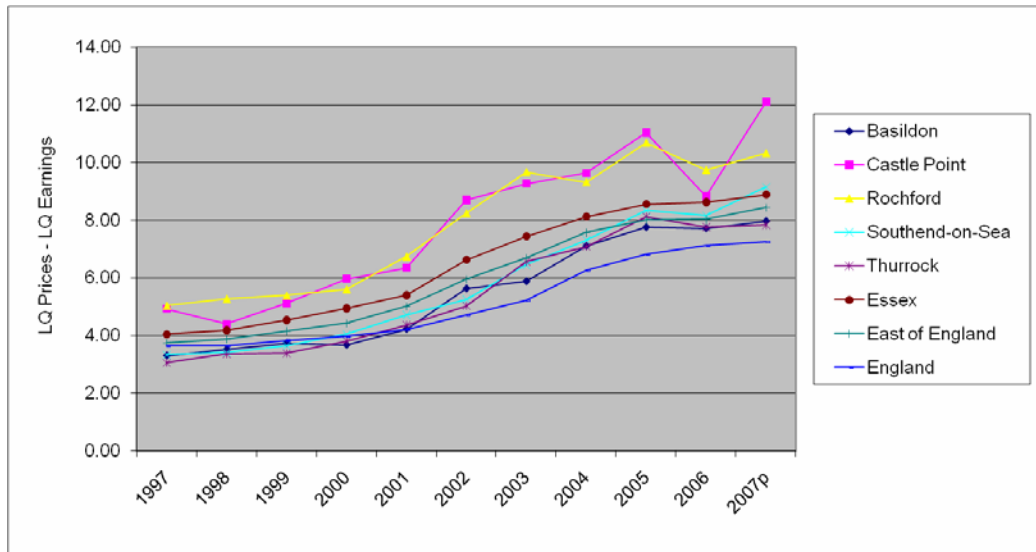
Figure 7.27: Ratio of Lowest Quartile Prices to Lowest Quartile Earnings



Source: HM Land Registry/ Annual Survey of Hours & Earnings/ CLG

7.82 Figure 7.28 shows how the lower quartile house price to income ratio has changed over the last decade. The graph shows there has been a general increase in the house price income ratio, which indicates affordability has declined throughout the TGSE Housing Market. Castle Point has had the highest ratio throughout most of the observed period, however interestingly there was pronounced decrease in Castle Point's ratio between 2005 and 2006. We think that this may reflect small data samples for the income information.

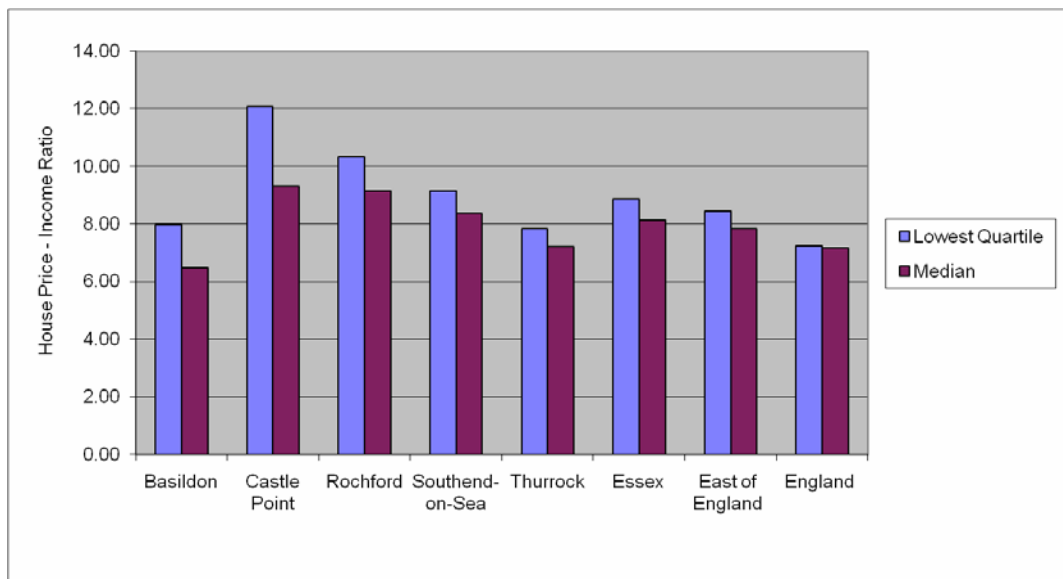
Figure 7.28: Lower Quartile House Price to Income Ratio 1997 – 2007



Source: HM Land Registry/ Annual Survey of Hours & Earnings/ CLG

7.83 Figure 7.29 compares lower quartile house prices and median house prices to income ratios. In all the TGSE local authorities there is a higher price-income ratio for the lower quartile compared to income ratios to medium house prices. This trend is the same in Essex and at the regional scale but not at the national level where the two ratios for lower and median quartile are almost equal.

Figure 7.29: Lower Quartile and Median House Price to Income Ratios



Source: HM Land Registry/ Annual Survey of Hours & Earnings/ CLG

- 7.84 In terms of ratios of median quartile house prices to income, Rochford and Castle Point, both with median house prices about 9 times higher than average incomes, are least affordable for this price range. Basildon, with a ratio of about 6.5, has the lowest ratio and is therefore the most affordable for median house prices.

Overcrowding and Under-Occupation

- 7.85 There are various measures used to assess overcrowding and under-occupation of housing.
- 7.86 Figure 7.30 shows the levels of overcrowding and under-occupation using the Census-based measure, the occupancy rating. Comparing household and dwelling sizes, a value of -1 implies that there is one room too few for a household that occupies a dwelling and it is therefore overcrowded. Conversely a positive value indicates that there are more rooms than required by the bedroom standard.
- 7.87 Figure 7.30 indicates that 6% of households were overcrowded in 2001, while 75% of households were under-occupied.
- 7.88 Figure 7.30 shows that Southend with 7.6% has the highest amount of overcrowding and this figure is higher than the regional (5.2%) and national averages (7.0%). The four other local authorities have overcrowding figures that are lower than the national average. Rochford (3.6%) and Castle (3.9%) have the lowest amounts of overcrowding in the TGSE Housing Market.

Figure 7.30: Overcrowding and Under-Occupation, 2001 (Occupancy Rating)

2001	Overcrowding	Under-Occupation
Basildon	5.8%	74.4%
Castle Point	3.9%	80.2%
Rochford	3.6%	82.5%
Southend-on-Sea	7.6%	72.5%
Thurrock	6.6%	71.8%
TGSE	6.0%	75.1%
East of England	5.2%	78.4%
England and Wales	7.0%	75.0%

Source: Census 2001

- 7.89 In terms of under-occupation, the first point to note is that the amount of under occupation is high across the TGSE area, typically ranging from 70 to 80% and this pattern is consistent to the regional and national pattern. Rochford with 82.5% has the largest quantity of under-occupation across the TGSE area and this figure is above the national average at 75%. This

may reflect the larger housing stock, or an older population. Thurrock has the least amount of under-occupation with 71.8%.

7.90 Figure 7.31 assessed overcrowding by tenure across the TGSE Housing Market. It indicates that while overcrowding overall is 6.0%, almost 16% of households in the social sector are overcrowded, and 14% of households in the private rented sector. Under-occupation is much less significant in either of these rented tenures.

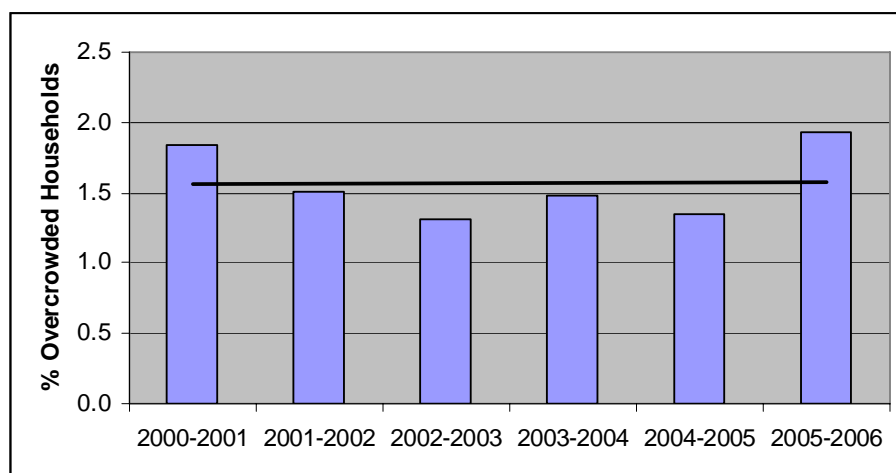
Figure 7.31: Overcrowding and Under-Occupation by Tenure, 2001

TGSE Boroughs	+ 2 or more (Under occupied)	+ 1	0	-1 or less (Overcrowded)
Owner Occupied	56.8%	27.6%	12.7%	3.0%
Social Rented	19.1%	23.9%	41.2%	15.8%
Private Rented	23.2%	28.7%	34.0%	14.1%

Source: Census 2001

7.91 Using the alternative, bedroom standard measure, the Survey of English Housing indicates that levels of overcrowding in the East of England region have remained relatively consistent. A standard number of bedrooms is calculated for each household in accordance with its age/sex/marital status composition and the relationship to the member to one another. This notional standard number of bedrooms is then compared with the actual number of bedrooms available for sole use of the household, and the differences are tabulated.

Figure 7.32: Overcrowding Trend (Bedroom Standard) in East of England Region



Source: Survey of English Housing

Summary

Sub-Regional Housing Market: Characteristics and Drivers

- The TGSE Sub-Regional Housing Market offers housing at a noticeable discount to other parts of the greater South East region. This makes it attractive to households from outside of the area looking to upgrade; and to first-time buyers priced out of other housing markets (and particularly London).
- The housing offer and the market locally are both fairly traditional; the demand profile is biased towards family housing. Demand is strongest for three and four bed semi-detached and terraced properties. The level of demand for 1-bed properties at one end of the spectrum, and the largest 5(+) properties at the other is less strong than in other parts of the region. The housing offer is actually quite narrow, focused in the £100,000 - £300,000 price bracket.
- The demand profile is fairly segmented by location with the urban areas catering particularly for younger households and those on lower incomes; while the smaller towns provide larger properties and strong quality of place. Different towns actually provide a complimentary role to each other within the sub-markets.
- Current housing market conditions in which affordability of market housing is a significant barrier to those without equity is a limiting factor on demand for market housing. The premium typically attached to new-build properties means that these are particularly attractive to prospective in-migrants, particularly from London. Affordability pressures have instead pushed demand towards the private and social rented sectors.
- Current market conditions have caused a slowdown in the market. In the short-term this is supporting demand in the private rented sector as prospective purchasers defer from buying.

Sub-Market Characteristics and Drivers

- The housing offer overall (in terms of the range of products on offer and broader quality of place) is stronger within the Southend sub-market than for Basildon and Thurrock. There is potential in these latter areas to develop the housing offer through the regeneration programme where supported by broader investment in quality of place.

- The focus of demand in Basildon, Thurrock, Canvey Island and South Benfleet (reflecting the current housing stock) is for entry-level family housing. This is attractive to first-time buyers in the sub-region and looking to move from East London as well as those working locally in low-to-mid skilled employment.
- Billericay, Hockley, Rayleigh contain more expensive housing which is attractive to existing households in the sub-region looking to upgrade; and established households moving out of London. Good school performance and overall quality of place are important drivers for this. There is strong current demand in these areas and for the larger products which have witnessed stronger price growth than other parts of the housing market.
- Across the housing market, the affordability of market housing is worst in Rochford and Castle Point. It is lowest in Thurrock, but still severe in a historical context. Overcrowding is above the regional average in the main urban areas but above the national average only in Southend.
- Significant regeneration programmes, including Town Centre developments in Basildon and Southend and the London Gateway proposal in Thurrock are expected to support growth in the private rental sector over the medium-term. Growth of the University may also support this in Southend.

8. DRIVERS OF CHANGE

- 8.1 This section draws together the analysis presented in the preceding sections of the report to identify key drivers of change which impact on the overall housing market.
- 8.2 We can identify a hierarchy of housing market drivers which operate at different levels, ranging from macro-drivers which influence the housing market nationally through to local level drivers which affect the popularity of different places at a local level.
- 8.3 A strong housing market, at the macro-level, has been supported by a sustained period of **stability and growth in the national economy** coupled with low **interest rates** in a historical context. Recent quarters have however shown the impact of interest rate rises in reducing housing demand and cooling house price inflation. Our evidence points to first-time buyers currently holding off from buying property because of **market uncertainty**.
- 8.4 Across the UK there is a strong **aspiration for home ownership**; which is very much the tenure of choice. Economic conditions have made home ownership both appealing and accessible to many. Sustained stability and growth in for both the economy and housing market have given householders' confidence to pursue their ambitions. However there are signs that the poor current **affordability of market housing** is decreasing levels of first-time buyers in the market place, and reinforcing demand for private rented and need for affordable housing. Sustained growth conditions in the housing market have made housing particularly **attractive as an investment proposition**, with investment and buy-to-let purchases supporting the growing market.
- 8.5 Sustained growth in the economy and employment has contributed to wealth creation for existing residents, and has also helped to attract migrants from abroad. At a national level, **immigration** has contributed significantly to population growth and has helped to drive increasing housing demand. That said, a sizeable proportion of existing housing demand results from a **changing population structure** with more people living alone. This is generally expected to be a continuing trend, resulting particularly from an increasing proportion of single households aged over 55 as well as some growth in younger people in their 20s and 30s living alone albeit that we are increasingly finding that predicted trends in growth of younger people living alone are being constrained by **affordability**. Within the TGSE Sub-Regional Housing Market, migration (both international and domestic) to London has an affect on London's housing market which is related to that of the sub-region.

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- 8.6 Current **national housing policy**, as set out in the Housing Green Paper, sets out a framework for increasing housing supply, and developing more affordable housing to address affordability in all English regions. It has also changed the funding regime for affordable housing, increasing levels of subsidy alongside promoting use of surplus public sector land assets. The **Thames Gateway Programme** provides national support for accelerating housing growth across the sub-region, and for delivering higher environmental standards.
- 8.7 The **environmental and climate change agendas** will also have a significant influence looking forward. The Government's Housing Green Paper introduced stronger requirements for environmental sustainability of new housing through the Code for Sustainable Homes and set a target for all new homes to be zero carbon by 2016. This will have implications for future housing provision, not least for development costs/viability, which may impact upon the ability to fund infrastructure provision including affordable housing.
- 8.8 The **relationship to London** is particularly important to understanding the current operation of the housing market and future demand. Our research has indicated a strong relationship in terms of flows of households (migration) and commuting patterns. **Out-migration from London** is a key driver of demand and is driven particularly by the relative affordability of the sub-region in a regional context and its relative accessibility. We would expect this relationship to continue to develop through the growth programme; dependent upon the level of economic growth which is achieved in the sub-region. To date it appears that delivery is falling short of both economic and housing growth targets.
- 8.9 In our view, **Crossrail** may actually have an impact, particularly in enhancing accessibility across London from those towns on the Liverpool Street – Southend Victoria line. The impact may not be as significant as those connected directly to Crossrail; but might be felt (in price terms) in the few years running up to 2017.
- 8.10 There are however **major potential economic drivers in the sub-region**. The most substantial of these is London Gateway; but significant planned growth in Basildon and Southend will also support housing demand and provide opportunities to re-profile the housing mix. There is a notable opportunity across the Sub-Regional Housing Market to improve the jobs-home balance to manage commuting patterns. Supported by **broader regeneration programmes**, there is an opportunity to develop and improve the housing offer over time. This will require investment in quality of place, including education and town centres.
- 8.11 In terms of the supply side, the **availability of sites** and **developer interest** are significant drivers. These have constrained housing completions to date. To support delivery, the supply of sites should reflect the local demand profile and market dynamics. At this stage demand in
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the sub-region is stronger for mid-market family housing, with urban living being an under-developed and higher risk market. **Developer capacity** and product differentiation will however influence the rates at which property are built out and sold. There are certain supply side constraints in the sub-region including flooding, green belt policies, land assembly and remediation and infrastructure requirements. There are well addressed elsewhere.

9. SHORT-TERM MARKET OUTLOOK

- 9.1 In the preceding sections we have explored closely the profile of the housing stock and trends in the housing market over the last decade. We have assessed demographic and economic trends, the affordability of market housing and Government policy as key drivers of change in the housing market. The analysis has demonstrated that sustained strong housing market performance has been a key feature of the last decade.
- 9.2 We have though witnessed a recent turnaround in the market dynamics, triggered by the ‘credit crunch,’ in which market sentiment and effective demand has fallen markedly. In this context, it is important to understand, but make a distinction between, the short-term market outlook, linked to current market drivers and dynamics, as against longer-term structural factors which are influence housing demand over the longer-term and should provide a basis for long-term planning through Local Development Frameworks. This section hence considers first the short-term dynamics and market outlook.

Current Market Dynamics in Context

Changing Market Conditions

- 9.3 In recent years, our view of the housing market has been a very positive one. The annual rate of house price growth has been in double digits for much of the last decade, and well above earnings growth. This situation was entirely supportable in a market where demand was continually rising, boosted by sustained healthy economic conditions (GDP growth above trend, low unemployment and rising employment), and where supply was limited as the rate of house building failed to respond to this demand. In addition, there had been a one-off improvement to affordability as the economy moved from the high-inflation and interest rate era of the 1970s and 1980s to the low inflation and interest-rate era of the last decade.
- 9.4 We have though seen growing concerns regarding the potential to sustain continued economic growth, consumer spending and house price appreciation, particularly relative to incomes, over the longer-term. A key question has been whether high house price to income ratios are sustainable, or whether the increasing unaffordability of market housing for those without a stake in the market would lead to a correction. In the event wider economic factors are also coming to bear and impacting on the housing market.

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- 9.5 The sub-prime fiasco in the US and subsequent global 'credit crunch' has changed the financial landscape both internationally and in the UK. Initial expectations that this would be a 'blip', with normal service resuming early in 2008 have proved hugely over-optimistic.
- 9.6 The situation is changing fast, on a month by month basis. The extraordinary pace of change makes it particularly difficult to precisely catalogue current dynamics. In this context it will be important to see how things develop over the next six months to a year. We draw upon recent evidence to provide an indication of emerging trends.
- 9.7 House price growth started to decelerate in the second half of 2007, and price levels reached a peak in October 2007. The Nationwide House Price Index suggests that prices are now 6.7% lower nationally (as at May 2008) than their October peak. In the 'Outer Metropolitan Area' which includes TGSE, the Index recorded a fall in prices of -2.0% between Q4 2007 and Q1 2008.
- 9.8 The Halifax House Price Index presents a consistent picture. It reported a fall in house prices nationally of -2.4% in May 2008 and an annualised fall of - 3.8%.
- 9.9 The trend of loosening housing market conditions is supported by other indicators. Key indicators such as mortgage approvals and the sales-to-stock ratio have now fallen to or even below the troughs reached in late 2004: a period which was followed by a year of very subdued house price growth. Mortgage approvals nationally in May 2008 were 49% lower than in the same month the previous year.
- 9.10 This wider national picture is replicated in the TGSE Sub-Region. HM Land Registry data records that house prices in each of the five local authorities fell in Q1 2008 relative to the previous quarter, with figures ranging from -0.8% in Rochford to -3.2% in Basildon. However prices in each local authority still remain higher than a year ago.
- 9.11 Changes in prices though somewhat mask the notable downturn in market conditions. House prices sales in Q1 2008 across TGSE's five districts, as an indicator of market activity, were - 40% below levels in the previous quarter and 39% below levels in Q1 2007. Indeed the level of sales recorded in Q1 2008 were the lowest for over a decade at 4% below the previous dip in early 2005.

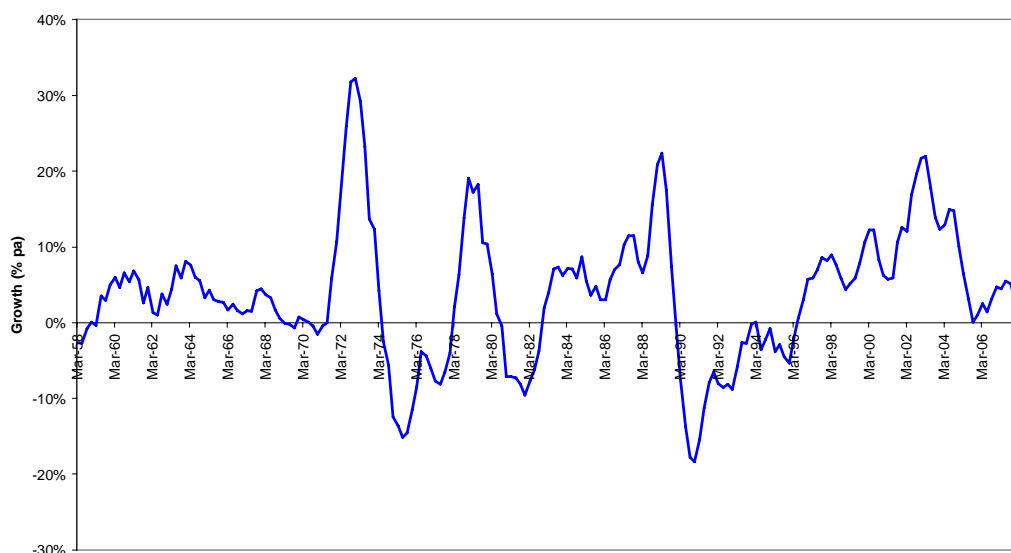
Setting the Longer-Term Context

- 9.12 Following the boom and bust of the late 1980s/early 1990s, the UK housing market saw almost a decade of sustained very strong house price growth from late 1996, when house

prices were below trend and house price to earnings ratios were low, to early 2005. Indeed, from the end of 1996 to the end of 2004, prices rose by 178% (or 13.6% pa) according to the Nationwide. The market then cooled in 2005, as a reaction to the modest interest rate rises in 2004, and a lack of affordability, notably for first-time buyers, with growth bottoming out in September 2005 at 2.2% per annum¹¹. Following the slowdown in activity during 2005, the housing market saw price growth accelerate again during 2006, as interest rates decreased and economic growth accelerated.

9.13 Figure 9.1 illustrates the current housing market downturn in the long-term context, showing price growth in real terms (stripping out RPI inflation). It shows that the three previous housing booms over the last 50 years have all been followed by a period of significant falls in real terms.

Figure 9.1: Annual House Price Growth in Real Terms, UK



9.14 However, a key difference between the current downturn and previous ones is that inflation today remains low in comparison with the 1970s and late 1980s/early 1990s. Therefore, a fall today in real terms requires a much larger slowdown in the market than would have been the case previously.

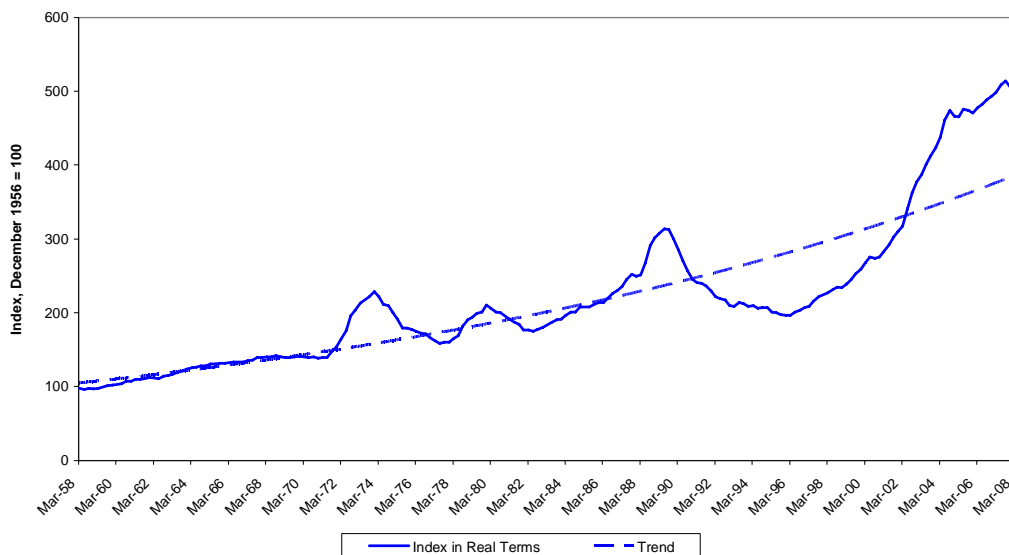
Housing Affordability

9.15 As a result of strong house price inflation over much of the last decade, prices measured in real terms are now well above their long-term trend. Using data from the Nationwide Index, the long-term trend rate of UK house price growth in real terms (since 1956) is 2.6% pa,

¹¹ Nationwide Seasonally Adjusted Figures

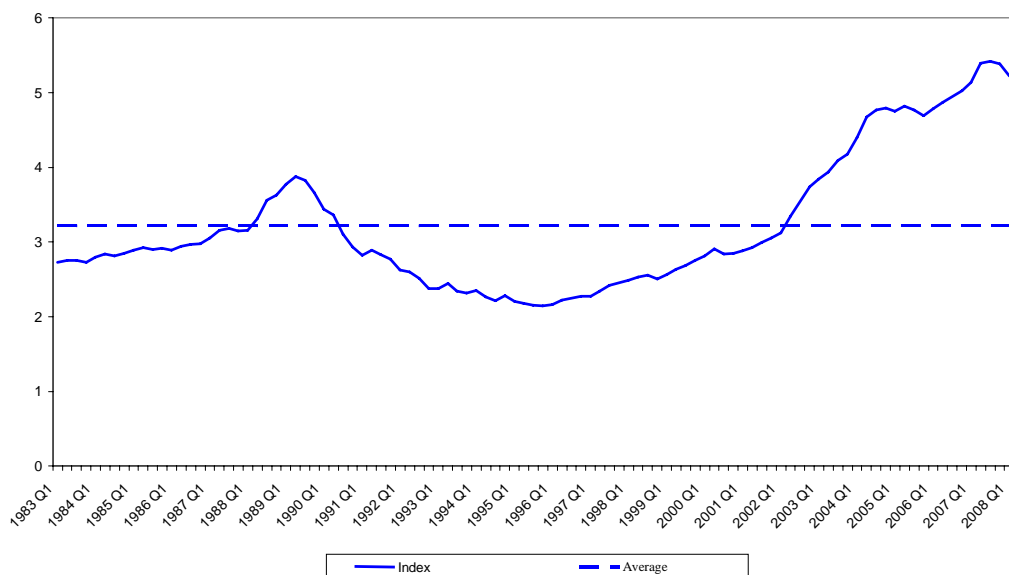
although with the recent house price boom, the actual rate (since 1956) in real terms is a higher 3.2% pa.

Figure 9.2: Long-Term UK House Price Growth in Real Terms



9.16 The house price to earnings ratio climbed steeply during the late 1990s and early 2000s and by the end of 2003, had reached a historically high level throughout most of the UK. It has though continued to rise. This is illustrated in the following chart.

Figure 9.3: First Time Buyer House Price to Earnings Ratio



Source: Nationwide

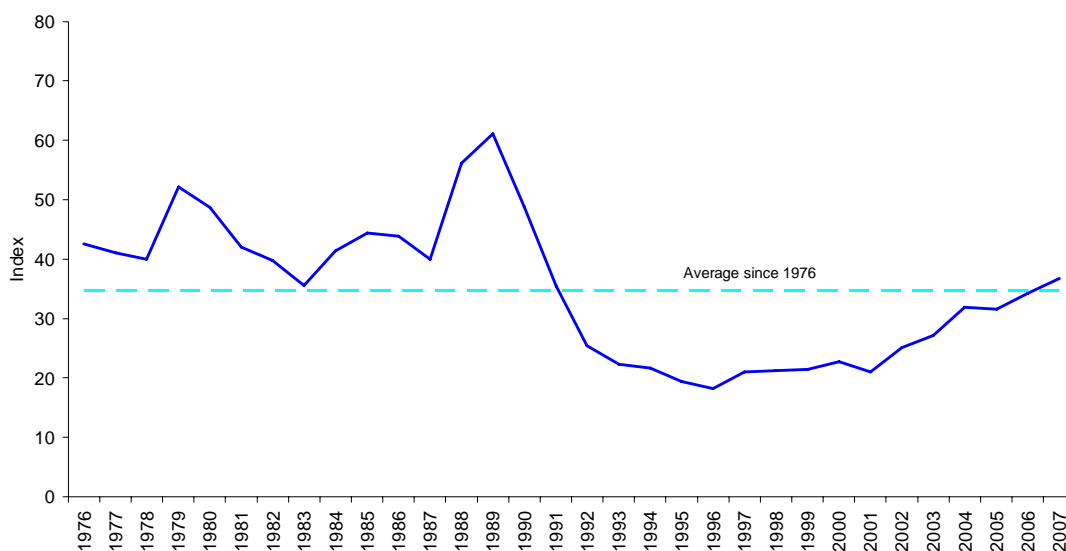
- 9.17 Whilst some commentators have seen the high ratio of house prices to earnings as an indicator that prices must inevitably fall, others have viewed this measure as less relevant due to today’s relatively low interest rate and low inflation environment, which is not comparable with most of the 1970s-1990s. The implication is what is relevant is the ratio of prices to payments rather than earnings.

- 9.18 The following chart shows mortgage payments (interest and capital) relative to household disposable income. Rather than the traditional measure of house prices to earnings, this can be viewed as a more accurate measure of affordability, as it takes interest rates into account. This produces a very different result to the previous chart.

- 9.19 Affordability remained relatively stable from the mid-1990s to around 2001, regardless of the increasing rate of house price inflation over this period, as lower interest rates kept affordability reasonably stable. However there has clearly been a sustained deterioration in affordability over the last five years, and house prices are now at their most unaffordable since 1991. Despite this deterioration of affordability over the last five years, house prices are still more affordable than in the late 1980s boom, and similar to the early/mid 1980s.

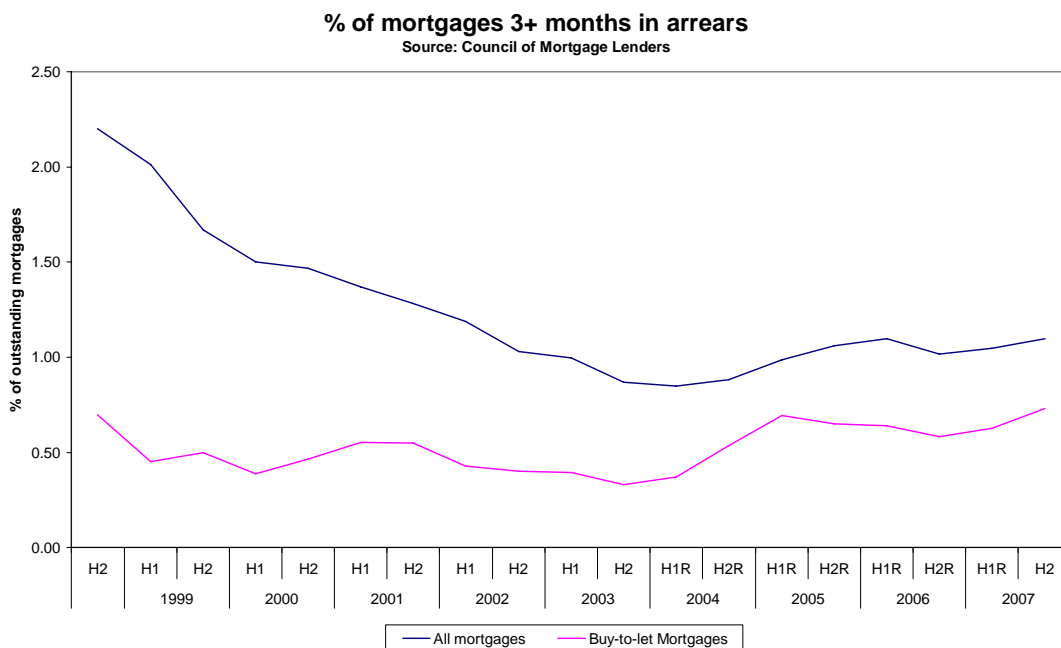
- 9.20 Whilst we do not believe that reducing affordability has caused the recent turnaround in the housing market, it certainly made the market vulnerable to the effects of the financial shock that has occurred.

Figure 9.4: Average UK Mortgage Payments to Household Disposable Income



9.21 There is little evidence of an increase in supply, with relatively few ‘forced sellers’, and there is still a relatively low level of repossessions and mortgages in arrears (although these are rising). The following chart shows the trends in mortgage arrears from 1998 (when figures were still recovering from the early 1990s crash) to the end of 2007. However, it is likely that repossessions will rise during 2008, although we do not expect this to be significant, and we certainly do not foresee the levels of repossessions seen in the early 1990s. There is some evidence nonetheless that the TGSE area is more at risk than other parts of the South East, with higher levels of sub-prime mortgage lending¹². This reflects the relatively lower cost of housing compared to London and other parts of the South East, which has made it attractive for first-time buyers over the last few years.

Figure 9.5: Mortgage Arrears, UK



Understanding the Market Downturn

9.22 A notable downturn appears to be underway. This is resulting from a range of factors including high house prices related to earnings, a sharp reduction in the availability of credit (which has effectively formed the trigger), and wider inflationary pressures, linked particularly to strong growth in food and fuel prices.

¹² Experian (2008)

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- 9.23 Over the last nine months we have witnessed a notable tightening of lending criteria, with a significant withdrawal of mortgage products, which has made it more difficult to get or renegotiate a mortgage. As would be expected, this has most noticeably affected 'marginal buyers' in the UK, most noticeably first time buyers (FTB) and buy to let (BTL) investors whom have traditionally relied upon more flexible lending criteria. First-time buyers are now more likely to have to raise a deposit of at least 10% and are not likely to be able to get the mortgage multiples available a year ago.
- 9.24 A downturn in the world economy, led by the sub-prime lending crisis and resultant housing market recession in the United States, has led to a fundamental shift in the way banks lend money both between themselves (LIBOR) and to their customers (including developers and purchasers). A particular area of note is that of risk-profiling. Many international banks, following a long-period of high risk (incl. 'sub-prime') lending, encouraged in the UK and the US both by Government and the Institutions themselves, are now looking to reduce their exposure to risk across the board.
- 9.25 Such an affect has been compounded by much publicised events such as the 'Northern Rock Crisis' in the UK, and the Société Générale 'rogue trader fiasco' (£3.7 billion fraud case) in France, which have exposed international banks in terms of their vulnerability to both equity market activity and wider economic trends. Almost in all cases bank vulnerability has been precipitated or underpinned by the 'loose' lending activity. Lenders in the US have often securitised and sold on their 'debt portfolio' to other banks emphasising the degree of inter-dependence between the financial institutions of the world.
- 9.26 The result of these factors is that banks, in the second half of 2007, began to increase the inter-bank lending rate (LIBOR), whilst seeking to adjust their exposure to risk by retrenching their own lending practices to their customers. The net effect of this was to reduce liquidity in the UK financial markets (thereby reducing ability to lend money), and to increase 'barriers to entry' for marginal mortgage applicants by reducing loan-to-value ratios, upgrading risk profile requirements of customers (i.e. to reduce the 'sub-prime' lending activity), increasing costs associated with mortgages (e.g. tie-ins) and to reduce income multiples accepted.
- 9.27 The Bank of England has sought to address housing market stagnation by lowering interest rates in late 2007/early 2008, albeit by only a half of a percent, to 5.25% (February 2008). Inflationary pressures (linked particularly to strong growth in fuel/energy and food prices) has however limited the ability of the Bank of England to drop interest rates to support the housing market (as for instance has happened in the USA).
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- 9.28 Turmoil in the financial markets has also resulted in an increasing detachment between the Bank of England's base rate and mortgage interest rates levied by the banks and building societies. As a result interest rates for mortgage products have been creeping up.
- 9.29 This change in lender behaviour has been further compounded by the increased scrutiny of lending practices now taking place from organisations such as the Financial Services Authority and the Royal Institute of Chartered Surveyors.
- 9.30 Finally, inflationary pressures are also having a direct impact on housing affordability. Inflationary pressures have led to a decline in real earnings over the last year: we have seen growth of 4.0% in earnings effectively wiped out by 3.8% growth in the Retail Price Index. This is related particularly to growth in fuel prices (by 9%) and food (7%).
- 9.31 These factors, together with wider economic shifts, have led to a softening of the housing market both in terms of average values and transactional activity particularly since mid-2007. Whilst this may follow fluctuations evident within the traditional economic cycle, the retrenchment of lending activity has in particular shaped the way in which both purchasers and house builders currently behave.
- 9.32 Some of the key trends to emerge as a result of these factors combined include:
- House purchase approvals have been falling back sharply since the Autumn 2007;
 - Interest from new home buyers at estate agents, upturned in November and December 2007, fell back again in January;¹³
 - Net reservations on new homes have been falling since July 2007;¹⁴
 - Anecdotal evidence suggesting that BTL investors are finding it extremely difficult to secure finance of residential purchases;
 - Anecdotal evidence from house builders that the sales pace on existing schemes is falling;
 - Many developers are turning to Registered Social Landlords (RSLs) to dispose of units at bulk discounts off OMV;
 - Forward order books amongst the major listed developers are falling; Barratt by 6%, Taylor Wimpey by 20%, Redrow by 10%, Persimmon by 15%.¹⁵
- 9.33 In the context of both corporate funding becoming more expensive, and new home purchasing falling, developers across the UK, both large house builders and smaller niche developers,

¹³ Nationwide House Price Review, February 2008

¹⁴ House Builders Federation Housing Market Report January 2008

¹⁵ Respective Trading Updates December 2007

have had to realign their development activity. This has involved a withdrawal from higher-risk city/ town centre markets and activity in regeneration areas. House builders are also scaling back and/or reconfiguring land banks and development mix in order to limit or reduce and spread their exposure to risk, whilst some are seeking to reduce overheads through redundancies, particularly in land buying.

- 9.34 Persimmon for instance, the country's largest house builder, has recently said that it will stop building on many new sites until market conditions improve, and is already slowing work on current sales sites. This reflects a fall in its sales in the first four months of the year by 24%.
- 9.35 Further effects include evidence of increasing profit requirements amongst house builders; thereby reducing development viability on marginal schemes, and widespread downgrading of land banks in line with early evidence of falling land values.
- 9.36 The market context is hence likely to be one of reducing new private sector development activity at least over the next year, including the re-phasing of current schemes and potentially mothballing of new schemes.

Short-term Housing Demand Outlook

- 9.37 The UK economy and the UK housing market are both highly cyclical, and there is a close relationship between the two. A significant change over the last decade has been the UK economy's move to an environment of low inflation, low interest rates and stable economic growth compared with the 'boom and bust' that has characterised much of the post-war period. This, together with constrained housing supply, has supported the acceleration in house prices in recent years.
- 9.38 The UK economy is now clearly slowing. GDP growth in Q1 was a provisional 0.4% below trend and down from 0.6% in Q4 2007, but still relatively robust. The latest consensus forecasts have recently become much gloomier as a result of the credit squeeze. 1.7% GDP growth is expected for 2008 (little more than half the growth rate in 2007), but only 1.6% in 2009, whereas only two months ago 2% was expected. Zero employment growth is now expected in 2009. A slowing economy and reduced employment growth will clearly have a significant affect on the demand for housing, as this feeds through in terms of both the actual ability of people to afford to buy a house, and also in terms of psychology and confidence.
- 9.39 However, there are still a number of positive features. Unemployment remains historically low and employment continues to rise (for the moment).

9.40 We expect house prices to continue to fall for the rest of this year, a view which is now widely held across house price forecasters. Experian expects prices at the UK level to fall by almost 4% this year, followed by 3.25% in 2009, a view which seems reasonable, although somewhat optimistic. Indeed, we believe that the fall this year may well be steeper than this figure, and there is a good deal of downside risk to the Experian forecast. Key downside risk factors are:

- A more significant economic slowdown than the Consensus view;
- The risk that the credit squeeze will become worse or more prolonged, further limiting the availability and cost of mortgage products; and
- The unpredictable nature of buyer sentiment.

9.41 With falling house prices, affordability ratios could be expected to improve in 2008 and 2009, and prices are likely to begin to move back towards their long-term trend rate (although will not return to trend unless there is a more significant fall in prices than we expect). However improving price-to-income ratios will be moderated by the changes in the availability of mortgage products and deposit requirements.

9.42 However, we do not believe that the fall in prices will be prolonged much beyond 2009. 2010 should see prices stabilise, due to improved affordability, fewer housing completions and also pent-up demand. Indeed, we believe that there is currently significant pent-up demand from potential first time buyers, which will increase over the next two years as buyers put off decisions whilst prices are falling.

9.43 Despite the negative outlook for prices over the next two years, we are relatively optimistic about the longer-term outlook.

Long-term Housing Demand Outlook

9.44 In the longer term, one of the most significant determinants of housing demand is the impact of household and population change. The UK's population is set to rise by 0.4% pa over the next decade, according to figures from Experian Business Strategies. However, of more relevance to the demand for housing is the change in the number of households.

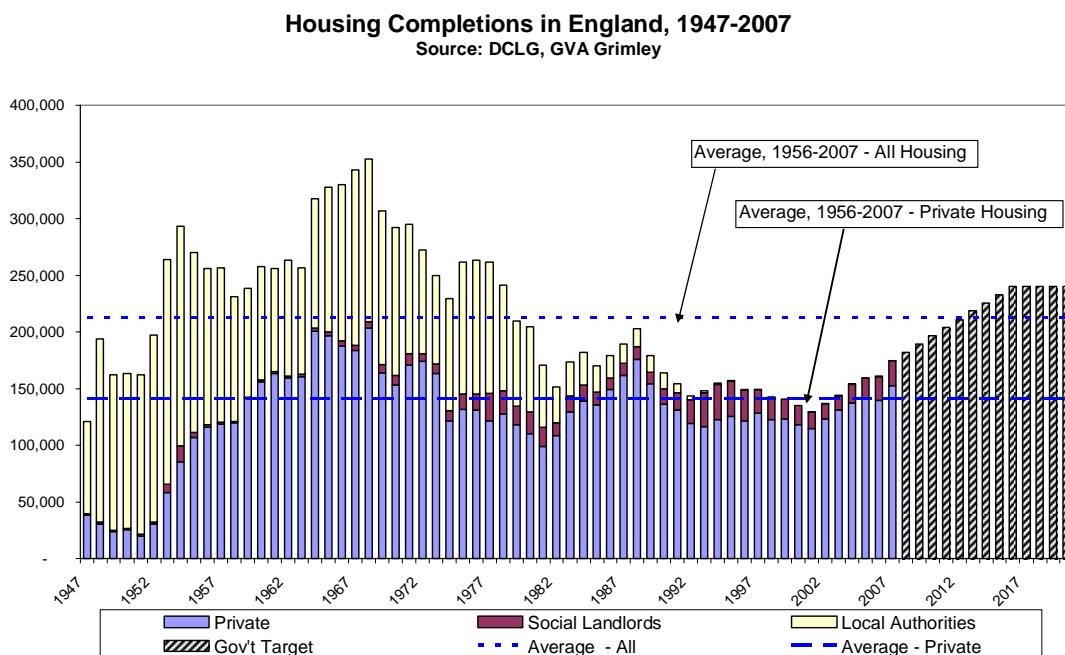
9.45 The number of households in England is set to rise by 0.9% pa from 2006 to 2026, increasing the number of households by around 4.2 million in total, the equivalent of around 211,000 pa. The total number of single-person households is considerably smaller than multiple-person households, currently accounting for under a third of the total number of households. However, single-person households are projected to increase at a much more rapid rate than

the overall figure, of 1.9% pa to 2026. This can also be seen in the decrease in the average household size, from nearly 2.5 persons per household in 1991, to 2.3 persons in 2006, and a projected 2.1 persons by 2026. This has a clear implication for the amount, type and size of housing that may be demanded.

9.46 Over the last 50 years, housing completions in England have averaged almost 214,000 pa, but the level of activity reduced dramatically since the early 1980s, largely as a result of the end of local authority housing construction. The average has been only 158,000 pa over the last 25 years (1982-2006).

9.47 The last 15 years have seen a relatively stable level of completions, which bottomed out in 2001 at under 130,000. The subsequent six years have seen a slow but steady increase, with almost 175,000 dwellings completed in 2007, the highest level since 1989. These trends are illustrated in the following chart.

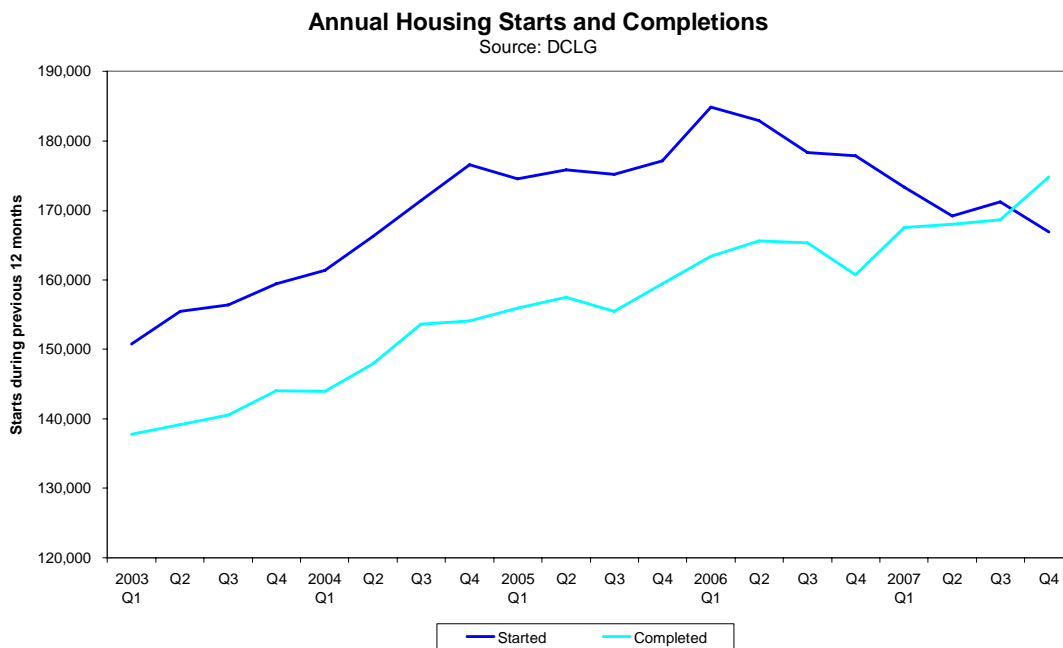
Figure 9.6: Housing Completions in England, 1947 – 2007



9.48 The Government has set a target for increasing the level of house building in England to 240,000 units per annum by 2016, and to maintain it at this level until 2020. This target already looked difficult to achieve before the downturn in the market due to many constraints, including those in the planning system, the construction industry, and in terms of the availability of acceptable sites, as well as affordable housing and sustainability requirements.

9.49 Now that the market has turned, it seems likely that house builders will reduce rather than increase their rates of output. Indeed, this is already happening, as the following chart shows, and the level of starts actually peaked nearly two years ago. 2008 completions will therefore almost certainly be lower than the 2007 figure.

Figure 9.7: Housing Starts and Completions, UK



9.50 The projected increase in households in England to 2026 of 211,000 per annum is considerably more than the average number of houses constructed over the last 25 years (158,000 pa) or the last decade (145,000 pa). Indeed, the highest total achieved in any year since 1995 is the 160,760 in 2006. It is therefore likely that housing demand will continue to exceed supply, unless there is a step-change in construction activity (which appears unlikely given the constraints of the planning system and capacity constraints in the construction industry). At the regional and local level the picture is of course more complicated, with the highest demand and most significant capacity constraints focussed on London and the South East and Eastern regions.

9.51 The longer-term outlook for housing prices is hence more positive. Real UK house price growth over the last decade has been exceptional, at 8.5% pa to December 2007. This has been due to a market low point at the start of the period, the one-off adjustment reflecting the UK economy’s move to a low inflation, low interest rate environment, coupled with a decade of stable and healthy economic and employment growth. We would therefore not expect growth

over the next ten years to be as high as the rates over the last ten years, particularly as affordability will constrain the rate at which prices are able to increase.

9.52 However, the continued limited supply of new developments combined with the expectation of strong demand outlined above should mean continued upward pressure on prices. After the market recovers from the current downturn, house price growth should resume, and begin to move back towards the historical long-term trend rate of around 2.5% pa in real terms, or around 5% in nominal terms (assuming RPI inflation of around 2.5%).

9.53 An alternative way to assess future house price growth is a comparison with the expected rate of wage growth, which should be a major determinant of how rapidly prices can rise over the long term. We expect wages to rise by around 4% pa over the next decade, assuming that our expectations for a continued low interest rate and inflation economy hold true. Overall, therefore, our expectation for nominal long-term house price growth is around 4-5% pa.

Summary

Current Market Dynamics

- The annual rate of house price growth has been double digit for the last decade running in excess of earnings growth. This has been supported by a market with rising demand and healthy economic conditions and with limited new housing supply.
- The housing sub-prime issues in the US and subsequent global 'credit crunch' has changed the financial landscape both internationally and in the UK. It has proved over-optimistic to assume that this is a 'blip' with normal service swiftly resumed. House price growth decelerated in the second half of 2007 after prices peaked in October. As at May 2008, house prices were 6.7% lower nationally than the October 2007 peak. Mortgage approvals were 49% lower than in the same month the previous year. The national picture is replicated in the TGSE Sub-Region, albeit that house prices remain (currently) higher than a year ago.
- A key difference between the current downturn and previous ones is that inflation remains low in comparison to the 1970s and late 1980s/early 1990s. A fall in real terms requires a much larger slowdown in the market than would have been the case previously. As a result of strong house price inflation over the last decade, prices in real terms are now well above the long-term trend. The house price to earnings ration climbed steeply during the late 1990s and 2000s and by the end of 2003 was historically high throughout much of the UK. Affordability remained relatively stable from the mid-1990s to 2001.

However there has been a sustained deterioration in affordability over the last five years and house prices are now their most unaffordable since 1991. The housing market is vulnerable to the effects of the financial shock that has recently occurred.

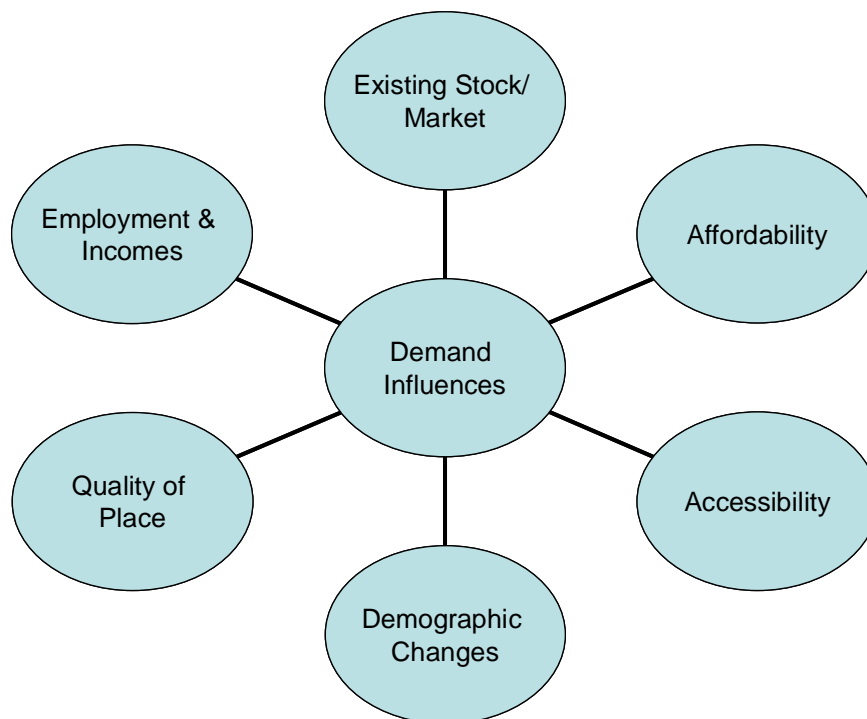
- There is little evidence of enforced sales and still a relatively low level of mortgage arrears and repossessions. Nevertheless, repossessions will rise during 2008 albeit that we do not envisage the levels of repossession experienced in the early 1990s. There is some evidence that the TGSE area is more at risk than other parts of the South and East with higher levels of sub-prime mortgage lending. This reflects the relatively lower cost of housing compared to London and other parts of the South East which has made the sub-region attractive for first time buyers over the last few years.
- A notable downturn is underway resulting from a range of factors including high house prices related to earnings, a sharp reduction in the availability of credit and wider inflationary pressures linked to food and fuel price rises. Over the last 9 months we have witnessed a tightening of lending criteria and a significant withdrawal of mortgage products for first time buyers and those re-mortgaging (based on the increases in LIBOR rate). This has most effect on marginal buyers in the UK (FTB and buy-to-let investors). Reductions in the base rate and mortgage interest rates charged by the banks and building societies has had a limited effect. Inflationary pressures are also having a direct impact on housing affordability with a decline in real earnings over the last year (4% earnings growth against 3.8% growth in the Retail Price Index (over 9% growth in fuel prices and 7% for food). These factors have led to the softening of the housing market in terms of average values and transactional activity since mid-2007, with consequent re-alignment of house builders construction and completion rates and a wide-scale withdrawal from more risky regeneration markets.
- There remain a number of positive features. Unemployment is historically low and employment continues to rise (at present). House price falls over the rest of 2008 will improve affordability in 2009 and prices should begin to move back towards their long-term trend rate. 2010 should see prices stabilise as improved affordability, pent-up demand and a more stable economic climate become apparent.
- In the longer term, household change and population growth are the major determinants of housing demand. UK population is set to rise by 0.4% pa over the next decade, with the number of households rising by 0.9% pa (211,000 households per annum). Decreases in the average household size from nearly 2.5 per household (1991) to 2.3 (2006) and projected 2.1 in 2026 have clear implications for the amount, type and size of housing that may be demanded.

- Housing completions over the last 50 years have averaged 214,000 per annum with a reduced level of activity since the early 1980s (158,000 pa from 1982-2006). The last 15 years has seen a stable level of completions, although in the last six years there has been a gradual increase to around 175,000 dwellings completed in 2007. The Government's housing target of 240,000 units pa by 2016 will be difficult to achieve (even without recent market constraints). A step change in construction activity is required at the national level, with similar requirements at the regional and local levels. The longer term outlook for house prices is therefore positive given limited supply of new developments and the growing long-term demand fuelled by rising population and household formation. Our expectation for nominal long-term house price growth is 4-5% pa.

10. FUTURE HOUSING MARKET

- 10.1 In this section we consider the future housing market, seeking to assess the potential scale of housing demand across the whole housing market. This builds on the understanding of the housing market and drivers of change developed in previous sections. It also considers some of the specific questions raised by the Commissioning Partners. These include considering the scale of in-migration to the sub-region from East London and its affect on the housing market; the impact of key economic projects including the development of London Gateway, redevelopment of Basildon Hospital; expansion of London Southend Airport; and the short- and long-term effects of the 2012 Olympic Games.
- 10.2 Before we consider these various factors and their potential impacts on housing demand, it is first worthwhile setting out our understanding of the various factors which influence the housing market.
- 10.3 The diagram below captures our understanding of the key influences on housing demand.

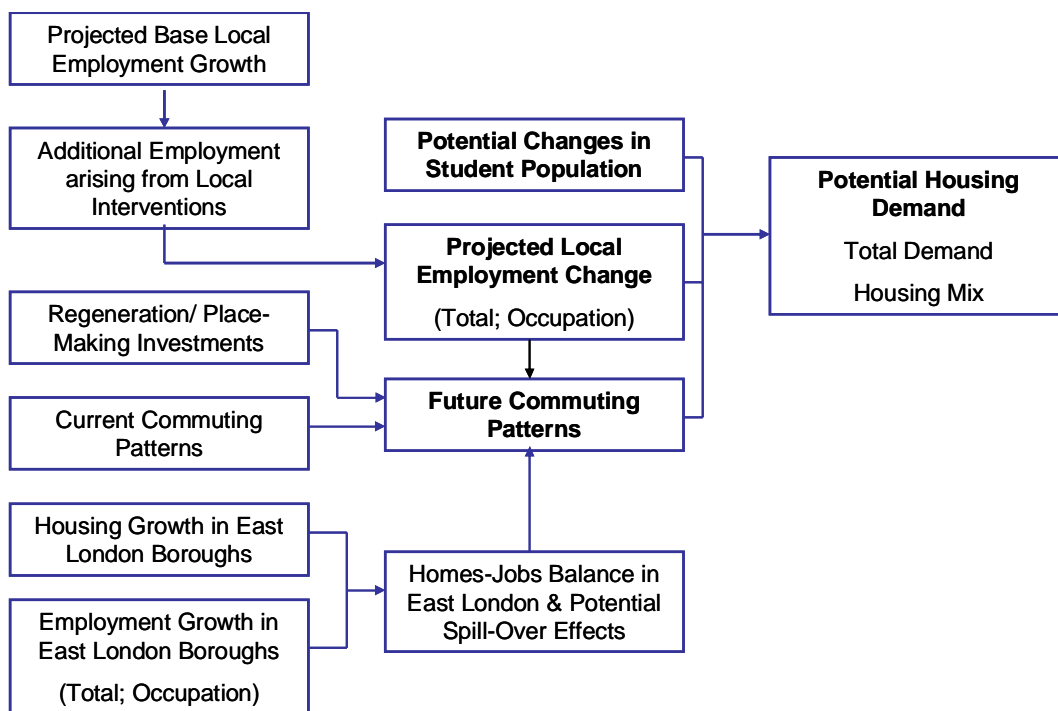
Figure 10.1: Understanding Housing Demand



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- 10.4 Housing demand is influenced by levels of new household formation and by migration movements. New household formation is influenced by the local population structure. It is also influenced by the availability and affordability of suitable housing. There is a close inter-relationship between housing demand, housing supply and affordability. Migration is influenced by a range of factors, including economic performance in terms of levels and types of employment available, quality of place, accessibility and transport infrastructure, and the affordability of housing. These trends are as applicable to past trends as to the future.
- 10.5 A further critical factor is that of spatial scale. Housing market dynamics are influenced by macro-economic factors such as interest rates and the availability of finance, the relative strength of housing as an investment and by differentials between housing demand and supply at the national, regional and sub-regional scales. Moreover spatial variations in house prices reflect economic performance and relationships with economic centres, the relative attractiveness of different locations and settlements as places to live, and the existing 'housing offer.' The accessibility of different places and local school performance for example are often cited as influences on local house prices.
- 10.6 We should also not forget that housing can be purchased as an investment, and we have seen a notable growth in buy-to-let investment purchases since 2001. Research by the National Housing and Planning Advice Unit however indicates that nationally, buy-to-let lending has increased prices by £13,000 or 7% since 1996 over and above what they would have otherwise been: a relatively modest level given very substantial price growth.
- 10.7 On the supply-side, house building is influenced by new development and by demolitions, conversions and change of use of existing buildings. New housing supply is influenced by market demand and affordability, which influence the number of buyers. It is also influenced to a significant extent by Government policy, recognising that land supply is 'managed' through the planning system, which also sets density standards (which affect housing mix), affordable housing and other infrastructure requirements (which influence development viability). Critically however, as the last decade has shown, housing supply is not particularly elastic in its response to demand.
- 10.8 In a market system, resources are allocated by the price mechanism and prices adjust to equate supply with demand. Where demand is lower than supply, the price will fall; where demand is higher than supply, the price will rise. There is a broad consensus that spatial variance in house prices is indicative of relative demand, and that levels of house price change are influenced by balance between supply and demand.
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- 10.9 The context for the SHMA is in seeking to deliver a balance between supply and demand across the functional housing market. This needs to be more than a numerical balance, but also to reflect the segmentation of the housing market by type/ size, tenure and location. In our view there is a need to recognise that different parts of the sub-region provide a different housing-quality of place offer; and that to provide a suitable mix of housing we need to understand these distinctions rather than try to impose a 'one size fits all' approach.
- 10.10 In this section we seek to assess demand (in terms of household growth) for the sub-regional housing market, both in quantitative terms (numbers) and qualitative terms (housing mix). We consider that the key drivers of change over the longer-term are: demographic and economic drivers and affordability; but that there are a number of external influences, particularly place-making and infrastructure investments (which affect attractiveness of different places); interest rates, lending criteria and market confidence; and an evolving policy context.
- 10.11 It is particularly important, set against the current market context, to make a distinction between the short-term market dynamics; and how things might play out over the longer-term. It is important to recognise and develop an appropriate policy response to the short-term; however planning for housing provision inherently needs to adopt a longer-term perspective, and set a framework for a time span of fifteen years or more.
- 10.12 Changing interest rates, inflationary pressures and a tightening of lending criteria; coupled with weakening economic performance and falling market confidence are combining to have a significant impact on effective demand for market housing. However in the long-term, it is still going to be necessary to meet demand from household growth which we expect to continue to be strong, given the economic strength of the London City Region particularly.
- 10.13 To assess the specific research questions set out, we have developed a bespoke model for assessing long-term housing demand. This is set out diagrammatically in Figure 10.2.

Figure 10.2: Overview of the Model Approach



10.14 A key building block of the work undertaken is a set of Econometric Forecasts prepared by Oxford Economics Ltd (OEF) for the East of England Regional Assembly and East of England Development Agency (Final Report, August 2007). This uses an econometric model to provide an unrestricted baseline forecast; a series of forecasts based on stronger growth in a number of key higher-value sectors (pharmaceuticals; wholesale distribution; air transport; financial services; and computing); and a ‘restricted’ forecast in which housing growth was constrained to levels proposed in the Secretary of State’s Proposed Changes to the East of England RSS. Forecasts are provided for GVA, employment, labour supply, occupations, population, households and housing demand in each case to a local authority level.

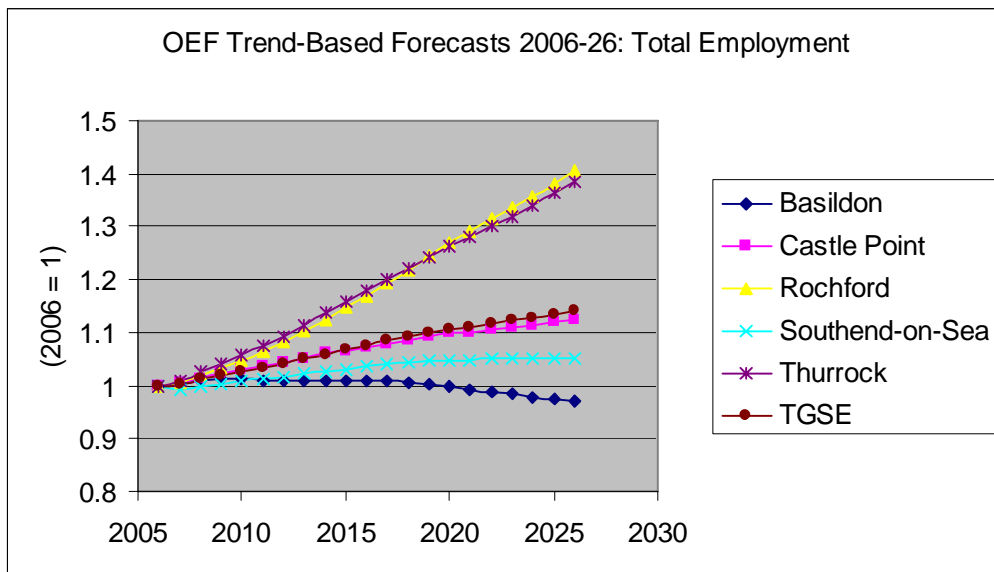
10.15 For the enhanced productivity scenarios, the forecasts assume that the impact of these will be influenced by the existing economic geography associated with these sectors; but it also incorporates multiplier effects, assessing the impact on local employment rates and migration. For all forecasts, the Chelmer Model is used to provide projected ratios of households to population. For all scenarios it is assumed that proportional in/out-commuting at a local

authority level remains consistent with 2001 levels. Further details of the forecasts used are set out in the study's final report¹⁶.

- 10.16 The 'unrestricted base forecast' is the initial building block for the modelling work undertaken by GVA Grimley. The forecast is for steady growth in employment in the East of England, albeit at a slightly slower rate than past trends. It projects a net increase in employment of 24,000 full and part time jobs annually over the 15 years to 2021 and 22,000 in the subsequent decade. Expansion of jobs at this relatively rapid rate will require a large expansion in labour supply; the majority of which is expected to be generated through migration into the region (albeit that some will result from slightly higher employment rates). The resultant population forecasts for the region are generally higher than the official 2004-based forecasts. Economic output (GVA) is expected to grow by 2.9% per annum, which is consistent with levels over the last fifteen years; with productivity per employee projected to increase by two-thirds by 2031 (2.1% per annum). With no supply-side constraints, the forecast indicates that the stock of dwellings should increase by 27% over the 2006-31 period, resulting from 17% population growth and a projected 6% reduction in average household size.
- 10.17 The unrestricted base forecast is trend-based. However Thames Gateway South Essex is a designated Growth Area and a national regeneration priority; and is planning for 'enhanced' as opposed to 'trend-based' economic growth. The East of England RSS establishes a jobs target for the creation of 55,000 net additional jobs in the sub-region over the 20 year plan period to 2021.
- 10.18 Using the unrestricted OEF forecasts as a base, GVA Grimley has sought first to develop a local employment forecast which takes into account the policy context and existing major projects. We have attempted to define a realistic forecast of job creation, based on the following steps:
- Reviewing key employment-generating projects in the sub-region;
 - Assessment of economic additionality arising from these; and
 - Develop a revised baseline forecast of job creation for the sub-region/ local authorities.
- 10.19 Figure 10.3 indicates OEF's trend-based unrestricted baseline forecasts for employment growth in TGSE to 2026.

¹⁶ Oxford Economics & Arup (August 2007) East of England: Joint Modelling for the RES and RSS

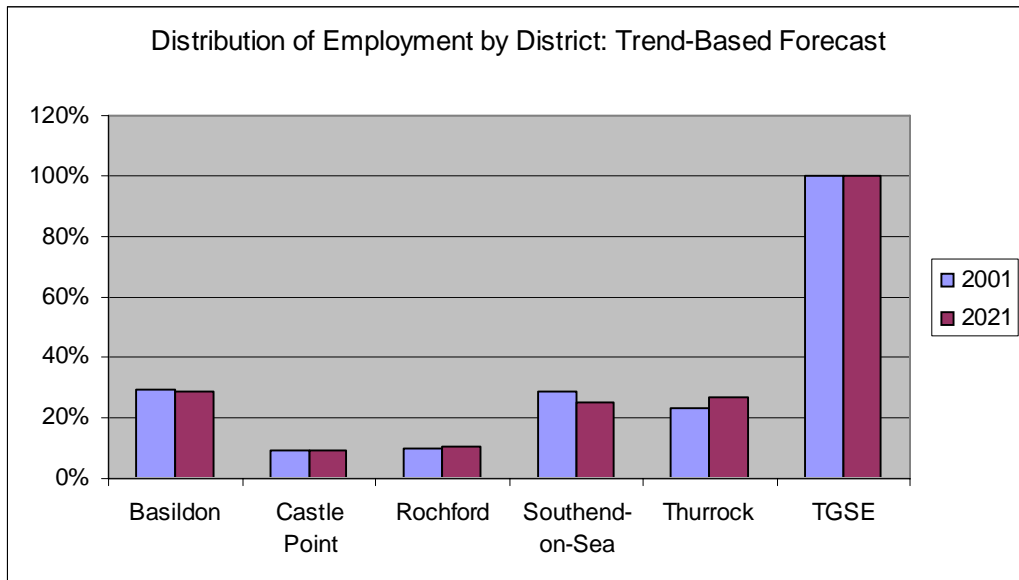
Figure 10.3: Trend-based Employment Forecasts, 2006-26



Source: Oxford Economics/ GVA Grimley

10.20 The baseline forecasts indicate 14% growth in employment over the 20 year period as a whole with 39,000 net additional jobs. Trend-based performance varies, the model forecasting a 3% fall in employment in Basildon compared to employment growth of close to 40% in Rochford and Thurrock. Figure 10.4 illustrates how this would alter the distribution of employment by local authority.

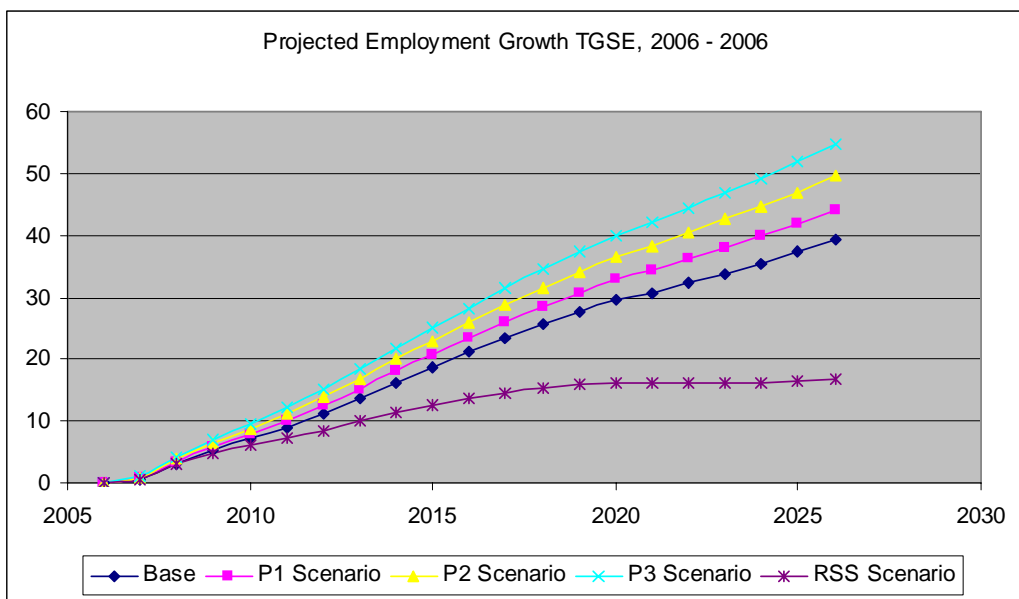
Figure 10.4: Trend-based Employment Forecasts – Employment Distribution, 2006 & 2021



Source: Oxford Economics/ GVA Grimley

10.21 The Oxford Economics work modelled a number of alternative growth scenarios. Figure 10.5 compares employment growth under each of the scenarios.

Figure 10.5: OEF Alternative Growth Scenarios, 2006-26



Source: Oxford Economics/ GVA Grimley

- 10.22 Over the RSS Plan period (2001-21), the unrestricted base forecast indicates employment growth of 43,800. The employment target of 55,000 net additional jobs sits between the P2 and P3 higher productivity scenarios which forecast employment growth of 53,500 and 57,300 respectively. However if housing numbers are constrained to levels set out in the RSS, employment growth could be constrained to 31,300 if there is no proportional change in commuting patterns.
- 10.23 To provide a realistic assessment of potential job creation, we have reviewed key employment-generating projects in TGSE, as set out in the TGSE Interim Economic Development Strategy (May 2007). These are:
- [London Gateway and Tilbury Ports](#)
 - [Development Proposals in Town Centres and Other Smaller Centres](#)
 - [A127 Enterprise Corridor in Basildon and Southend](#)
 - [Lakeside Basin/ West Thurrock](#)
 - [London Southend Airport](#)
- 10.24 We have drawn together existing forecasts of job creation, and undertaken a high-level assessment of additionality (i.e. what proportion might be additional to the trend-based forecasts). In this we have taken into account past and recent economic trends and projected employment by sector.
- 10.25 Our assessment confirms that the 55,000 job creation target set out in the RSS is realistic, taking into account baseline trends and current or planned economic-generating projects in the sub-region.

Figure 10.6: Forecasts of Employment Growth, 2001-21

(Thousands)	RSS Target	OEF Scenarios					GVA Indicative Targets
		Base	P1	P2	P3	RSS	
Basildon	11	12.4	13.6	14.8	16	11	16.0
Castle Point	2	4.1	4.3	4.5	4.7	2.6	4.2
Rochford	3	6.3	6.7	7.2	7.6	4.3	5.0
Southend-on-Sea	13	1.6	2.9	4.2	5.5	-2.7	8.0
Thurrock	26	21.5	22.1	22.8	23.4	16.1	22.0
TGSE	55	46	49.6	54	57.2	31	55.2

Source: Oxford Economics/ GVA Grimley

- 10.26 We would however expect the distribution of employment growth at a local authority-level, as indicated in Figure 10.6, to be slightly different: with stronger growth in Basildon particularly, as well as Castle Point and Rochford; and slightly below target growth in Southend and Thurrock relative to RSS targets.
- 10.27 Turning to consider aggregate housing demand, the East of England RSS sets a housing requirement for provision of 44,300 dwellings across the TGSE sub-region's local authority districts over the 2001-21 plan period. CLG's 2004 trend-based projections of household growth are 5% above this (46,500).
- 10.28 Relating the level of economic growth projected to the housing requirement using the OEF model, delivery of 55,000 jobs would significantly increase housing demand if commuting patterns remain as today. We calculate that it could result in demand for 62,100 homes – 40% over current RSS levels – if commuting patterns remain as today. This is an economic-led growth scenario but is not unrealistic in our view.
- 10.29 Figure 10.7 sets out indicative housing demand forecasts by local authority. These reflect demographic trends and economic potential. They do not take account of land availability which is clearly an important part of determining housing requirements.

Figure 10.7: Comparison of Demand Forecasts/ Projections

	Additional Dwellings, 2001 - 2021		
	Existing RSS Housing Requirement	GVA Forecast (with no change in commuting)	CLG 2004 trend-based Projection of Household Growth
Basildon	10700	12900	12000
Castle Point	4000	5900	5300
Rochford	4600	6000	5300
Southend	6500	13900	10600
Thurrock	18500	23400	13300
TGSE	44300	62100	46500

- 10.30 The initial GVA Grimley forecasts in Figure 10.7 assume that commuting patterns remain consistent to today. As the OEF modelling work indicates, if commuting patterns remain consistent to today we might expect employment growth of only 31,200 (57% of target) if current RSS targets are maintained. There is hence a clear relationship between economic growth, house building and commuting patterns. The policy position however is that levels of out-commuting to London will reduce.

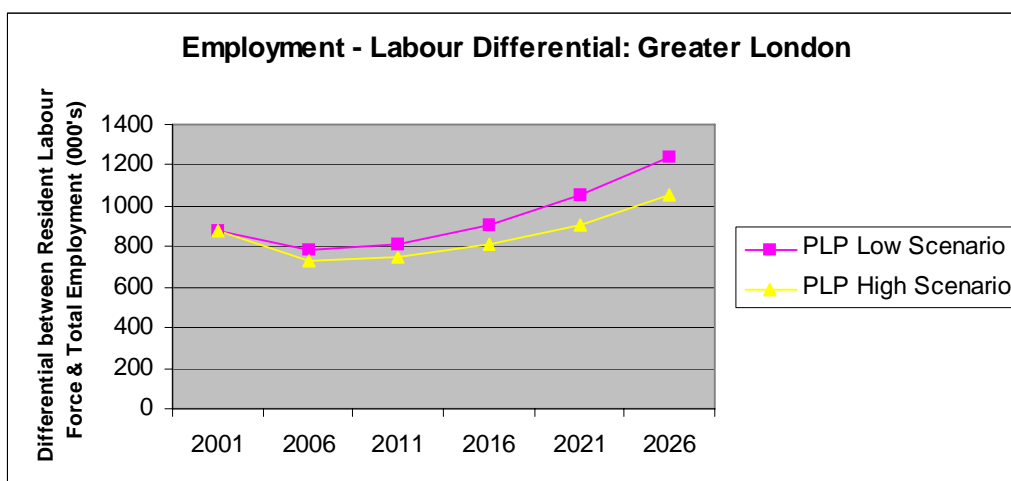
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- 10.31 A key question therefore in assessing future housing demand is how the relationship between the sub-region and London might develop in the future. This is not to say that all commuting out from the sub-region is to London, but recognises that it a key external influence on the housing market. We therefore next examine how the relationship with London might develop over the next 20 years.
- 10.32 In our view, there are a number of key factors which will influence movement of households out of London to live in the TGSE sub-region and patterns of commuting back into the Capital. These are:
1. The degree to which London and East London can provide housing (both in terms of quantity and types) to satisfy demand arising from continued economic growth.
 2. Levels of housing growth in TGSE and the relationship between housing growth and employment creation in the sub-region (again in terms of quantity and types of both homes and jobs);
 3. Transport investment, which influences the relative accessibility of places; together with investment in quality of place which influences their attractiveness as places to live.
- 10.33 GVA Grimley has first sought to consider what level of displacement effect their might be from London witnessing stronger economic growth relative to housing supply. We have looked both at Greater London as a whole, and East London more particularly. In East London we have sought to consider specifically the impact of planned housing growth relative to major economic growth arising from the 'transformational' economic drivers defined in the Thames Gateway Delivery Plan (Nov 2007). These include Canary Wharf and Stratford/Lower Lea Valley (which includes the 2012 Olympics Site) in East London.
- 10.34 We have sought to adopt a consistent and robust approach to assessing demographic and economic growth and potential housing supply, taking into account supply-side interventions. Forecasts prepared by the Greater London Authority provide the best means of achieving this.
- 10.35 GVA Grimley has therefore drawn on forecasts of employment and demographic growth in Greater London as a whole and East London prepared by the Greater London Authority (GLA) and linked to supply conditions. These have been used to assess the relationship between expected housing provision and housing demand resulting from economic growth in order to assess any potential displacement impact and hence quantify the potential effect on the TGSE sub-region.
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- 10.36 GLA Economics have prepared Borough-level Employment Projections (GLA, Feb 2007) which take into account historic employment trends, transport accessibility and land availability (sites). GVA Grimley has compared these to projections of the resident labour force derived from the GLA’s Post London Plan (PLP) Population Projections (GLA, Dec 2007). We have considered both trend-based projections (the PLP High Scenario which is linked to ONS’ 2006-based Population Projections); and projections of the resident labour force as constrained by housing supply (PLP Low Scenario based on housing land supply identified by the Boroughs).

- 10.37 The PLP Low Projection is driven entirely by the increase in homes delivered 2001 - 2007 (from London Development Database Data), the London Housing Capacity Study (LHCS) and data from Boroughs on actual development to March 2007 and housing trajectories looking forward. It is hence a supply-driven projection of demographic growth.

- 10.38 The projections indicate that employment growth is likely to be stronger than growth in the resident labour force in London. They show that total employment in London is expected to grow by 912,000 over the 2006-26 period. The resident labour force however is only expected to grow by 450,000 taking into account land supply constraints. We would therefore expect an increase in absolute numbers of people commuting into London for work should the projected levels of employment and housing growth be achieved. This is shown in Figure 10.8.

Figure 10.8: Differential between Employment and Labour Supply in Greater London



Source: GLA/ GVA Grimley

- 10.39 Commuting in proportional terms (i.e. the proportion of London’s workforce who commute into Greater London) may however remain constant if the PLP High Scenario for housing delivery

is achieved whereby London was able to meet demand arising from trend-based economic growth. There are however significant land supply constraints to this, given that it already takes into account identified housing land supply.

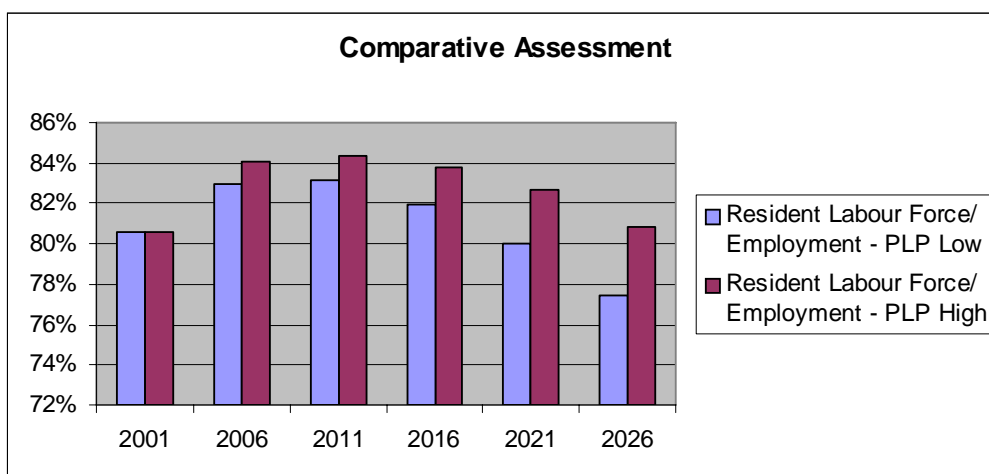
Figure 10.9: Employment and Demographic Projections for Greater London

	2001	2006	2011	2016	2021	2026
Employment	4522	4587	4808	5038	5264	5499
Resident Labour Force - PLP Low	3642.6	3807.3	3997.5	4129.9	4212.1	4258.7
Differential	879.4	779.7	810.5	908.1	1051.9	1240.3
Resident Labour Force - PLP High	3642.6	3856.2	4057.1	4222.5	4354.5	4446.2
Differential	879.4	730.8	750.9	815.5	909.5	1052.8

Source: GLA

- 10.40 If housing delivery continues as is expected, taking into account current housing trajectories and identified supply, and economic growth projections occur; then the modelling suggests that net in-commuting to London will increase in both absolute and proportional terms (the latter as indicated in Figure 10.10). This does not however necessarily have to be an increase in commuting from the TGSE sub-region, recognising that London draws labour from a wide area.
- 10.41 The graph shows the ratio between total employment in London and the city’s resident labour force. This is projected to decline under both scenarios from a 2006 base as employment growth is expected to be stronger than growth in the resident labour force.

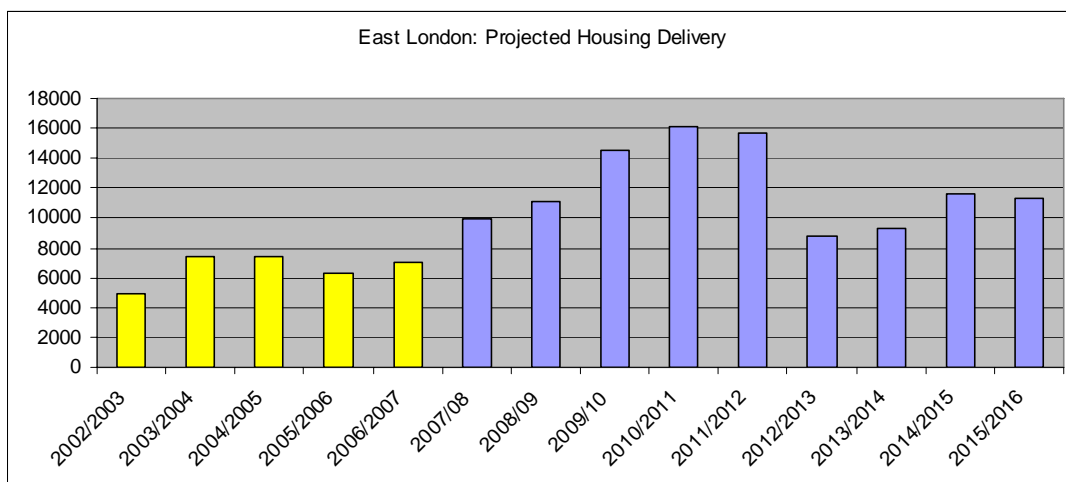
Figure 10.10: Balance between Resident Labour Force and Employment



Source: GLA/ GVA Grimley

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- 10.42 While the reality is somewhat more complex, the modelling indicates that with stronger projected employment than population growth in London, we might expect there to be an increase in commuting into the Capital. The scale of this will depend particularly on the level of housing growth achieved, but that current housing trajectories linked to identified supply would mean that commuting into London would increase in both absolute and proportional terms. For the PLP Low Scenario, where as today London has 83 resident workers for every 100 persons employed in the City; the projection is that this would fall to 77 resident workers for every 100 employed.
- 10.43 There are clearly a number of other factors and risks to this. One factor is differences in the mix of housing provided. The London Plan sets out some quite strict density standards which aim to maximise the use of sites, and promote higher density development particularly where public transport accessibility is high. We would expect a significant proportion of new housing supply coming forward in London and East London to be higher density. TGSE and other areas surrounding London are likely to continue to play an important role in supporting the Capital's economy by providing a different housing-quality of place offer to that in London and particularly by providing a supply of family housing. They are likely to remain attractive locations for family households, where one or more adult works in the capital.
- 10.44 Clearly there are also short-term risks to the economic trajectory linked to a slowdown in the economy, with financial and business services (one of which there is a strong concentration of employment in London and particularly in Docklands and the City) a key area which the slowdown has affected.
- 10.45 We have used a similar approach to consider the impact of housing and economic growth in East London, drawing on the GLA's projections of employment and population.
- 10.46 Between 2006-26, employment in East London is projected to grow by 229,000 (38%). The level of employment in East London as a proportion of total employment in Greater London is projected to grow from 13% to 15% as a result of major growth at Stratford/Lower Lea Valley and at Canary Wharf/Docklands particularly. These are both major foci for economic growth in London.
- 10.47 East London is also a focus for the development of new homes. Over the 2006-26 period, the PLP Low Projection indicates that this will increase the resident labour force in East London by 157,800 (25%). Figure 10.11 indicates the housing trajectory, based on local authority Annual Monitoring Report. It should be noted that these do not take account of the reprofiling of delivery expected to result from the current market downturn.
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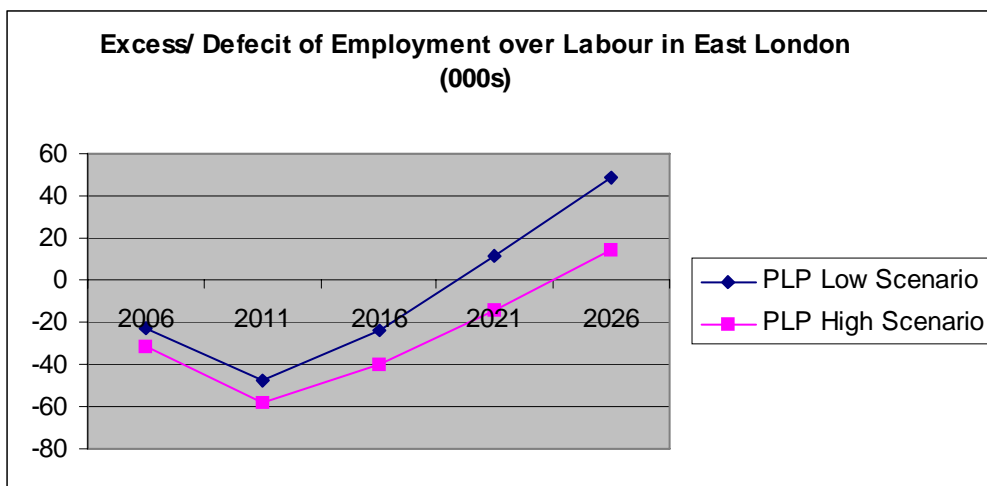
Figure 10.11: Housing Trajectory in East London



Source: Borough Annual Monitoring Reports/ GVA Grimley

10.48 In the East London Boroughs, projected employment growth post 2011 is actually expected to exceed growth in the labour force through delivery of new homes.

Figure 10.12: Relationship between Employment and Labour Force Growth in East London



Source: GLA/GVA Grimley

10.49 While in 2006 there are over 20,000 more working people living in East London than employed in the sub-region, post 2016 there are expected to be more people working in East London than living there as a result of strong employment growth. By 2026, the level of

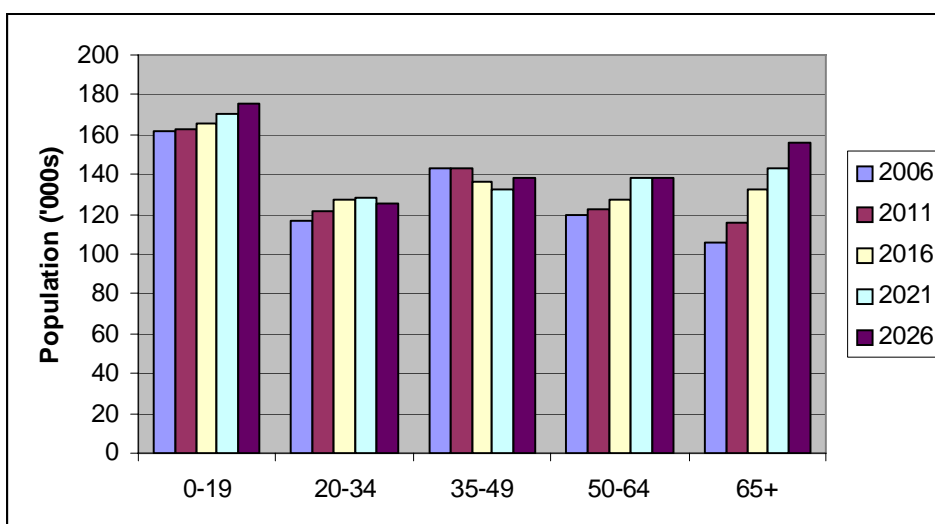
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- employment is modelled as 14,000 higher than the resident labour force under the PLP High Scenario and 48,000 higher for the (more likely) PLP Low Scenario.
- 10.50 We can therefore expect a significant shift in levels of commuting into East London: where as today there is net commuting out of the area (a high proportion of which is likely to be into Central London), as the economic gravity of the City shifts East, we will see net in-commuting into East London.
- 10.51 What does this mean for South Essex? The various strands of analysis indicate that housing demand in South Essex is projected to be strong – both as a result of internal economic growth in the sub-region, and from demand displaced from London and particularly from East London.
- 10.52 The modelling undertaken indicates potential demand for 62,100 homes resulting from delivery of the 55,000 jobs target if commuting patterns remain consistent with today in proportional terms (i.e. 70.7% self-containment with 21% of trips to London).
- 10.53 The East of England Plan emphasises the need for economic growth and regeneration to deliver an improved balance between homes and employment in the sub-region, aiming to manage and reduce levels of out-commuting, which includes commuting to London. This is considered a sustainable strategy which promotes localised patterns of living and working and helps to manage pressures on the transport network. It has national policy support.
- 10.54 The work undertaken though highlights the difficulties which this strategy presents, in terms of the scope to reduce commuting into London and East London given stronger employment growth which exceeds projected growth in the resident labour force associated with housing delivery.
- 10.55 The implication is of continued demand pressures across the London, the East of England and South East regions, particularly in areas which are well connected by the transport network. We would expect continued housing demand pressures in these areas over the medium to long-term. If growth is not achieved, housing may constrain the availability of labour and hence levels of economic growth and will continue to contribute to affordability pressures.
- 10.56 All of this comes with the caveat that these are issues, in terms of an appropriate housing supply response, are to be addressed through the review of the Regional Spatial Strategy. They are not out-of-kilter with other research undertaken. Indeed the National Housing and Planning Advice Unit (NHPAU) have recently published indicative housing supply ranges to
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improve affordability over the longer-term. Their paper, *Meeting the Housing Requirements of an Aspiring and Growing Nation* (June 2008) proposes delivery of between 30,600 – 39,200 homes per annum across the East of England Region to 2026. This is between 14-46% above minimum annual targets set out in the adopted Plan, taking into account levels of house building between 2001-6. We conclude that a national and regional solution is required.

Considering the Housing Mix

- 10.57 The mix of housing on the affordable side is considered separately through the Housing Needs Assessment in Section 11. The focus of this section is on assessing what the evidence tells us about potential demand for different housing products on the market side.
- 10.58 Our approach to considering housing mix integrates an analysis and understanding of market signals, economic and demographic trends with affordability drivers.
- 10.59 Trend-based population projections indicate growth in the population in most age groups, with the exception of those aged 35-49. The strongest growth between 2006-26 is expected to of those of retirement age (with an increase of 50,000 or 47% over the 20 year period). However the projections also indicate 16% growth in those aged 50-64, 9% growth in those aged 0-19 and 7% in those aged 20-34. A projected increase in the population aged over 60 is a key trend.

Figure 10.13: Population Growth by Age Cohort , TGSE

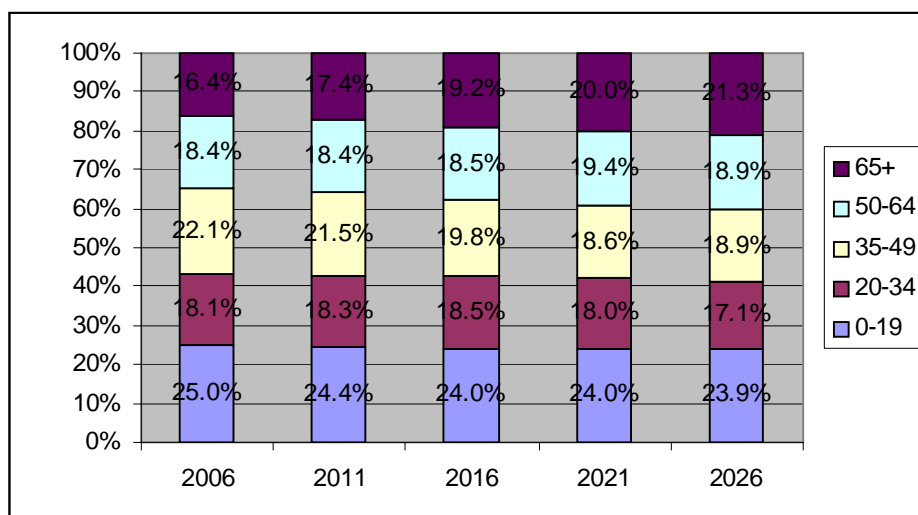


Source: ONS 2006-based Sub-National Population Projections

10.60 As Figure 10.13 indicates, projected demographic trends are expected to alter the age profile of residents in the TGSE area. The proportion of the population aged over 65 is expected to grow from 16% to 21% over the 2006-26 period. Those aged 50-64 are also expected to increase in proportional terms, with decline in other groups.

10.61 In reality, stronger housing supply and economic growth may support in-migration of younger households which may moderate the projected changes set out. However an ageing population remains a key trend, not just in this sub-region but across the region and the country.

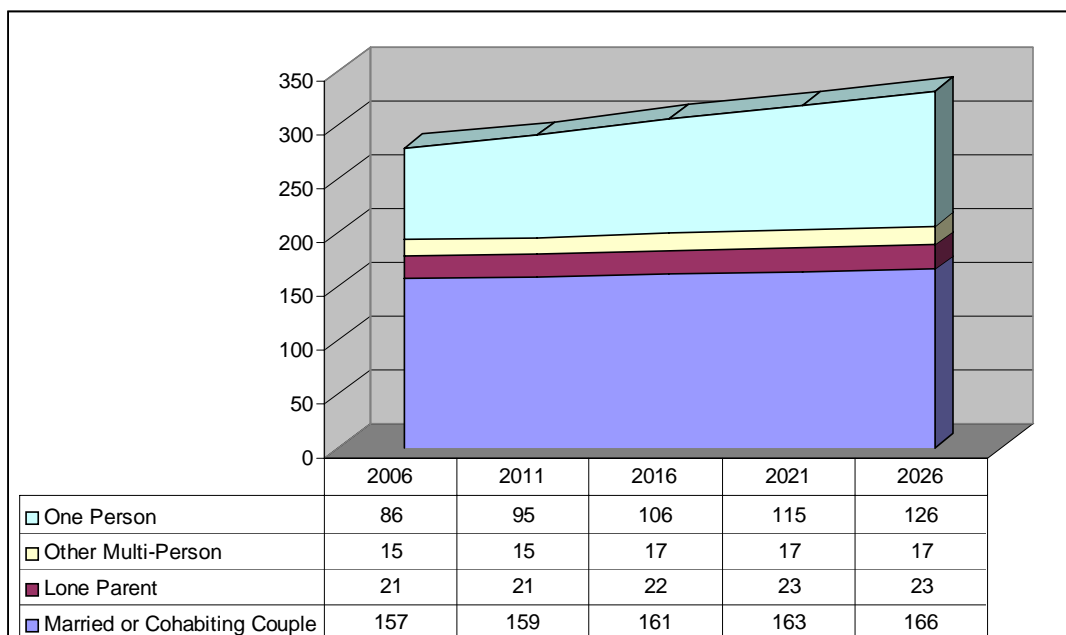
Figure 10.14: Changing Age Structure



Source: ONS 2006-based Sub-National Population Projections

10.62 The Government’s 2004-based household projections indicate how household size and structures are expected to change to 2026. Average household size across TGSE is projected to fall from 2.30 in 2006 to 2.11 in 2026.

Figure 10.15: Changing Household Structures, TGSE



Source: CLG 2004-trend-based Household Projections

- 10.63 The key trend is an increase in single person households: over the twenty year period, the number of single person households is expected to increase by 47%. This compares to a projected 19% growth in all households; 6% growth in married or cohabiting couples; 10% growth in lone-parent households; and 13% growth in other multi-person households.
- 10.64 We would expect a high proportion of the growth in single person households to result from more single persons aged 55 or over.
- 10.65 There is not however a direct relationship between household size and housing size, particularly in the market sector. Size of dwellings relates more to age and wealth than it does to the sizes of households. Households typically build up wealth through the course of a lifetime. Using a lifecycle model, households may start with smaller housing but progress up a housing ladder over the course of a lifetime looking for larger properties when they have children and when they are able to afford to do so. As they age and children move away from home, many households choose to remain in their existing housing rather than downsize. Across TGSE 75% of households under-occupied their home in 2001. There is therefore typically no direct relationship between house size and household size in the private sector. The social sector is more regulated in that housing is allocated in relation to the housing size required, but it is still possible for households to under occupy larger housing.

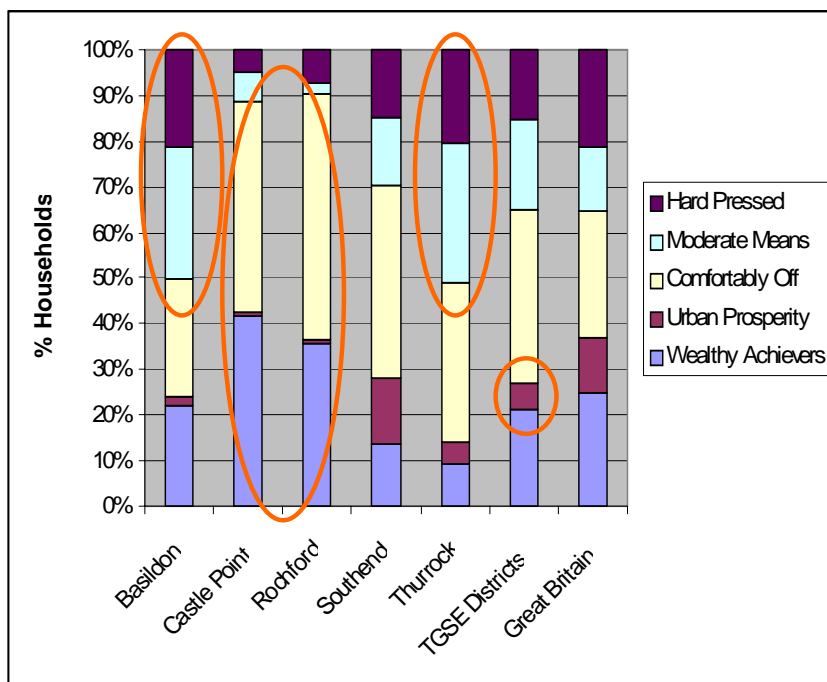
10.66 Housing and planning policies have little influence over who occupies housing, particularly in the private sector. A robust approach to providing for the mix of market and affordable housing should hence, in our view, be focused on providing a balanced mix of housing and resolving shortages in provision with regard to the existing supply.

10.67 This said, there is likely to be some merit in looking at providing a *choice* of appropriate housing for older people, which may encourage some to downsize or move into accommodation more appropriate for their needs, thus releasing a supply of larger housing for younger households. This will help to make best use of the existing stock.

10.68 To consider more broadly the appropriate mix of housing, we bring together our assessment of what the market is telling us about housing demand with an overview what the economic direction might mean for the occupational mix, and what opportunities this offers for developing the housing offer.

10.69 Figure 10.16 indicates the existing profile of households in the TGSE sub-region and constituent districts compared to the national profile. It is based on CACI's ACORN Classification. The orange circles highlight groups which are either highly or poorly represented compared to the national profile.

Figure 10.16: Socio-Economic Profile of Households, 2001



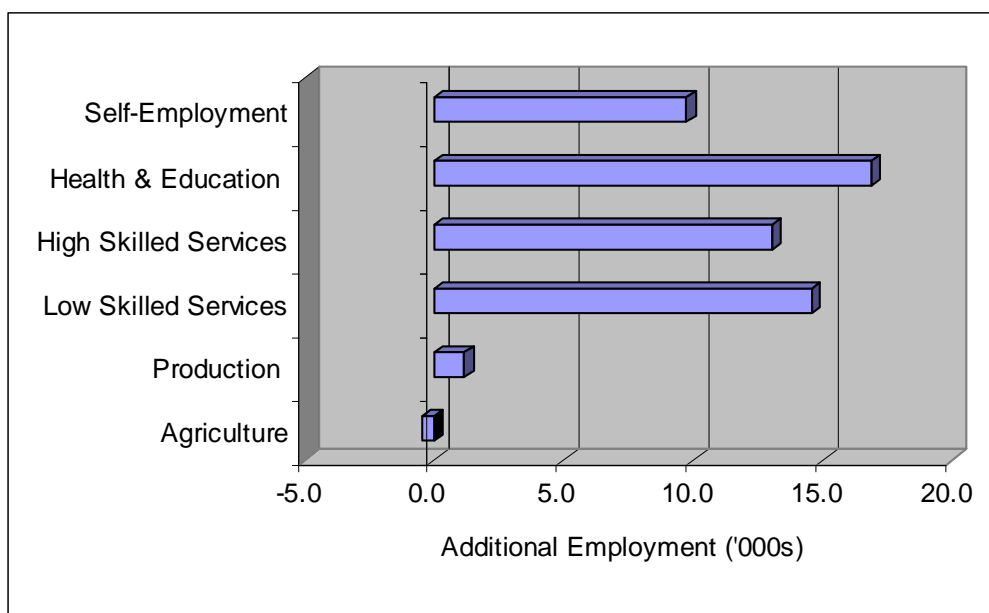
Source: CACI/ EGi

10.70 The analysis shows that the profile of households is strongly skewed towards less well off groups in Basildon and Thurrock (with over 50% households classified as hard pressed or of moderate means). In contrast in Castle Point and Rochford these groups account for around 10% of households, with over 35% households classified as wealthy achievers. Southend currently has the most balanced housing offer, with a high proportion of middle-income ‘comfortably off’ households.

10.71 There is a clear regeneration agenda which seeks to attract more aspirational households to the sub-region and particularly to Basildon and Thurrock.

10.72 Looking to the future, Figure 10.17 indicates projected employment growth for key occupational groups to 2021. Over the twenty-year period we project growth in both high and low skilled services and in self-employment. We would expect this to support demand at a number of levels in the housing market.

Figure 10.17: Forecast Employment Growth in TGSE by Occupation, 2001-21



Source: Oxford Economics/ GVA Grimley

10.73 Looking more specifically at individual districts, growth in low skilled services is particularly in Thurrock, Basildon and Southend. We would associate this with affordable and entry-level market housing. Higher skilled service sector employment which provides opportunities to develop more aspirational housing, is again focused in the larger towns as well as in Rochford.

Figure 10:18 Forecast Employment Growth by Occupation

Employment Change, 2001 - 2021	Production	Low Skilled Services	High Skilled Services	Health & Education	Self-Employment	Total
Basildon	1.5	3.3	3.4	4.7	3.2	16.0
Castle Point	-0.3	0.8	0.7	1.9	1.1	4.2
Rochford	-2.3	1.0	2.6	2.2	1.8	5.0
Southend-on-Sea	-2.0	3.6	2.8	2.9	0.7	8.0
Thurrock	4.3	5.9	3.6	5.2	3.0	22.0
TGSE	1.2	14.6	13.1	16.9	9.8	55.2

Source: GVA Grimley¹⁷

- 10.74 The findings continue to emphasise the need for a balanced approach to housing provision: providing a choice of housing to meet the requirements of a range of occupational groups.
- 10.75 Market signals indicate that the focus of demand in the sub-region remains on entry-level and mid market family housing (2/ 3 bed), particularly to the south of the A127. To the north of the A127 are areas of higher value-housing, where there remains demand for larger properties from those in well-paid managerial and professional occupations.
- 10.76 There are significant plans across the sub-region for regeneration including developing town centre / urban living associated with introducing a wider mix of uses into town centres.
- 10.77 Place-making interventions across the sub-region are critical to supporting housing demand and attracting people to live in TGSE's communities. The availability of jobs, good shopping and leisure facilities, good schools and parks will all help to attract people to live. Raising the quality of place, particularly in Basildon and Thurrock, will also be key to diversifying the housing mix.
- 10.78 Overall our conclusion is that the housing market in the sub-region is predominantly for houses. The market for flats is currently quite under-developed in South Essex relative to other towns in the South East and Eastern regions. This is a market sector which is also particularly at risk from the current market downturn.
- 10.79 GVA Grimley's research in Basildon (Basildon Strategic Housing Review, 2007) has identified that developers have been reluctant to bring forward brownfield town centre sites, as this is a relative untested and high-risk market (with limited recent flatted development in the major town centres to date); and returns are low given high build costs for flats set against relatively low values.

- 10.80 Sales values will need to rise for flats to be an attractive proposition. This looks relative unlikely in the short-term: flats have been particularly affected by the downturn in the housing market, both as a result of a decline in levels of first-time buyers and a notable slowdown in investment purchases. Values of flats are particularly vulnerable to a price correction. We would expect this to impact on the pipeline of new flatted development in the short/medium terms.
- 10.81 Over the medium/long-term there is an opportunity to develop the town centre/ urban living offer, particularly in the major urban centres in the sub-region; and where rail accessibility is strong. We would suggest however that this needs to be supported by broader town centre regeneration, which helps to create an attractive living environment and provides access to local services and leisure.

Summary

- Housing demand is influenced by levels of new household formation and migration movements. New household formation is influenced by the local population structure and by the availability and affordability of suitable housing. There is a close relationship between housing demand, supply and affordability. A further factor is spatial scale. Housing market dynamics are influenced by macro-economic factors such as interest rates and finance availability, the strength of housing market as an investment and by differentials in demand and supply. Spatial variations in house prices reflect economic performance and relationships with economic centres, the relative attractiveness of different locations and places to live. Planning for housing provision inherently needs to adopt a longer-term perspective to meet demand from household growth and set a framework for a timespan of fifteen years or more.
- The various strands of analysis indicate that housing demand in South Essex is projected to be strong – both as a result of internal economic growth in the sub-region, and from demand displaced from London and particularly from East London. The modelling undertaken indicates potential demand for 62,100 homes resulting from delivery of the 55,000 jobs target if commuting patterns remain consistent with today in proportional terms (i.e. 70.7% self-containment with 21% of trips to London). The work undertaken highlights the difficulties which the East of England RSS strategy presents, in terms of the scope to reduce commuting into London and East London given stronger employment growth which exceeds projected growth in the resident labour force associated with

¹⁷ GVA Grimley have modelled employment growth by occupation based upon the OEF forecasts but taking into account the potential impact of economic projects. They are workplace – based.

housing delivery. The implication is of continued demand pressures across the London, the East of England and South East regions, particularly in areas which are well connected by the transport network. We would expect continued housing demand pressures in these areas over the medium to long-term. If growth is not achieved, housing may constrain the availability of labour and hence levels of economic growth and will continue to contribute to affordability pressures.

Housing Mix

- Our approach to considering housing mix integrates an analysis and understanding of market signals, economic and demographic trends with affordability drivers. Projected demographic trends are expected to alter the age profile of residents in the TGSE area. The proportion of the population aged over 65 is expected to grow from 16% to 21% over the 2006-26 period. Those aged 50-64 are also expected to increase in proportional terms, with decline in other groups. Stronger housing supply and economic growth may support in-migration of younger households which may moderate the projected changes set out. However an ageing population remains a key trend, not just in this sub-region but across the region and the country.
- The key trend is an increase in single person households: over the twenty year period, the number of single person households is expected to increase by 47%. This compares to a projected 19% growth in all households; 6% growth in married or cohabiting couples; 10% growth in lone-parent households; and 13% growth in other multi-person households. We would expect a high proportion of the growth in single person households to result from more single persons aged 55 or over.
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- Housing and planning policies have little influence over who occupies housing, particularly in the private sector. A robust approach to providing for the mix of market and affordable housing should hence, in our view, be focused on providing a balanced mix of

housing and resolving shortages in provision with regard to the existing supply. There is likely to be some merit in looking at providing a *choice* of appropriate housing for older people, which may encourage some to downsize or move into accommodation more appropriate for their needs, thus releasing a supply of larger housing for younger households. This will help to make best use of the existing stock.

- The analysis shows that the profile of households is strongly skewed towards less well off groups in Basildon and Thurrock (with over 50% households classified as hard pressed or of moderate means). In contrast in Castle Point and Rochford these groups account for around 10% of households, with over 35% households classified as wealthy achievers. Southend currently has the most balanced housing offer, with a high proportion of middle-income 'comfortably off' households.
- The need for a balanced approach to housing provision remains, providing a choice of housing to meet the requirements of a range of occupational groups.
- Market signals indicate that the focus of demand in the sub-region remains on entry-level and mid market family housing (2/ 3 bed), particularly to the south of the A127. To the north of the A127 are areas of higher value-housing, where there remains demand for larger properties from those in well-paid managerial and professional occupations. There are significant plans across the sub-region for regeneration including developing town centre / urban living associated with introducing a wider mix of uses into town centres.
- Place-making interventions across the sub-region are critical to supporting housing demand and attracting people to live in TGSE's communities. The availability of jobs, good shopping and leisure facilities, good schools and parks will all help to attract people to live. Raising the quality of place, particularly in Basildon and Thurrock, will also be key to diversifying the housing mix.
- Overall our conclusion is that the housing market in the sub-region is predominantly for houses. The market for flats is currently quite under-developed in South Essex relative to other towns in the South East and Eastern regions. This is a market sector which is also particularly at risk from the current market downturn.

11. HOUSING NEEDS ASSESSMENT

Introduction

- 11.1 Housing need is defined as “the quantity of housing required for households who are unable to access suitable housing without financial assistance.”
- 11.2 This section assesses housing need in the five local authorities in Thames Gateway South Essex in 2008, estimating the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their needs in the market.
- 11.3 An up-to-date assessment of housing needs is a statutory requirement to inform planning policies for the delivery of affordable housing.
- 11.4 Affordable housing (adopting the PPS3 definition) includes social-rented housing and low-cost housing but not low-cost market housing. Its purpose is to demonstrate that need for affordable housing cannot be met by the current housing stock or existing planned provision, and that therefore additional affordable housing is required.

Approach

- 11.5 Housing needs surveys have traditionally been used to identify a range of aspirations, perceptions and financial information. However these surveys are limited by the fact that they are often based upon a small sample of the population which is assumed to be representative of the wider population and applied to it. Fundamentally, many of the questions within surveys are extremely specific and influenced by personal circumstances which differ from households to household. They are also heavily influenced by aspirations which are constrained by a variety of factors, including personal financial situations.
- 11.6 In recognition of these limitations, CLG’s Practice Guidance on undertaking Strategic Housing Market Assessments (CLG, March 2007) states that whether a Strategic Housing Market Assessment is based upon secondary or survey data should not be a factor in determining whether an assessment is robust and credible. It is clear that “no one methodological approach or use of a particular data set(s) will provide a definitive assessment of housing need and demand or market conditions” (p16).

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- 11.7 The Government's Guidance promotes use of good quality secondary data where appropriate and feasible and "triangulation" of data from multiple sources where there is no defensible and accurate data. This is the approach adopted herein. It has a number of key advantages in: encouraging greater consistency of assumptions; reducing costs; facilitating (annual) monitoring; and reducing methodological problems of bias with surveys.
- 11.8 There has been and remains some debate regarding the use of secondary sources to assess housing need. This includes concerns regarding the quality and robustness of housing waiting lists, and the degree to which concealed and overcrowded households are captured. It is also more difficult to capture information on households' incomes and equity. These limitations are accepted and catalogued. They are however not unique to the secondary sources approach. In recognition of these limitations, partners across TGSE have agreed to undertake the needs analysis initially using secondary sources, with the option to commission primary research at a later stage to confirm or develop elements of the work.
- 11.9 The secondary sources approach relies on interrogation of housing waiting lists. The quality and robustness of secondary data on housing registers, which include waiting and transfer lists (henceforth referred to as the 'waiting lists') can be affected by:
- The way in which local authorities maintain the register. Some local authorities for instance require households to re-register each year or review applications periodically, while others do not. There are also notable differences between local authorities in what information they record on applicants.
 - Questions over whether households could actually meet their housing needs in the market sector. Few waiting lists for instance include information on incomes which allows this to be tested.
 - The availability of stock which can affect the likelihood of a household being housed and influence whether they register. In the most extreme cases there are examples of local authorities closing their lists to new applicants. This can result in need being underestimated.
 - Variance in the allocations policies of social housing providers. This particularly becomes an issue when trying to provide a consistent assessment of need across local authorities.
 - Potential for households to register with more than one provider of affordable housing. This issue is particularly significant where there are several providers with a sizeable volume of stock in an area, where they do not maintain common waiting lists or lettings

policies. Households could also register (in some circumstances, depending on lettings policies) in more than one local authority area.

11.10 In some cases these issues could potential result in under-estimating actual need. There is for instance evidence that waiting lists under-estimate levels of concealed and overcrowded households, as not all may register with the local authority.

11.11 In other areas, there is the potential for waiting lists to over-estimate numbers of households in housing need. Waiting lists from one organisation can for instance include households who have been housed by another provider, particularly where households are not required to re-register periodically. It is also sometimes found that waiting and transfer lists include applicants who are not in need but have applied because they want to move to a different type of property or location (although they may not need to) or because they may wish to be considered for housing at some point in the future, but are not currently in housing need.

11.12 GVA Grimley and local authority partners have considered these issues in detail and sought to address them as far as practical to provide robust and defensible estimates of households in housing need.

11.13 The Project Steering Group has agreed that:

- The needs assessment will be undertaken on a local **authority by local authority basis**, but with a standard approach applied across the sub-region. It will deliver a single estimate of total housing need (net annual) for each local authority.
- The estimate of households in housing need should reflect those in **reasonable preference categories**, rather than all those on lists, discounting those who have registered as a form of security, or where the household might be able to meet their needs in the market sector.
- It is assumed that **all those in need register on a local authority waiting list** (LSVT equivalent), albeit that some households may also register independently with RSLs.
- The analysis will **make a distinction between older persons/ sheltered housing and general needs affordable housing requirements** where possible.

11.14 The result is an assessment which, while based on a variety of data sources, is strongly influenced by the actual numbers of households whose real circumstances have been assessed and defined as in housing need by local authorities. This approach, based upon actual numbers of households and their real circumstances differs from traditional housing needs surveys which record the situations and aspirations of a sample of households which

are then applied to the population as a whole. In this regard, the approaches are not directly comparable.

- 11.15 The housing needs assessment provides estimates of households in need based on the transparent methodology set out and the best available information. The estimates provided are based on households who are assessed to be in reasonable preference groups. These are defined below.

Definition of Reasonable Preference Groups

- Homeless households or those facing eviction;
- Households living in poor conditions (i.e. serious disrepair; officially overcrowded; unsanitary, i.e. without proper drainage and sewerage; or lacks basic washing and cooking facilities);
- Households which include someone with a medical condition (i.e. health problems, mobility problems or mental illness/depression which is made difficult/ worse by their current housing circumstances);
- Households needing to live in the area to avoid hardship (e.g. household member studying at special school; close to a relative/ carer);
- Persons at risk of violence or threats (i.e. domestic violence; witness/victim of crime at risk of intimidation; sexual/ racial harassment).

- 11.16 Each of the local authorities has attempted to disaggregate those on their waiting lists in reasonable preference groups. Where their waiting lists allow, they have excluded households who could afford to meet their needs in the private sector; young persons aged under 25 who are registered because they want to move out of a parents home but have no other reason for being in need; and households who say they want to move because of financial difficulties (where this is not means tested) but there is no other reason for being in need. These are considered to be lower priority groups.

- 11.17 The approach to disaggregating those in reasonable preference groups in each local authority is set out below:

- **Basildon** – The Council maintains a common waiting list with RSLs operating in the district. The banding system has been used to identify those in reasonable preference categories, with households in bands A-G included within the assessment and those in bands H and I discarded.

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- **Castle Point** - The Council has worked with GVA Grimley to estimate the proportion of households on their waiting list in reasonable categories. The waiting list is not means-tested but where households have funds to meet their own needs, they accrue minus points.
 - **Rochford** – The Council maintains the housing register and has a points-based allocations system which is means-tested. Households who have the financial resources to resolve their housing need, are not in a reasonable preference category or do not have a local connection are not awarded any points. The Council has used this to identify those in reasonable preference groups.
 - **Southend** – The Council maintains the housing register and households are not required to reregister annually. The allocation policy is currently points based, however the Council is introducing a banding system which encompasses the reappraisal of those on the waiting list. Due to this being work in progress, an assumption has been made that 60% of those on the waiting list are in reasonable preference groups.
 - **Thurrock** – The Council maintains a housing register and has a band-based allocations system. The Council includes an assessment of income and existing equity in its assessment of housing need. Households in the gold, silver and bronze bands are assessed as in reasonable preference categories.
- 11.18 The housing needs analysis assesses entry-level housing costs in the open market for newly-forming households using lowest quartile house prices and entry-level private rents to assess the proportion of newly-forming households who cannot afford to buy a home.
- 11.19 The remainder of this section provides robust estimates of housing needs in 2008 in the five local authorities in Thames Gateway South Essex to inform and support housing and planning policies.

Process Overview

- 11.20 The approach adopted is consistent with CLG's Strategic Housing Market Assessment: Practice Guidance. It is structured around the following stages:
- Stage 1 Current Housing Need (Gross Backlog)
 - Stage 2 Future Housing Need (Gross Annual Estimate)
 - Stage 3 Affordable Housing Supply
 - Stage 4 Housing Requirements of Households in Need

- **Stage 5 Bringing the Evidence Together**

- 11.21 To summarise the methodology, Stages 1-3 and Stage 5 together produce the overall assessment of housing need, with Stage 4 looking to populate this by indicating the types of housing required by those in need.
- 11.22 The approach is largely consistent with the Basic Needs Assessment Model set out in the *Local Housing Needs Assessment: A Guide to Good Practice* (DETR, 2000).

Entry-Level Housing Costs

- 11.23 In this section we estimate entry-level costs for access to the private market. It assesses households who cannot afford to access market housing; considering those who cannot afford either to purchase housing in the open market or to pay private sector rents without financial support.
- 11.24 We have assessed entry-level housing costs using lowest decile house prices in 2006 together with typical private sector rents for 2 and 3 bedroom properties in each local authority area. We assume that rental costs will not exceed 25% of gross income, and that households purchasing housing will be able to get a mortgage of three times their gross income with a 10% deposit.

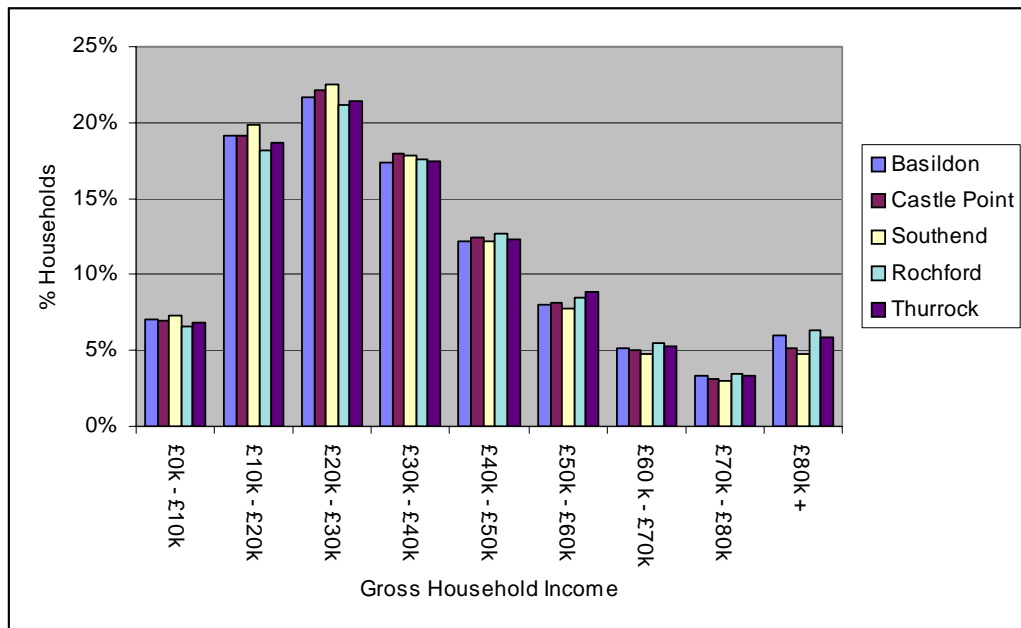
Figure 11.1: Entry-Level Housing Costs

	Monthly Rent, 2006/7	Lowest Decile Price, 2006	Income Required to Rent	Income Required to Buy
Basildon	£680	£121,000	£32,636	£36,300
Castle Point	£626	£142,000	£30,034	£42,600
Rochford	£671	£142,700	£32,224	£42,810
Southend	£644	£131,950	£30,918	£39,585
Thurrock	£672	£129,000	£32,269	£38,700

Source: HM Land Registry; Dataspring

- 11.25 Data on household incomes in each local authority has been used to estimate the proportion of households who cannot afford to buy or rent without support.
- 11.26 Figure 11.2 indicates the income distribution in each local authority. It is clear that there is not significant variance in the distribution of incomes between local authority areas.

Figure 11.2: Income Distribution



Source: CACI Paycheck/ Hometrack/ GVA Grimley

11.27 The income distribution is used to establish the proportion of households without equity in their existing homes who cannot afford to buy or rent in each district using the income thresholds established for purchase and rental.

Figure 11.3: Proportion of Households Unable to Buy or Rent



Source: CACI Paycheck/ Hometrack/ GVA Grimley

11.28 Across the sub-region between 48 – 55% of households without existing equity in their homes cannot afford to rent or buy without support. The level is highest in Basildon as comparative rental costs are higher in this district.

Basic Needs Assessment Model

Stage 1: Current Housing Need (Gross Backlog)

11.29 The Government’s Guidance sets out that the current backlog of housing need should be estimated through the following stepped process:

- Step 1.1: Homeless households and those in temporary accommodation
- Step 1.2: Overcrowded and concealed households
- Step 1.3: Other Groups: Existing tenants in need (i.e. in unsuitable properties) and households from other tenures in need
- Step 1.4: Total housing need (gross) = 1.1 + 1.2 + 1.3

Calculating the Backlog

- 11.30 For the purposes of calculating the backlog we assume that homeless households and those in temporary accommodation are included on housing waiting lists. In the absence of robust alternative information, we assume that overcrowded and concealed households in housing need will also register on waiting lists. The analysis is therefore based on current households on waiting lists in reasonable preference categories.
- 11.31 Figure 11.4 sets out our estimates of current households in housing need and how this splits out between general needs and older persons groups. Older persons are defined as those aged over 55. It also indicates the proportion assessed as in housing need in reasonable preference categories compared to the total volume of households on local authority waiting lists.

Figure 11.4: Estimates of Current Households in Housing Need

	Basildon	Castle Point	Rochford	Southend	Thurrock	Total
General Needs	713	784	126	1487	2560	5670
Older Persons	64	24	23	313	501	925
Total	777	808	149	1800	3061	6595
<i>Total on Waiting List</i>	<i>1212</i>	<i>1346</i>	<i>371</i>	<i>2995</i>	<i>5357</i>	<i>11281</i>
<i>% in Reasonable Preference Categories</i>	<i>64%</i>	<i>60%</i>	<i>42%</i>	<i>60%</i>	<i>57%</i>	<i>58%</i>
<i>Applications Pending</i>	<i>1100</i>	<i>-</i>	<i>330</i>	<i>-</i>	<i>-</i>	<i>-</i>

- 11.32 In a number of authorities there are also a high volume of applications pending. While these have not been included in our estimates of current housing need, they indicate that the estimates may be on the low side.
- 11.33 The estimates of current households in housing need exclude transfers, as a transfer will release existing affordable housing for other households. The number of transfer applications is shown in Figure 11.5 for reference only.

Figure 11.5: Transfer Applications

	Basildon	Castle Point	Rochford	Southend	Thurrock	Total
General Needs	58	147	45	201	1588	2005
Older Persons	294	32	11	427	708	1506
Total	352	179	56	628	2296	3511

Stage 2: Future Need

11.34 Future need (in terms of annual flows) is assessed through the following process:

- Step 2.1: New household formation (gross per year)
- Step 2.2: Proportion of newly-forming households unable to buy or rent in the market
- Step 2.3: Existing households falling into need each year
- Step 2.4: Future need = (2.1 x 2.2) + 2.3

11.35 Estimates of new household formation on an annual basis are derived from the Government's Sub-National Projections of Household Growth. These are trend-based projections of household growth, published by Communities and Local Government in 2007. We have assessed annual projected household growth over the 2006-16 period.

11.36 The proportion of newly forming households who cannot afford to meet their needs in the market were established in Figure 11.3. Figure 11.6 hence set out the projected numbers of newly-forming households who cannot afford to meet their housing needs in the market sector on an annual basis, by applying estimates of the proportion of households.

Figure 11.6: Proportion of Newly-Forming Households in Housing Need

	Basildon	Castle Point	Rochford	Southeast-on-Sea	Thurrock	Total
2.1 New Household formation	700	300	300	500	800	2600
2.2 Proportion of households unable to buy or rent	55%	48%	50%	51%	51%	
Proportion of Newly-Forming Households in Need	385	144	150	255	408	1342

11.37 The second main element of analysis relates to existing households falling into housing need each year. The CLG guidance sets out that this should be based on households "who have entered the housing register and been housed within the year as well as households housed outside of the register (such as priority homeless household applicants)."

11.38 CORE lettings data¹⁸ can however be used to estimate existing households falling into need by discounting newly-forming households (i.e. those where their previous type of accommodation was living with a family or staying with friends, a children's home or foster care). We have set out annual estimates based on averages for the past three years (2004/5, 2005/6 and 2006/7) where data allows¹⁹. We have excluded existing social tenants (transfer requests) from the assessment of both future need and affordable housing supply.

11.39 Figure 11.7 sets out estimates of existing households falling into need.

Figure 11.7: Estimates of Existing Households falling into Need

	Basilidon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
2.3 Existing Households Falling into Need						
General Needs	191	54	50	225	197	717
Older Persons	332	35	41	164	83	655
Total	523	89	91	389	280	1372

11.40 Drawing the analysis together, Figure 11.8 provides estimates of total newly-arising need per annum.

Figure 11.8: Total Newly Arising Housing Need per Annum

	Basilidon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
No Households per Annum						
Newly Forming Households in Need	385	144	150	255	408	1342
Existing Households in Need	523	89	91	389	280	1372
Total Newly Arising Need	908	233	241	644	688	2714

¹⁸ The Continuous Recording System (CORE) 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.

¹⁹ In Rochford the estimate is based upon 2005/6 and 2006/7; and in Thurrock on 2006/7 only. This reflects the period for which CORE provides data for both local authority and RSL lettings.

Stage 3: Affordable Housing Supply

- 11.41 This stage identifies the current stock that can be used to accommodate households in need, as well as future supply. It comprises the following stages:
- Step 3.1: Affordable dwellings occupied by households in need
 - Step 3.2: Surplus stock
 - Step 3.3: Committed supply of new affordable housing
 - Step 3.4: Units to be taken out of management
 - Step 3.5: Total affordable housing stock available = 3.1 + 3.3 + 3.3 – 3.4
 - Step 3.6: Annual supply of social re-lets (net)
 - Step 3.7: Annual supply of intermediate affordable housing available for re-let or resale at sub-market levels
 - Step 3.8: Annual supply of affordable housing = 3.6 + 7
- 11.42 Steps 3.1 – 3.5 is used to estimate affordable housing stock available. This is compared against current housing need (the backlog). The supply of affordable housing as an annual flow, taking into account levels of lettings, is compared against estimated levels of future housing need per annum.
- 11.43 We discount transfer applications from both sides of the equation. On this basis, levels of affordable dwellings occupied by households in need is zero. The annual supply of social re-lets is also discounted to exclude transfers.
- 11.44 Figures for surplus stock, units to be taken out of management and committed supply of affordable housing have been provided by each of the local authorities.
- 11.45 Surplus stock describes current vacant social sector properties which could be brought back into use, although recognising that some vacancy is necessary to allow for turnover.
- 11.46 The committed supply of affordable housing includes housing on sites with full or outline planning permission. It includes RSL development schemes as well as elements of affordable housing to be delivered through developer contributions.

Figure 11.9: Total Affordable Housing Stock Available

	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
3.2 Surplus Stock	52	0	4	7	0	63
3.3 Committed supply of new affordable housing	445	50	56	591	209	1351
3.4 Units to be taken out of management ²⁰	105	0	0	0	0	105
3.5 Total affordable housing stock available	392	50	60	598	209	1309

11.47 We have estimated the supply of social re-lets on an annual basis, drawing on data on lettings in 2004/5, 2005/6 and 2006/7 in both local authority and RSL sectors (where available) held by the Continuous Online Recording System (CORE). Lettings to existing social tenants (i.e. transfers) have been excluded.

11.48 The annual supply of intermediate housing is estimated from data held by Dataspring (from the Regulatory and Statistical Returns (RSR), produced by the Housing Corporation). We assume a turnover of 10% per annum of shared ownership properties.

Figure 11.10: Annual Supply of Affordable Housing

	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
3.6 Annual supply of social re-lets (net)	703	96	115	486	428	1828
3.7 Annual supply of intermediate affordable housing	36	4	4	21	21	86
3.8 Annual supply of affordable housing	739	100	119	507	449	1914

11.49 Figure 11.11 provides a breakdown between general needs and older persons/ sheltered accommodation based upon CORE lettings data. It is assumed that all intermediate affordable housing is general needs.

²⁰ Units to be taken out of management include affordable housing which is either demolished, redeveloped or disposed of.

Figure 11.11: Breakdown of Annual Supply of Affordable Housing

Estimated Annual Supply of Affordable Housing	Basilidon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
General Needs	371	61	74	322	345	1173
Older Persons	322	35	41	164	83	645
Total	703	96	115	486	428	1828

11.50 The final element of the assessment is to bring together the various stages to set out an annual estimate for affordable housing need for each of the districts.

Stage 5: Bringing the Evidence Together

11.51 This final stage involves the following three steps:

- Calculate Net Need – this is calculated by subtracting the total affordable housing stock available (3.5) from the gross current housing need (1.4).
- Estimate an Annual Flow – we have assumed that net need will be addressed over a 10 year period, so that 10% of net housing need will be addressed each year over a decade.
- Calculate Net Annual Housing Need – this is total newly arising need (2.4 + the Annual Flow) minus the annual supply of affordable housing (3.8).

11.52 The above calculation is used to derive an estimate of annual net affordable housing need for each local authority. The analysis is presented in Figure 11.12 below.

Figure 11.12: Net Annual Housing Need

	Basilidon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
Total net need	385	758	89	2074	2852	6158
Annual flow	39	76	9	207	285	616
Net annual housing need	208	209	131	344	524	1416

11.53 We can compare this to existing housing targets as follows.

Figure 11.13: Comparison of Net Annual Housing Need and RSS Targets

	Basildon	Castle Point	Rochford	Southend-on-Sea	Thurrock	Total
Net Annual Housing Need	208	758	131	2074	524	1267
RSS Housing Target (Residual 2006-21)	630	200	250	290	940	2330
% Ratio	33%	104%	52%	111%	56%	54%

11.54 Figure 11.14 draws together the preceding analysis to present the full assessment of housing need.

Figure 11.14: Overall Housing Needs Assessment

Step	Comments	Basilidon	Castle Point	Rochford	Southend	Thurrock	TGSE Total
Stage 1 - Current housing need (gross)							
1.1 Homeless households and those in temporary accommodation	Assumed picked in waiting lists	-	-	-	-	-	-
1.2 Overcrowding and concealed households	Assume that households in need will register on waiting lists	-	-	-	-	-	-
1.3 Other Groups	Households on LA Waiting List in 'Reasonable Preference' Groups excluding Transfers	777	808	149	2672	3061	7467
1.4 Total current housing need (gross)	1.1 + 1.2 (+1.3)	777	808	149	2672	3061	7467
Stage 2 - Future need							
2.1 New Household formation (gross per year)		700	300	300	500	800	2600
2.2 Proportion of households unable to buy or rent	Those unable to buy at LQ Prices or Rent Privately without Housing Benefit	0.55	0.48	0.50	0.51	0.51	-
2.3 Existing households falling into need		523	89	91	389	280	1372
2.4 Total newly arising need (gross per year)	(2.1 x 2.2) + 2.3	908	233	241	644	688	2714
Stage 3: Affordable housing supply							
3.1 Affordable dwellings occupied by households in need	Assume zero	0	0	0	0	0	0
3.2 Surplus Stock	Current vacants that could be brought back into use.	52	0	4	7	0	63
3.3 Committed supply of new affordable housing	Affordable housing on sites with full or outline planning permission.	445	50	56	591	209	1351
3.4 Units to be taken out of management	Housing currently let which is due to be demolished or refurbished.	105	0	0	0	0	105
3.5 Total affordable housing stock available	3.1 + 3.2 + 3.4 - 3.4	392	50	60	598	209	1309
3.6 Annual supply of social re-lets (net)	Excluding transfers	703	96	115	486	428	1828
3.7 Annual supply of intermediate affordable housing available		36	4	4	21	21	86
3.8 Annual supply of affordable housing	3.6 + 3.7	739	100	119	507	449	1914
Total net need	1.4 - 3.5	385	758	89	2074	2852	6158
Annual flow	10% of total net need	39	76	9	207	285	616
Net annual housing need	(2.4 + Annual flow) - 3.8	208	209	131	344	524	1416

-
- 11.55 Levels of housing need in absolute terms are strongest in the larger local authorities of Thurrock and Basildon. These areas however have high planned levels of housing delivery. In Southend and Castle Point in the east of the sub-region, levels of housing need are particularly strong relative to existing housing targets.
- 11.56 The levels of housing need identified reflect the methodology which includes:
- Existing households in unsuitable housing; and prospective households (e.g. current concealed households)
 - Newly-forming households who cannot meet their needs in the market sector, either by purchasing housing or renting privately without support
 - Existing households falling into need, such as those who are made homeless through repossessions.
- 11.57 Annual estimates of housing need in this context are not directly comparable with house building targets. The correct comparison with this, would be the level of newly-forming households who cannot meet their needs in the market. This is c. 54% across the sub-region.
- 11.58 The needs analysis represents a snapshot picture of current affordability issues. A critical factor is that the ability to meet housing need is determined to a notable extent by the level of existing affordable housing, which reflects past investment decisions.
- 11.59 It should also be noted that the private rented sector plays a role in meeting housing need, supported by housing benefit.
- 11.60 The housing needs analysis should therefore be regarded as an evidence base which demonstrates that in each of the local authorities, 'need' for affordable housing is greater than the 'supply' of affordable housing on an annual basis. This provides a justification for affordable housing policies in LDFs.
- 11.61 We address recommendations regarding affordable housing policies in the concluding section to this report.

General Needs and Older Persons Housing

- 11.62 Across the sub-region the majority of households on local authority waiting lists seek general needs properties. The proportion of all households (in reasonable preference groups) currently on local authority waiting lists aged over 55 varies between 4% in Castle Point and

8% in Basildon to 17% in Southend-on-Sea. In Rochford 13% of those on the list are aged over 55, in Thurrock 16%.

- 11.63 Figure 11.15 sets out total current housing need (gross) and compares this to the annual level of lettings (both excluding transfers) for general needs and older persons accommodation. This provides an indication of the relative pressures in the social rented sector.

Figure 11.15: Comparing Existing Housing Need with Lettings Rates

Ratio	Basildon	Castle Point	Rochford	Southend	Thurrock	TGSE Total
Overall Backlog	777	808	149	1800	3061	6595
Overall Lettings	703	96	115	486	428	1828
Ratio	1.1	8.4	1.3	3.7	7.2	3.6
General Needs Backlog	713	784	149	1487	2560	5693
General Needs Lettings	371	61	74	322	345	1173
Ratio	1.9	12.9	2.0	4.6	7.4	4.9
Older Persons Backlog	64	24	23	313	501	925
Older Persons Lettings	322	35	41	164	83	645
Ratio	0.2	0.7	0.6	2.8	6.0	1.4

- 11.64 This simple analysis indicates that there is greater pressure currently for general needs properties than for older persons/ sheltered housing in the social sector. It does though demonstrate stronger pressure for older persons housing in Thurrock particularly and Southend than in other local authorities.

Stage 5: Housing Requirements of Households in Need

Property Size Requirements: General Needs

- 11.65 We have analysed the level of households on waiting and transfer lists requiring different sizes of property in each local authority. In absolute terms demand is greatest for smaller property sizes. For four of the authorities, 45% of those on waiting and transfer lists for general needs properties require 1-bed properties; and 33% require 2-bed properties. 18% require 3-bed properties and 4% properties with four or more bedrooms.
- 11.66 To provide an indication of pressures in the social sector and the need for new affordable housing of different sizes, it is important to take account of the current stock mix and differential rates of turnover of different property sizes. This can be achieved by comparing

lettings to waiting/ transfer lists to provide an indication of comparative pressures. This is achieved in Figures 11.16 to 11.20 below for general needs properties.

Figure 11.16: Requirements by Bed Size in Rochford – General Needs

	1-Bed	2-Bed	3-Bed	4+ Bed	Total
Waiting List (Reasonable Pref)	61	46	61	3	171
Lettings per Annum	68	39	15	0.5	122
Ratio	0.9	1.2	4.1	6.0	1.4

11.67 In Rochford, the greatest pressures are for larger properties with three and four bedrooms.

11.68 In Basildon the greatest pressures are for four bedroom properties. The local authority already has a large supply of 3-bed terraced homes in the New Town.

Figure 11.17: Requirements by Bed Size in Basildon – General Needs

	1-Bed	2-Bed	3-Bed	4+ Bed	Total
Waiting List: General Needs	475	269	141	56	941
Lettings: General Needs	386	272	188	28	875
Ratio	1.2	1.0	0.8	2.0	1.1

11.69 In Southend there are very acute demand pressures for properties with four or more bedrooms, and strong pressures for three-bed properties as well.

Figure 11.18: Requirements by Bed Size in Southend-on-Sea – General Needs

	1-Bed	2-Bed	3-Bed	4+ Bed	Total
Waiting List: General Needs	966	779	610	267	2622
Lettings: General Needs	265	157	67	9	497
Ratio	3.6	5.0	9.2	29.7	5.3

11.70 In Thurrock, the demand pressures in contrast are greatest for one and two-bed properties.

Figure 11.19: Requirements by Bed Size in Thurrock – General Needs

	1-Bed	2-Bed	3-Bed	4+ Bed	Total
Waiting List: General Needs	2049	1483	579	37	4148
Lettings: General Needs	200	218	227	14	659
Ratio	10.2	6.8	2.6	2.6	6.3

- 11.71 In Castle Point District, demand pressures are greatest for larger properties with four or more bedrooms for which there have been no lettings over the past three years. Demand for two- and three-bed properties is greater than for one-bed.

Figure 11.20: Requirements by Bed Size in Castle Point – General Needs

	1-bed	2-bed	3-bed	4+ bed	Total
Waiting List	654	543	254	11	1462
Lettings	106	25	16	0	147
Ratio	6.2	21.7	15.9	-	9.9

- 11.72 We note at this point that the analysis between local authorities is not directly comparable, as in Castle Point, Thurrock, and Southend figures represent all those on waiting and transfer lists, while those in Basildon and Rochford are limited to those assessed as in reasonable preference categories. It does however reveal pressures for different property sizes in each local authority.
- 11.73 GVA Grimley has compared both the profile of the waiting list and analysis of demand pressures for different property sizes. These have informed recommendations regarding the mix of affordable housing by bedsize, as set out in Figure 13.1.

Property Size Requirements: Older Persons

- 11.74 It has proved difficult to assess property size requirements for older persons housing as there is a lack of consistent lettings data by bedroom size for older persons/ sheltered housing. The overall picture however is one in which demand is currently stronger for general needs properties. This may partially reflect issues with the quality and suitability of housing for older persons. We understand however that across the sub-region there is a strong aspirational demand for 2-bed units which get taken up very quickly when they become available.

Role of the Private Rented Sector in Addressing Housing Need

- 11.75 The private rented sector can play a role in meeting housing need supported by Housing Benefit. This effectively supplements households' income to allow them to meet housing costs in the private rented sector. This may prove particularly important in the short-term in meeting housing need, in a context in which need can increase over much shorter timescales than it is possible to deliver a supply response.
- 11.76 Worthing Borough Council's "*Opening Doors*" Service provide a potential Best Practice Case Study of using the private rented sector to meet housing need. Through this model, the

Council work with landlords to find potential tenants for their properties and resolve issues arising with between landlords and tenants. The Council provides a deposit guarantee scheme for suitable tenants, which is exempt from the legal requirements imposed by the Tenancy Deposit Scheme, and provide a range of more general advice to landlords including around their responsibilities and informal mediation. They also work with tenants to find them suitable properties, to ensure they are receiving benefits to which they are eligible and to negotiating tenancy agreements. The scheme is geared to enabling tenants on the Council's housing waiting lists to find suitable property in the Private Rented Sector.

- 11.77 Schemes such as this could be investigated by local partners in order to maximise the contribution which the private rented sector could make to addressing housing need.

Demand for Intermediate Housing

- 11.78 Research by Steve Wilcox for the Joseph Rowntree Foundation and most recently for Hometrack has established a national methodology for quantifying the potential market for intermediate housing. The approach quantifies the proportion of younger working households who cannot afford full home ownership in the open market.
- 11.79 Wilcox's research, *Can't Buy: Can't Rent – the Affordability of Private Housing in Great Britain* (Hometrack, 2007) has defined the proportion of working households in an area who could afford social housing rent without housing benefit but could not afford to buy at the lowest decile point of house prices for two- and three-bedroom homes. This was termed the 'narrow intermediate housing market.' The 'broad' or total intermediate housing market included households who were in work but on housing benefit, and those who could not afford to buy at lower quartile house prices. Based on 2006 data, the analysis assumed a 3.75 x household income for working households and 3.25 times income for households with two or more earners. It also assumed an 18% deposit.
- 11.80 This report found that in some local authorities, particularly in London, the South East and South West regions, over 40% households potentially fell into the intermediate housing market.
- 11.81 The potential scale of the intermediate housing market (using the narrow definition) ranges from c. 23% in Basildon to 32% in Southend.

Figure 11.21: Potential Scale of Intermediate Housing Market

	% Unable to Afford Social Rents	Narrow Intermediate Housing Market	Total Intermediate Housing Market
Basildon	13.4%	23.1%	42.7%
Castle Point	6.1%	25.1%	36.4%
Rochford	6.5%	27.4%	42.8%
Southend-on-Sea	8.8%	31.5%	47.5%
Thurrock	11.0%	26.1%	43.2%
East of England	10.1%	27.6%	44.1%

Source: Wilcox, S. (2005)

- 11.82 The intermediate housing market, based on this definition, includes both intermediate housing products and the private rented sector. These two sectors compete to a strong degree for the same market, with product differentiation the key difference between them.
- 11.83 The potential for the intermediate housing market has clearly grown as house prices have grown, and at a more significant rate than private and social sector rental levels. Recent changes in the market which have increased access difficulties to housing purchase for young buyers are likely to support demand for both private renting and intermediate housing products, including shared ownership and equity.

Summary

- Housing need is defined as “the quantity of housing required for households who are unable to access suitable housing without financial assistance.” An up-to-date assessment of housing needs is a statutory requirement to inform planning policies for the delivery of affordable housing.
- Affordable housing (adopting the PPS3 definition) includes social-rented housing and low-cost housing but not low-cost market housing. Its purpose is to demonstrate that need for affordable housing cannot be met by the current housing stock or existing planned provision, and that therefore additional affordable housing is required.
- The Government's Guidance promotes use of good quality secondary data where appropriate and feasible and “triangulation” of data from multiple sources where there is no defensible and accurate data. This is the approach adopted herein. It has a number of key advantages in: encouraging greater consistency of assumptions; reducing costs; facilitating (annual) monitoring; and reducing methodological problems of bias with surveys.

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- The housing needs assessment provides estimates of households in need based on the transparent methodology set out and the best available information. The estimates provided are based on households who are assessed to be in reasonable preference groups.
 - Levels of housing need in absolute terms are strongest in the larger local authorities of Thurrock and Basildon. These areas however have high planned levels of housing delivery. In Southend and Castle Point in the east of the sub-region, levels of housing need are particularly strong relative to existing housing targets.
 - Annual requirements for affordable housing (net annual housing need) are for 208 homes in Basildon District, 209 in Castle Point, 131 in Rochford, 334 in Southend-on-Sea and 524 in Thurrock making up a total of 1416 homes across the five local authorities. This is based on addressing the backlog of housing need over a 10 year period.
 - Annual estimates of housing need in this context are not directly comparable with house building targets. The correct comparison with this, would be the level of newly-forming households who cannot meet their needs in the market. This is c. 54% across the sub-region.
 - The needs analysis represents a snapshot picture of current affordability issues. A critical factor is that the ability to meet housing need is determined to a notable extent by the level of existing affordable housing, which reflects past investment decisions.
 - Analysis indicates that there is greater pressure currently for general needs properties than for older persons/ sheltered housing in the social sector. It does though demonstrate stronger pressure for older persons housing in Thurrock particularly and Southend than in other local authorities. In absolute terms demand is greatest for smaller property sizes. For four of the authorities, 45% of those on waiting and transfer lists for general needs properties require 1-bed properties; and 33% require 2-bed properties. 18% require 3-bed properties and 4% properties with four or more bedrooms. In Rochford, the greatest pressures are for larger properties with three and four bedrooms. In Basildon the greatest pressures are for four bedroom properties. The local authority already has a large supply of 3-bed terraced homes in the New Town. In Southend there are very acute demand pressures for properties with four or more bedrooms, and strong pressures for three-bed properties as well. In Thurrock, the demand pressures in contrast are greatest for one and two-bed properties. In Castle Point District, demand pressures are greatest for larger properties with four or more bedrooms for which there have been no lettings over the past three years. Demand for two- and three-bed properties is greater than for one-bed.

- It has proved difficult to assess property size requirements for older persons housing as there is a lack of consistent lettings data by bedroom size for older persons/ sheltered housing. The overall picture however is one in which demand is currently stronger for general needs properties. This may partially reflect issues with the quality and suitability of housing for older persons. We understand however that across the sub-region there is a strong aspirational demand for 2-bed units which get taken up very quickly when they become available.
- The potential scale of the intermediate housing market (using the narrow definition) ranges from c. 23% in Basildon to 32% in Southend. The intermediate housing market, based on this definition, includes both intermediate housing products and the private rented sector. These two sectors compete to a strong degree for the same market, with product differentiation the key difference between them. The potential for the intermediate housing market has clearly grown as house prices have grown, and at a more significant rate than private and social sector rental levels. Recent changes in the market which have increased access difficulties to housing purchase for young buyers are likely to support demand for both private renting and intermediate housing products, including shared ownership and equity.

12. HOUSING REQUIREMENTS OF OTHER GROUPS

- 12.1 This section considers the housing requirements of specific groups whose housing needs may be different from the mainstream population. It specifically considers dynamics and housing needs of the sub-region's student population; and the needs of older households, including for extra care housing. These are specific areas what partners identified a need to further understanding. It also considers briefly the requirements of Black and Minority Ethnic (BME) households together with Gypsies and Travellers.
- 12.2 The housing needs of other vulnerable groups are addressed through the Joint Strategic Needs Assessment which is being prepared by Essex County Council and the unitary authorities of Thurrock and Southend-on-Sea.

Older Persons

Changing Population Structures

- 12.3 An ageing population is a national issue and an ageing society poses one of the greatest housing challenges to our society. Households where the main householder is over 65 are expected to make up about half of projected household growth across the UK to 2026. Older people will also make up an increasing share of the total population with the ratio of people of pensionable age in the UK expected to fall from 3.3 in 2006 to 2.9 in 2031. It is also the oldest age groups which are growing fastest: while the population aged 65 and over is expected to grow by 76% to 2036, a 186% increase is expected in those aged 85 or more.
- 12.4 In TGSE the population of retirement age was 106,000 in 2006. By 2026 there are expected to be 50,000 more people aged over 65, representing growth of 47%. It is the oldest age groups which are expected to grow strongest, with 62% growth in the population aged 75 or more and 90% growth in the population aged 85 or more from a 2006 base. This growth will increase the share of the total population over retirement age in the sub-region from 16.4% in 2006 to 21.3% in 2026.
- 12.5 There are some key age cohort effects, as Figure 12.1 indicates. Strong growth is expected in those aged 65-69 between 2006-11 which then translates into growth in 70-74 year olds between 2011-16 and 75-79 year olds between 2016-21. The following age cohort is also quite large, working through to reasonable growth in 65-69 year olds between 2011-16 (which

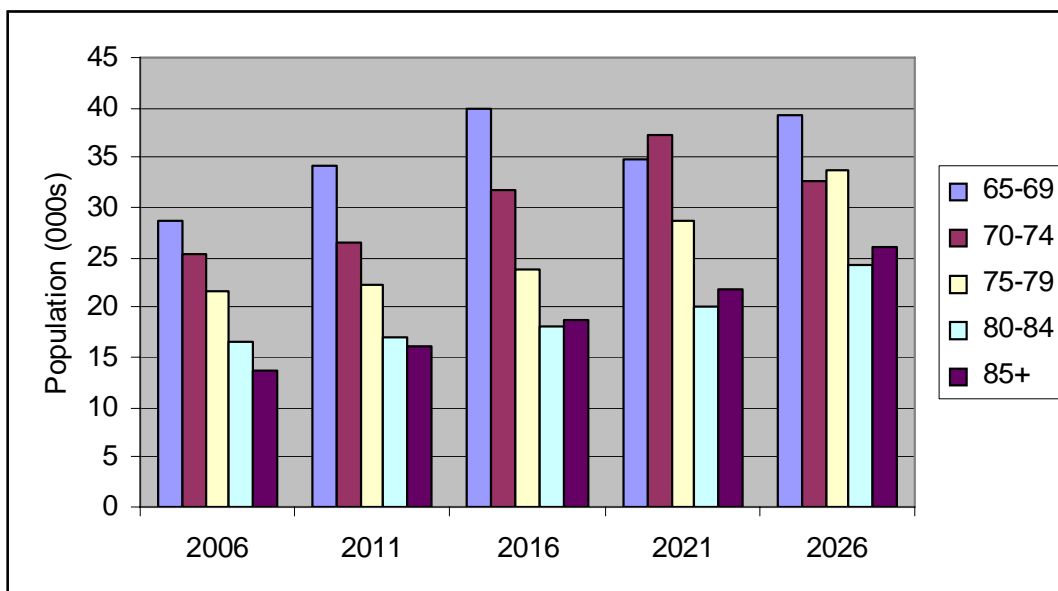
continues through to subsequent age/time periods). We also expect consistent strong growth in the 85+ age group as a result of increased life expectancy.

Figure 12.1: Projected Population Growth by Key Age Cohort, TGSE

	2006-11	2011-16	2016-21	2021-26
65-69	19%	17%	-13%	13%
70-74	4%	20%	17%	-12%
75-79	2%	7%	21%	18%
80-84	3%	6%	10%	22%
85+	18%	15%	17%	19%

Source: ONS 2006-based Sub-National Population Projections

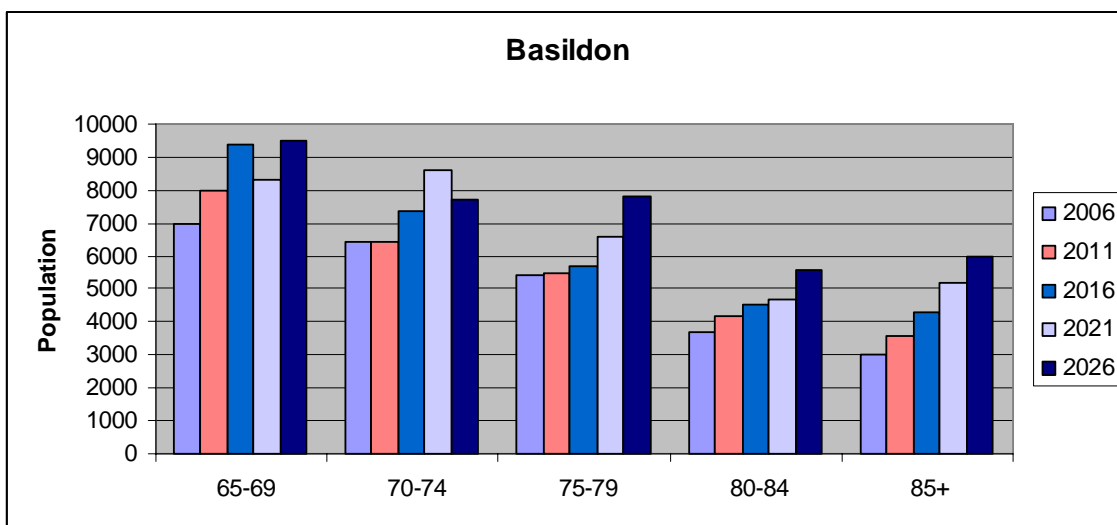
Figure 12.2: Growth in the Population of Older Persons, TGSE



Source: ONS 2006 Sub-National Population Projections

12.6 In all five local authorities the older population is set to increase significantly over the next twenty years. In terms of the timing of this increase, the 65-69 age groups is expected to increase most significantly over the 2006-11 period, and this then follows through to subsequent age groups in the following years.

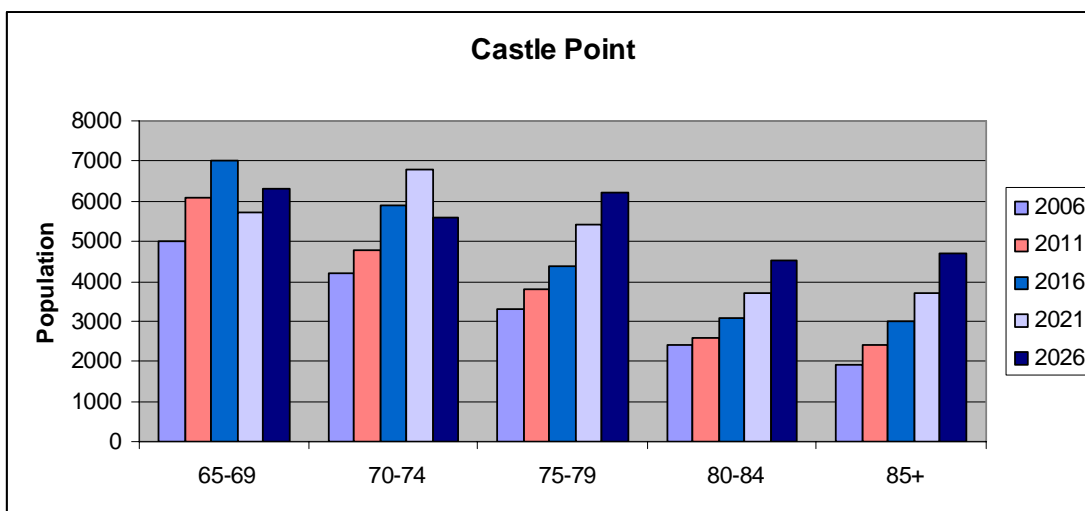
Figure 12.3: Growth in the Population of Older Persons, Basildon



Source: ONS 2006 Sub-National Population Projections

- 12.7 Figure 12.3 shows that in Basildon between 2006 and 2026 that there will be an increase in all age cohorts. There is a large increase in people aged 65-69 between 2011 and 2016, which then follows through in the subsequent age groups. The graph also shows that those aged eighty-five plus will double in size from 3000 to 6000 over the observed time period, which will have a significant impact on the housing requirements of this older persons group, as this group is likely to require the most assistance.
- 12.8 Figure 12.4 shows that in Castle Point there is a similar pattern to Basildon, in that there is a general increase in the older population over the observed time period. The most noteworthy trend is within the three older age groups (those 75+) in which the numbers of persons doubles over the observed time period. Again, this will mean an increase on specially adapted housing and services required for this age group.

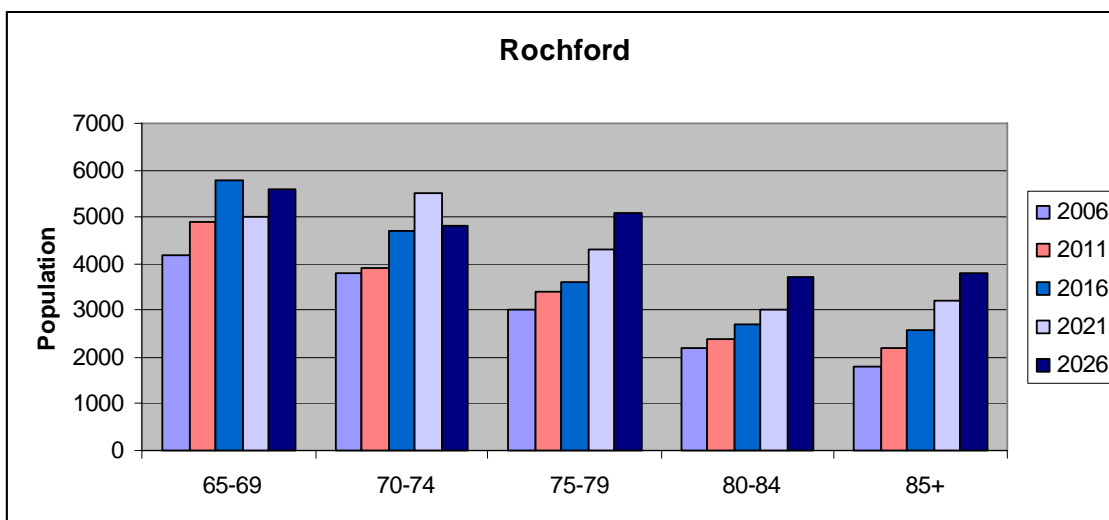
Figure 12.4: Growth in the Population of Older Persons, Castle Point



Source: ONS 2006 Sub-National Population Projections

12.9 Figure 12.5 shows that in Rochford between 2006 and 2026 there will be an increase in all age groups over 65. In Rochford there will be a substantial increase in the sixty-fives to sixty-nine between 2011 and 2016. This surge in older people follows through in following age groups. The pattern of increase in the first two age groups is more dramatic in the first ten to fifteen years, however both end with a decline. The latter three age groups show a consistent and steadier increase throughout the time period to 2026.

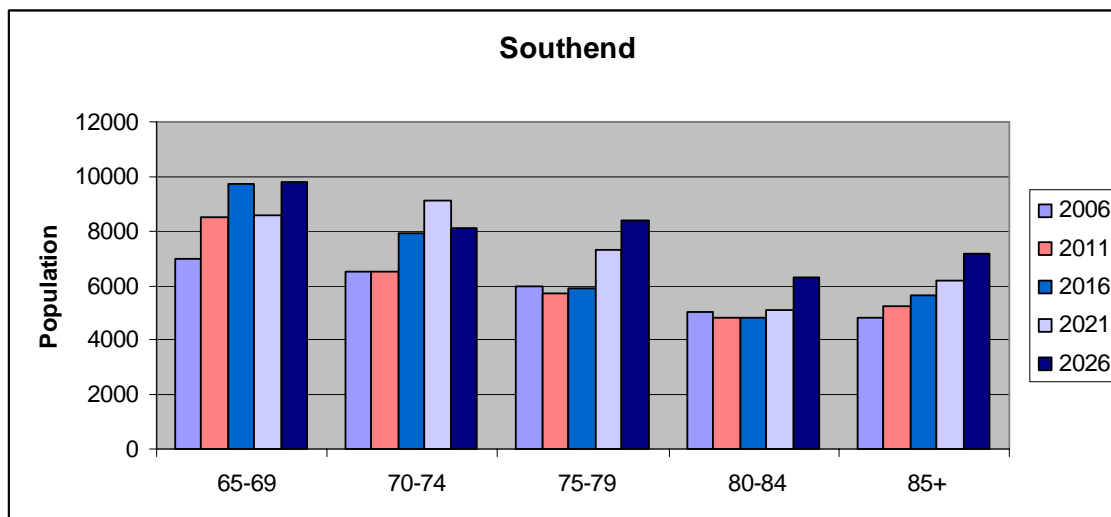
Figure 12.5: Growth in the Population of Older Persons, Rochford



Source: ONS 2006 Sub-National Population Projections

12.10 In Southend, over the observed time period, there will be an increase in all age groups of the older person category. The population aged over 65 is projected to grow by 36% which in fact is the lowest of the five local authorities. This partly reflects the existing demographic structure, with a higher current proportion of older persons.

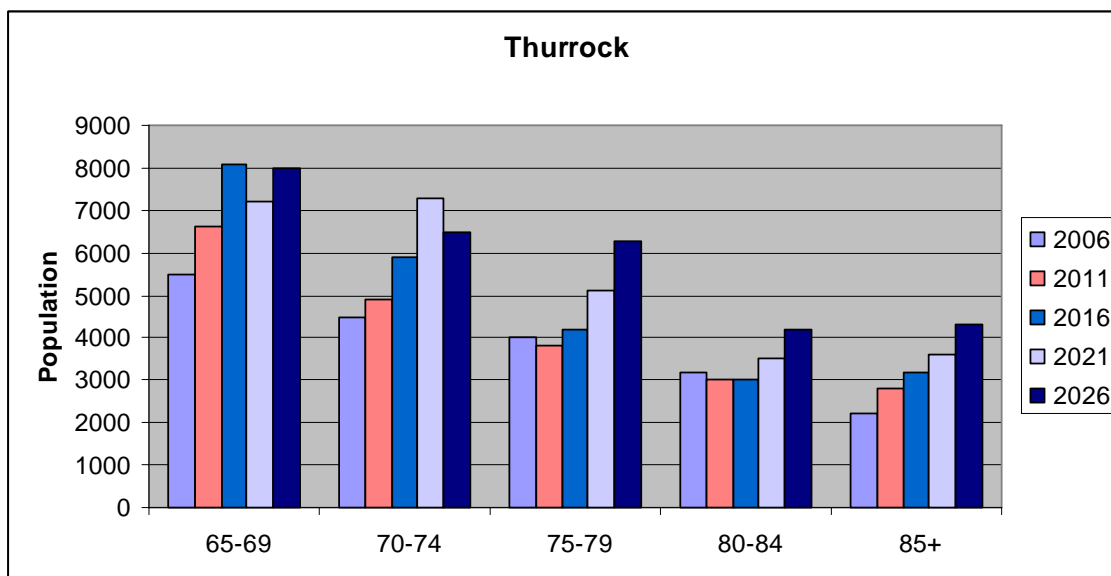
Figure 12.6: Growth in the Population of Older Persons, Southend



Source: ONS 2006 Sub-National Population Projections

12.11 In Thurrock, over the 2006-26 period, there will be an increase in all age groups of the older person category. Again similar to Basildon and Rochford, there is marked increase in the sixty-five to sixty-nine, and then this increase is evident in the following age groups in the subsequent years.

Figure 12.7: Growth in the Population of Older Persons, Thurrock



Source: ONS 2006 Sub-National Population Projections

12.12 Figure 12.8 summarises the findings. The growth in the population of retirement age is strongest in Castle Point and Rochford, and lowest in proportional terms in Southend. In absolute terms growth is expected to be more significant in the larger authorities of Basildon, Southend and Thurrock. Looking more specifically at the population aged 85, this is expected to more than double in size over the twenty year period in Basildon, Castle Point and Rochford and grow by 95% in Thurrock.

Figure 12.8: Projected Population Growth aged 65+ and 85+

2006-26	65+		85+	
	Change (000s)	%	Change (000s)	%
Basildon	11.1	44%	3.0	100%
Castle Point	10.5	63%	2.8	147%
Rochford	8.0	53%	2.0	111%
Southend	10.5	36%	2.4	50%
Thurrock	9.9	51%	2.1	95%

Source: ONS 2006 Sub-National Population Projections

12.13 Growth in the population of older persons has a strong effect on the profile of housing demand in the County. The majority of household growth in the period to 2026 is expected to be of single person households. Based on national and local demographic trends a high proportion of this is likely to be growth in single person households of pensionable age.

Housing Requirements

- 12.14 The ageing population structure is clearly set to be a significant influence on future housing needs and requirements and one which needs to be specifically recognised at a policy level. A co-ordinated policy response is necessary across the housing, planning, health and social care fields.
- 12.15 The Government's strategy, *Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society* (CLG, Feb 2008), emphasises that ensuring that older people have access to good quality housing is vital to helping them maintain their independence and quality of life. It sets out some core principles for planning for housing for older people:
- that everyone should be able to make a choice that mirrors their lifestyle and circumstances; and above all, to remain safely in their own home, near family and friends, as long as they wish to;
 - that good housing is essential for good health and well-being, and should be valued and planned as such. It is important to the quality of life of older people and preventative healthcare.
 - that as years go by, there will be a choice of desirable housing in desirable neighbourhoods with support and care to match changing capabilities.
- 12.16 While there are a range of specific housing products which target an elderly market, the vast majority of older people wish and choose to remain living in the homes which they have lived in for many years. Across the UK, just under three quarters of people aged 90 and over were living in private households in 2001. Only a minority of older people live in sheltered or extra care housing, even amongst those aged over 85 (19%).
- 12.17 Mainstream housing in both public and private sectors is likely to remain the main means of meeting demand from a growing older population. There is hence a clear need to ensure that mainstream housing remains suitable for people's needs as they grow older.
- 12.18 Some vulnerable individuals will however require support or bespoke housing solutions. The levels of support which older households will require will depend on their fitness and mobility and to a degree their age. The emerging *Joint Strategic Needs Assessment for Essex* (draft, Feb 2008) indicates for instance that life expectancy is above the national average at 79.4 compared to 78.3 across England and that fewer than average people consider themselves to have health problems. Life expectancy is however below average in Southend and Thurrock. It identifies that by 2025, we can expect a c.50% increase in the numbers of older residents

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- with long-term conditions across Essex, with the residents with mobility problems expected to increase from 46,000 to 68,400; and those with dementia from 23,300 to 35,500.
- 12.19 Projecting the housing needs of older persons is difficult because there are no direct correlations which can be made between age, household size, tenure and support requirements.
- 12.20 The population projections indicate significant growth in older households and particularly older single person households. In TGSE 75% of households under-occupy their housing which is above the national average. It is a combination of family size, wealth and age which determines household size. In this context, many older households are likely to choose to remain living in larger family homes which they may have occupied for many years. They often have a sentimental attachment to these homes, or wish to retain space to allow their wider family and friends to come and stay.
- 12.21 The decisions of older households will however influence the supply of housing available for other groups, and impact upon the entire market. There may be opportunities to support some older households to downsize to release supply of larger family housing for younger families. For some households high heating and other housing costs or mobility problems may make a move to a more manageable property a practical step. For other “asset rich, income poor” households it may be a method of releasing equity to support their retirement and leisure activities. However this will be dependent on the availability of attractive, suitable housing in the right locations which provide access to friends and family.
- 12.22 Some older households looking to move may also consider relocation, for instance to the coast, or overseas. This is likely to be influenced by the strength of attachment to location and local networks of family and friends.
- 12.23 There may also be a limited scope for provision of shared ownership products, appropriately targeted. Schemes will need to be affordable and flexible to changes in household circumstances. Research by Croucher (2008) has identified that bungalows are perceived by older groups as attractive because of their perceived accessibility. Two bedroom bungalows were seen as a minimum requirement, providing flexibility and reasonable space standards.
- 12.24 There are also a range of specialist housing products specifically targeted at older people. Specialist housing can be defined as a “diverse range of housing specifically built for older people, from retirement homes to nursing homes.” It includes nursing homes, extra-care housing, integrated care, sheltered housing and private retirement housing.
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12.25 In TGSE there is a range of housing schemes which targets older people. This includes sheltered housing schemes, extra-care housing and care homes. As instructed, GVA Grimley have looked into the supply and demand for extra-care housing in more detail.

12.26 Extra Care housing is defined as purpose-build accommodation in which varying amounts of care and support can be offered and where services and facilities are shared. Extra care schemes commonly cater for those with differing care requirements, but provide access to care and support 24 hours a day.

12.27 Figure 12.9 outlines the existing Extra Care schemes in the sub-region. There are a total of 11 schemes which together provide 566 properties. It is notable that there is a disproportionately low number of extra-care facilities compared to provision of sheltered housing.

Figure 12.9: Current Extra Care Housing Schemes

Local Authority	Scheme Name	Location	Managed By	Scheme Type	No Properties	Bed Sizes	Opened	Refurbished
Basildon	Afflets Court	Basildon	Basildon DC	Extra Care	60	1-bed	1989	
	Queens Park Court	Billericay	Basildon DC	Extra Care	60	1/2 bed	1989	
	Southwood Court	Basildon	Printers Charitable Group	Extra Care	40	1-bed	2000	
Castle Point	None							
Rochford	Ashingdon Hall	Rochford	Maviswood Ltd	Sheltered	15	Studio	1550	2006
	Coachman Court	Rochford	McCarthy & Stone	Assisted Living	66	1/2-bed	2005	
	Dobsons Close	Rayleigh	Swan HA	Extra Care	30	1/2-bed	2006	
	St Luke's Place	Rochford	Springboard HA	Frail Elderly	50	Studio/1-bed	1938	1997
Thurrock	Kynoch Court	Thurrock	Thurrock BC	Extra Care	48	1-bed	1985	
	Piggs Corner	Thurrock	Thurrock BC	Extra Care	88	1/3-bed	1983	
Southend	Alston Court	Westcliff	Bovis Homes	Very Sheltered	54	1/2-bed	2000	
	Catherine Lodge	Southend	Springboard HA	Frail Elderly	55	1/2-bed	1984	2006

Source: www.housingcare.org²¹

12.28 As Figure 12.9 outlines, the majority of schemes have been build either in the 1980s or since 2000. A number of the older schemes have been refurbished over the last 10 years.

²¹ Local Authority Partners have expressed some concern over the accuracy of this information.

12.29 To consider future demand, we have sought to apply prevalence rates for dementia and cognitive impairment to trend-based projections of population growth.

12.30 As Figure 12.10 indicates, we would expect a 65% increase in dementia sufferers between 2006-26 across the TGSE sub-region with an increase in sufferers of almost 4,800.

Figure 12.10: Prevalence of Dementia

	Population ('000s), 2006	Population ('000s), 2026	Prevalence Rate	Est. Persons with Dementia, 2006	Est Persons with Dementia, 2026	Increase
65-69	28.7	39.2	1.4%	402	549	147
70-74	25.4	32.7	2.8%	711	916	204
75-79	21.7	33.8	5.6%	1215	1893	678
80-84	16.5	24.3	11.1%	1832	2697	866
85+	13.7	26	23.6%	3233	6136	2903
Total	106	156		7393	12191	4798

Source: Jorm et al. 1987; Extra Care Housing Toolkit; ONS 2006 SNPP

Figure 12.11: Prevalence of Cognitive Impairment

	Population, 2006	Population, 2026	Prevalence Rate	Est. Persons with Cognitive Impairment, 2006	Est Persons with Cognitive Impairment, 2026	Increase
65-74	54.1	71.9	2.3%	1244	1654	409
75-84	38.2	58.1	2.2%	840	1278	438
85+	13.7	26	21.9%	3000	5694	2694
Total	106	156		5085	8626	3541

Source: Melzer & Bryne; Extra Care Housing Toolkit; ONS 2006 SNPP

12.31 Figure 12.11 demonstrates that we might expect an increase of 70% in persons with a cognitive impairment: an increase of 3,500 persons over the 2006-26 period.²²

12.32 While for some of these persons an in situ solution will be appropriate, others may wish to move to supported or Extra Care housing.

12.33 The implication of demographic trends and the modelling undertaken is of a significant growth in need for bespoke housing solutions, which includes Extra Care Housing, to support a growing elderly population, and particularly strong growth in the population aged over 85. Essex County Council's Older People Strategic Review recognises this and identifies: an increase in demand for services for older people; an increasing number of frail elderly needing a higher level of support; and the need for more 'Extra Care' provision in the future.

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- 12.34 Provision of Extra Care Housing will provide an opportunity to reduce the number of older persons moving into long-term institutional care and increase housing choices for older persons.
- 12.35 Suitable locations for housing for bespoke products targeted at older persons are where they are accessible to local transport, facilities and amenities. Croucher (2008), through focus group research, has identified that effective and reasonably priced transport services are a particular priority in allowing access to a wide range of facilities. Local Planning Authorities should not look to provide housing for older persons in locations which are outside of existing settlements or at locations which will not be accessible by bus. This approach will promote social inclusion.
- 12.36 We consider that there will be a sharp growth in demand for specialist housing given the projected increase in population in the older age cohorts (75+ and 85+). However quality, choice and location will be key to demand for individual schemes: space standards should be sufficient to allow for flexibility, for socialising, for dining together and for welcoming visitors; and to accommodate the possessions which older people have built up over a lifetime. We would suggest that demand for bedsits is likely to be limited, and that two bedroom properties should be considered a minimum.
- 12.37 It should also be noted that an increasing elderly population does not necessarily preclude demand for current sheltered housing schemes. The size, quality and location of existing properties and schemes will need to be right. *Homes for Older People: An Accommodation Strategy for Older People in Essex 2007-9* (ECC) recognises this. It sets out that a lot of current specialist accommodation is not 'fit for purpose' to meet the needs of future older people, and that there may be too little of other (non-sheltered) types of suitable housing. It claims that housing for older people is currently inadequate in terms of people's aspirations and expectations; and in terms of the type of accommodation and its location.
- 12.38 It is however important to recognise that most older people are happy with their current home and that the level of moves amongst older households is limited. Health is identified by Croucher (2008)²³ as a key deciding factor in people's decisions to move. In this context, the suitability and flexibility of all housing stock, and support available in making adaptations to it is likely to be particularly important to meeting the needs of an ageing population. Some older households may also choose to move in with relatives for instance. Policies allowing the subdivision and extension of properties will need to support this.

²² We note that dementia and cognitive impairment are not mutually exclusive.

²³ Croucher, K. (2008) *Housing Choices and Aspirations of Older People*

Adaptable Housing

- 12.39 Most older persons are likely to continue to live in the market sector, and in homes which are not built specifically for their needs. To meet the needs of an increasing older population, action is required both in building adaptable homes which can continue to meet households' needs as they grow old; and to adapt existing housing to meet the needs of older persons, recognising that new housing represents only a limited proportion of the total housing stock.
- 12.40 The Government has established a "Lifetime Homes Standard" which seeks to promote the development of new housing which is capable of meeting the changing needs of households throughout their lifetime. The standard encourages the design of new housing to incorporate simple features which includes level or gently sloping approaches to properties, doors wide enough to allow wheelchair and buggy access, a living room and toilet at entrance level, a bathroom which offers the potential for side access to both toilet and bath, and electrical sockets at convenient heights. It is estimated that these simple features could add around £550 to the cost of new homes, but this could be avoided if designed-out early enough.
- 12.41 Housing design should be user-friendly, low maintenance and safe to meet the needs of older persons; to minimise the risk of falls and support independence. Local Planning Authorities should establish suitable development control policies and work with developers to implement these.
- 12.42 The Government is proposing that the Lifetime Homes Standard will be made mandatory through the Code for Sustainable Homes at level 6 from 2008, level 4 from 2010 and level 3 from 2013²⁴. All public sector funded homes will therefore need to be built to meet the standard from 2011. The Government's aspiration is that all new homes will be delivered to lifetime homes standard by 2013.
- 12.43 Adapting existing housing to meet the needs of older persons will be equally (if not more) important, recognising that new housing represents only a limited proportion of the total housing stock. Government has recently increased funding for the Disabled Facilities Grant by 31% to 2011. It's Strategy for Housing in an Ageing Society; Lifetime Homes, Lifetime Neighbourhoods; also promotes handyperson services managed by local authorities which help older people with quick repairs and adaptations to their homes.

Support Services

²⁴ Lifetime homes standards are to be integrated within the Code for Sustainable Homes

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- 12.44 As well as providing the right new homes and making adaptations to existing properties, co-ordinated support and advice services are going to be essential to meeting the housing needs of an ageing population. This is critical to engaging with older people and explaining to them the options which are available to meet their requirements. Lifetime Homes, Lifetime Neighbourhoods, the Government's National Strategy, emphasises a joined-up approach to service delivery which spans housing, health and social care departments and bodies.
- 12.45 Local authorities across the sub-region should offer a seamless service which offers advice and signposting on care and support; housing-related finance (including options for equity release), adaptations and repair. Critically "better information about housing options might enable people to make informed, proactive decisions as opposed to reactive decisions at the point of crisis." (Croucher, 2008). .
- 12.46 Support services are likely to be delivered through the Supporting People (SP) Programme, albeit that these respond to a range of needs not just those of the elderly. This is targeted at ensuring that vulnerable people have the opportunity to live more independently and delivers housing related services including benefits advice, teaching life skills, budgeting and assistance with finding permanent accommodation. It is delivered by three SP Strategies commissioned by Essex County Council, and the unitary authorities of Thurrock and Southend. From April 2009 it will be delivered through the LAAs. The Sub-Regional Housing Strategy makes a series of recommendations for future action and investment in Supporting People services for vulnerable groups.

Students

- 12.47 Local partners have identified that growth in student populations in the sub-region may impact on the housing market. GVA Grimley has sought to assess the potential impact of changing student populations through discussions with the key further and higher education institutions in the sub-region, to consider inter alia: the current housing circumstances of their student populations; their plans for development and growth; and plans to build any bespoke student accommodation.
- 12.48 There is one University (University of Essex) and four traditional Further Education colleges in the sub-region.
- 12.49 The University of Essex currently only has 282 students at their campus in Southend of which 50% are full-time students. However student numbers are projected to grow by 316% to 1175 over the next four years to 2011/12 as the University expands its Southend presence.

- 12.50 Currently the University's Accommodation Office only supports full-time students with housing. As of 30th November 2007, the University's database shows the following breakdown of students' living arrangements for full-time students. Overall 50-60% of full-time student live in the Halls of Residence and 40% in private housing.

Figure 12.12: Living Arrangements of University of Essex Students in Southend

	Undergraduate	Postgraduate
University-Managed Accommodation	60.50%	53.40%
Living in Own Home	25.90%	8.30%
Living in Private Rented Sector	9.90%	31.70%
Other/ Unknown	3.70%	6.60%

Source: University of Essex

- 12.51 The majority of undergraduate students live either in University-managed accommodation or in their own/ a parent's home. Just 10% live in the private rented sector. A higher proportion of postgraduate students are resident in the private sector (32%).
- 12.52 Projected expansion in student numbers is set out in Figure 12.13.

Figure 12.13: Projected Student Numbers, University of Essex Southend

2007/8	2008/9	2009/10	2010/11	2011/12
282	577	857	1065	1175

- 12.53 The University, we understand, is currently in negotiation with a number of developers to build new student accommodation. The project with the highest probability of reaching agreement is a site on London Road which could provide 400-500 rooms. There is another proposal which is part of a larger development which could potentially provide 154 rooms. The earliest date that these projects would be delivered is by 2010. They would predominantly be used to house first-year students.
- 12.54 The University currently leases 22 properties in a Head Leasing Scheme which provides just over 100 rooms. It is anticipated that this will grow to around 35 properties for the next academic year. The properties which the University currently leases are all within 20 minutes walk of the High Street in Central Southend and Westcliff.
- 12.55 It is likely that this number of properties required in the future in the private rented sector through direct lets to landlords for second and third-year students would increase; as more students progress into second and third years of their courses. The scale of the impact may though be limited. With plans to build 600 bed spaces and expected growth in student

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- numbers by 820 to 2012, we might expect some impact on demand in the private rented sector.
- 12.56 Looking at the wider context, current market conditions are supporting growth in demand for the private rented sector as would-be first-time buyers defer from purchasing, and others are priced out of the market. This is supporting rental growth as identified. The investment context, given a change of lending criteria, concerns over the direction of travel of house prices, and low market confidence are not likely to lead to significant growth in the size of the private rented sector which is characteristically supply-driven in the short-term. That said, over the longer-term we would expect new town centre apartment provision in Southend to be attractive to an investment market.
- 12.57 Student lets are an attractive proposition to landlords due to the higher rental income that can be obtained per property. The short-term effect may therefore be to increase rents in the private rented sector. Current trends indicate that the number of landlords approaching the University wishing to let to students is increasing.
- 12.58 In the further education sector the impact on the housing market of trends is limited, as the majority of students are existing local residents. However a number of the FE Colleges have expansion plans. This includes an expansion of Prospects College campus in Basildon to accommodate another 350 pupils; and the proposed development of a new Town Centre Campus in Basildon for East Essex College, Prospects College and Seevic College. This will provide foundation degrees by 2012. Neither Prospects College or Palmers College have plans for the development of student accommodation and do not believe that their development will have any notable impact on the housing market.

BME Households

- 12.59 Sustainable communities are intended to be vibrant, harmonious and inclusive. All in the community should have access to housing, housing services and support including those in BME communities.
- 12.60 As we have identified, the population from Black or Minority Ethnic groups in the sub-region is relatively small but has been growing. There is anecdotal evidence of movement of BME households from London into the sub-region and of an increasing migrant population from EU Accession countries in Eastern Europe, with some of the latter group living intensively in multi-occupancy households.

- 12.61 Differences in ethnicity do not mean that socio-economic characteristics or housing requirements necessarily differ from the White British population.
- 12.62 The housing requirements of BME groups in the sub-region are not strongly understood. In 2004 an Essex-wide study entitled 'Facing the Facts' was carried out by the University of Salford to assess the housing and other related needs of minority groups. At the time of the Study, very few service providers had a high-level understanding of the composition, profile or size of ethnic minority communities that resided in their area. It was discovered that access to services was the lowest amongst BME groups.
- 12.63 The TGSE Sub-Regional Housing Strategy identifies a need for local stakeholders to engage with BME communities to identify housing and support needs of BME communities and take action to ensure these are being met through working with communities and partner agencies. This includes an intention to improve information about BME communities' needs and monitoring impacts of migration flows.

Gypsies and Travellers

- 12.64 Local authorities are required to make provision for sites/ pitches to meet identified needs of Gypsies and Traveller communities. The East of England Plan identifies an urgent need to address a shortfall of sites for Gypsies and Travellers and the problems that flow from it in terms of Gypsy and Traveller families not being able to gain access to the housing, educational, health, employment and other opportunities enjoyed by other members of society, as well as local conflicts that can arise over unauthorised encampment.
- 12.65 A single issue review of the East of England Plan is currently underway to address the accommodation needs of Gypsy and Traveller communities. The East of England Regional Assembly submitted a revised draft policy (H4) to the Secretary of State in February 2008. The draft policy proposes required levels of pitches to be provided, as outlined in Figure 12.14 below.

Figure 12:14 Proposed Provision of Pitches for Gypsy and Traveller Caravans

	Authorised Pitches in 2006	Additional Pitches Required 2006-11	Proposed Pitches at 2011
Basildon	116	81	197
Castle Point	0	15	15
Rochford	3	15	18
Southend-on-Sea	0	15	15
Thurrock	70	44	114
TGSE Total	189	170	359

East of England	1836	1187	3023
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Source: EERA

- 12.66 Beyond 2011 the draft policy states that provision across the region should be made for an annual 3% increase in the level of overall residential provision (to be calculated from overall planned provision in 2011).
- 12.67 The recommended levels of provision are based on a joint CLG/ EERA research to assess local authority Gypsy and Traveller Accommodation Assessments. This includes a recent needs assessment commissioned by the Essex Planning Group, and published in 2006.
- 12.68 The local authorities across the TSGE sub-region recognise that there is a shortfall in authorised pitches for Gypsies and Travellers. However the level of provision proposed in the RSS Single Issue Review is not supported by all of the local authorities and should not be regarded as an accepted policy position.

Summary

Older People

- In TGSE the population of retirement age was 106,000 in 2006. By 2026 there are expected to be 50,000 more people aged over 65, representing growth of 47%. It is the oldest age groups which are expected to grow strongest, with 62% growth in the population aged 75 or more and 90% growth in the population aged 85 or more from a 2006 base. This growth will increase the share of the total population over retirement age in the sub-region from 16.4% in 2006 to 21.3% in 2026. Strong growth is expected in those aged 65-69 between 2006-11 which then translates into growth in 70-74 year olds between 2011-16 and 75-79 year olds between 2016-21. In all five local authorities the older population is set to increase significantly over the next twenty years. In terms of the timing of this increase, the 65-69 age groups is expected to increase most significantly over the 2006-11 period, and this then follows through to subsequent age groups in the following years.
- The growth in the population of retirement age is strongest in Castle Point and Rochford, and lowest in proportional terms in Southend. In absolute terms growth is expected to be more significant in the larger authorities of Basildon, Southend and Thurrock. Looking more specifically at the population aged 85, this is expected to more than double in size over the twenty year period in Basildon, Castle Point and Rochford and grow by 95% in Thurrock. The majority of household growth in the period to 2026 is expected to be of

single person households. Based on national and local demographic trends a high proportion of this is likely to be growth in single person households of pensionable age. Mainstream housing in both public and private sectors is likely to remain the main means of meeting demand from a growing older population. There is hence a clear need to ensure that mainstream housing remains suitable for people's needs as they grow older. Some vulnerable individuals will however require support or bespoke housing solutions. The levels of support which older households will require will depend on their fitness and mobility and to a degree their age.

- There may be opportunities to support some older households to downsize to release supply of larger family housing for younger families. For some households high heating and other housing costs or mobility problems may make a move to a more manageable property a practical step. For other "asset rich, income poor" households it may be a method of releasing equity to support their retirement and leisure activities. However this will be dependent on the availability of attractive, suitable housing in the right locations which provide access to friends and family. There may also be a limited scope for provision of shared ownership products, appropriately targeted. Schemes will need to be affordable and flexible to changes in household circumstances.
- There is a significant growth in need for bespoke extra care housing solutions to support a growing elderly population, and particularly strong growth in the population aged over 85. Essex County Council's Older People Strategic Review recognises this and identifies: an increase in demand for services for older people; an increasing number of frail elderly needing a higher level of support; and the need for more 'Extra Care' provision in the future. There will be a sharp growth in demand for specialist housing given the projected increase in population in the older age cohorts (75+ and 85+). However quality, choice and location will be key to demand for individual schemes: space standards should be sufficient to allow for flexibility, for socialising, for dining together and for welcoming visitors; and to accommodate the possessions which older people have built up over a lifetime. We would suggest that demand for bedsits is likely to be limited, and that two bedroom properties should be considered a minimum.

Students

- It is likely that this number of properties required in the future in the private rented sector through direct lets to landlords for second and third-year students would increase; as more students progress into second and third years of their courses. The scale of the impact may though be limited. With plans to build 600 bed spaces and expected growth

in student numbers by 820 to 2012, we might expect some impact on demand in the private rented sector.

- Looking at the wider context, current market conditions are supporting growth in demand for the private rented sector as would-be first-time buyers defer from purchasing, and others are priced out of the market. This is supporting rental growth as identified. The investment context, given a change of lending criteria, concerns over the direction of travel of house prices, and low market confidence are not likely to lead to significant growth in the size of the private rented sector which is characteristically supply-driven in the short-term. That said, over the longer-term we would expect new town centre apartment provision in Southend to be attractive to an investment market.
- Student lets are an attractive proposition to landlords due to the higher rental income that can be obtained per property. The short-term effect may therefore be to increase rents in the private rented sector. Current trends indicate that the number of landlords approaching the University wishing to let to students is increasing.
- In the further education sector the impact on the housing market of trends is limited, as the majority of students are existing local residents. However a number of the FE Colleges have expansion plans. This includes an expansion of Prospects College campus in Basildon to accommodate another 350 pupils; and the proposed development of a new Town Centre Campus in Basildon for East Essex College, Prospects College and Seevic College. This will provide foundation degrees by 2012. Neither Prospects College or Palmers College have plans for the development of student accommodation and do not believe that their development will have any notable impact on the housing market.

BME

- The population from Black or Minority Ethnic groups in the sub-region is relatively small but has been growing. There is anecdotal evidence of movement of BME households from London into the sub-region and of an increasing migrant population from EU Accession countries in Eastern Europe, with some of the latter group living intensively in multi-occupancy households. Differences in ethnicity do not mean that socio-economic characteristics or housing requirements necessarily differ from the White British population.

Gypsies and Travellers

- Local authorities are required to make provision for sites/ pitches to meet identified needs of Gypsies and Traveller communities. The East of England Plan identifies an urgent need to address a shortfall of sites for Gypsies and Travellers. Beyond 2011 the draft policy states that provision across the region should be made for an annual 3% increase in the level of overall residential provision (to be calculated from overall planned provision in 2011). The local authorities across the TSGE sub-region recognise that there is a shortfall in authorised pitches for Gypsies and Travellers. However the level of provision proposed in the RSS Single Issue Review is not supported by all of the local authorities and should not be regarded as an accepted policy position.

13. CONCLUSIONS AND RECOMMENDATIONS

- 13.1 SHMAs are intended to improve understanding of need and demand for affordable and market housing; of the current housing stock; of market conditions; and of drivers of change both over short-term and long-term horizons. This SHMA for the Thames Gateway South Essex sub-region is intended to form an evidence base to inform planning and housing policies at both the regional and local levels.
- 13.2 The timing of publication of this SHMA coincides with a significant downturn in housing market conditions following a strong and sustained period of strong market growth. The recommendations address this short-term context, but also the underlying economic and policy drivers which point to continued strong housing demand over the medium to long-term.

Housing Targets

- 13.3 The SHMA forms one of the inputs into determining housing requirements and residential land supply in LDFs. Local Planning Authorities also need to consider what level of suitable land can be brought forward for development, informed by Strategic Housing Land Availability Assessments (SHLAAs). They will also need to take account of the Regional Spatial Strategy (RSS), as general conformity with the RSS is one of the tests of 'soundness' for Local Development Frameworks (LDF). This will be tested by an Independent Inspector at the Examination in Public (EiP) into LDF Core Strategies.
- 13.4 Forecasts or projections of future household growth are a core output of the SHMA. The Government's 2004 trend-based projections of household growth indicate growth of 5% above current RSS levels to 2021.
- 13.5 However as we have set out, potential housing demand could indeed be much higher than this. If delivery of 55,000 net additional jobs is achieved, this would support housing demand for 62,100 homes – 40% above current RSS levels – if commuting patterns remain as today. This is an economic-led growth scenario but is not unrealistic in our view. From another viewpoint, if commuting patterns remain consistent to today we might expect employment growth of only 31,200 (57% of target) if current RSS targets are maintained. This highlights the reciprocal relationships between housing growth, economic growth and commuting patterns.

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- 13.6 The East of England Plan (2008) sets out a robust and sustainable strategy for the future regeneration, development and growth of the sub-region. A central element of this is to achieve a reduction in out-commuting from the sub-region through an economic-led strategy which aims to deliver an improved balance between housing and jobs. This is intended to help to manage and reduce commuting patterns and support modal shift. It has national policy support.
- 13.7 Our assessment of housing and economic growth in London and East London suggests that supply constraints on housing growth in London are likely to mean that parts of the East and South East regions are likely to continue to play a role in supporting the economy in London and East London by providing residential environments which house people working in the capital. We would expect this to continue to contribute to demand pressures in areas which are accessible to London and East London.
- 13.8 It is important that local partners recognise the reality of demand pressures across the greater South East linked to strong economic performance and demographic growth. However the appropriate policy response is at the national and regional levels. A national and regional solution is required.
- 13.9 The National Housing and Planning Advice Unit has highlighted that a significant increase in housing delivery will be necessary in the East of England and other south east regions to meet market demand and to stabilise and improve affordability over the longer-term.
- 13.10 The appropriate forum to address this is through the review of the East of England Plan. Partners should proactively engage in the process to establish a sustainable strategy for the development of the sub-region, which takes account of environmental and infrastructure capacity. Any increase in development targets must be supported by investment in supporting physical, social and community infrastructure.
- 13.11 While we expect effective demand over the long-term to remain strong; in the short-term however, we would expect levels of housing delivery to fall.

Maintaining Housing Delivery Rates

- 13.12 In the short-term the potential to maintain or improve rates of housing delivery may be curtailed by the current housing market and economic climate. The reasons behind this have been explored and catalogued. While the affordability of market housing may remain stable or improve, there is likely to remain a continued need to maintain housing supply to address the structural imbalance between housing supply and demand.

13.13 There are limited tools available to local authorities which will allow them to maintain or drive forward delivery rates in the short-term given the current economic climate and housing market conditions. We recommend that local authorities adopt a comprehensive and proactive approach to managing housing supply, through:

1. Working to bring forward a clear and coherent planning policy framework through LDF Core Strategy and Site Allocations DPDs as quickly as possible to provide a strong policy framework to support planning applications;
2. Proactive annual monitoring of delivery progress and timescales at a site level, including through *proactive engagement* with developers;
3. Maintaining a five year supply of *deliverable* sites as required through PPS3, and working proactively with landowners and developers to address site and infrastructure constraints to development;
4. Seeking to deliver a range and mix of sites through LDFs which allow different housing products to be brought forward by different developers across local areas. This is also advisable given policy and infrastructure requirements which can hold up the delivery of larger sites;
5. Potentially taking a more proactive approach in the housing market, including through use of public sector land and joint ventures partnerships with developers.

13.14 We would recommend that a co-ordinated approach is adopted to driving forward housing delivery, recognising inter-dependencies between housing, infrastructure and quality of place. Investment in quality of place and regeneration, in social and community infrastructure and in cultural and leisure facilities helps to create attractive places to live and sell houses. The local authorities should work to ensure that this approach is embedded within and across proposed development schemes.

13.15 We would also argue that there is a case for 'contingency planning.' This is being taken forward by local authorities elsewhere in the greater South East, and looks to identify additional contingency sites to support housing delivery where there are notable delivery risks.

Affordable Housing Policies

Context

13.16 An assessment of housing needs is a statutory requirement to inform policies for affordable housing. Its purpose is to establish that the 'need' for affordable housing cannot be met by

existing or planned supply; and hence that new affordable housing must be built to meet needs.

13.17 Over the last five years, the growing differential between house prices and earnings has made access to the market housing sector increasingly difficult. This has been reflected in growing levels of 'need' identified through Housing Needs Studies nationally.

13.18 The current situation in the TGSE sub-region is one in which the estimated level of need represents 54% of anticipated levels of house building, taking into account past delivery levels and RSS targets. It is unlikely that the existing market and funding context will support this level of affordable housing delivery.

13.19 We recommend that local authorities across the sub-region work to maximise the supply of new affordable housing. There are a range of policy tools which can be used to achieve this:

1. Direct delivery of affordable housing by RSLs and potential Local Authorities (or ALMOs) once more;
2. Using public sector land to bring forward new affordable housing, based on land value subsidy (e.g. the local authority accepts a reduced site receipt for enhanced delivery of affordable housing);
3. Looking to require affordable housing provision below national site size thresholds (15 dwellings) where it can be demonstrated that it is viable to do so;
4. Maximising developer contributions to affordable housing through planning policies in LDFs and S106 negotiations;
5. Identification of exceptions sites in rural areas specifically for affordable housing to meet local needs; and
6. Use of Empty Dwelling Management Orders to bring vacant private sector housing back into use to meet housing need.

13.20 The local authorities should set out clear policies for affordable housing in their Local Development Framework Core Strategies and Affordable Housing SPDs as the basis for securing affordable housing on (private) development sites through planning obligations. PPS3 provides clear guidance that:

"Local planning authorities should ...

Set an overall (i.e. plan-wide) target for affordable housing to be provided. The target should reflect the definition of affordable housing [in PPS3]. It should also reflect an assessment of

the likely economic viability of land for housing within the area, taking account of risks to delivery and drawing on an informed assessment of the levels of finance available for affordable housing.

Set out the range of circumstances in which affordable housing will be required. .. Local planning authorities will need to undertake an informed assessment of any thresholds or proportions of affordable housing proposed, including their likely impact on the overall level of housing delivery and creating mixed communities.”

- 13.21 Affordable housing policies must be justified in terms of the level of need identified through the Housing Needs Assessment. They however must be realistic and deliverable; and set against wider objectives of maintaining an adequate supply of market housing to meet demand and delivering mixed income and tenure communities at a local level.
- 13.22 PPS3 sets out that targets should be informed by the level of funding available through the National Affordable Housing Programme administered by the Housing Corporation, and a realistic assessment of their effect on residual land values.
- 13.23 Current affordable housing policies are for 15-30% provision of sites of 25 dwellings/1ha in Basildon; for 20% on sites of 15 units or more in Castle Point; of no less than 15% on sites of 25 dwellings/1ha or more in Rochford; and of 20% on schemes of 10-49 dwellings and 30% on schemes of over 50 dwellings in Southend. Thurrock Council is currently looking to increase its affordable housing target to 33%.
- 13.24 It is for local authorities to consider appropriate affordable housing policies in their areas. We are however of the view that a consistent approach across the housing market would be advisable. The sub-regional target set out in the Thames Gateway Delivery Plan is for 35%.
- 13.25 We believe that a consistent affordable housing target should be implemented across the functional sub-regional housing market. In our view, evidence of housing need could justify the adoption of a 35% affordable housing target across the five local authorities if it could be provided that this would not jeopardise the viability of residential development. PPS3 is clear that affordable housing policies must reflect the economics of residential development in the area.
- 13.26 It however may not be advisable to revise policies against the context of the current market downturn, recognising these will further impact upon development viability in a context in which build costs and infrastructure requirements have been rising, and returns from the sale of homes are now falling.

13.27 GVA Grimley's research for ODPM on Planning Obligations (ODPM, 2004) identified that the package of Section 106 contributions could realistically result in a reduction in land value of up to 20% without deterring development.

Considering the Viability of Residential Development Schemes

13.28 To inform revisions to affordable housing policies, partners across the sub-region will need to explore and consider the development economics of affordable housing provision.

13.29 Affordable housing targets will primarily impact on the value of land suitable for residential development. Requiring or increasing levels of affordable housing required from development schemes will affect the value of development sites and the viability of schemes. Critically it is the landowner who has to 'pay' in most cases for increasing affordable housing requirements in a context in which the level of public funding available for affordable housing remains static.

13.30 It is important that affordable housing policies do not reduce the supply of land being brought forward for residential development. An appropriate policy must therefore strike a balance between increasing delivery of affordable housing, and maintaining incentives for landowners to release land and for private developers to bring forward schemes. This will maximise affordable housing delivery.

13.31 The impact on land value of affordable housing policies should be seen in the context of residual development appraisal. The residual development appraisal method for a residential development scheme can be summarised as follows:

<p>Gross Development Value (from Sales)</p> <p style="text-align: center;">-</p> <p>Construction Costs, Financing Costs, Professional Fees and Section 106 Costs</p> <p style="text-align: center;">-</p> <p>Developer Profit</p> <p style="text-align: center;">=</p> <p>Residual Land Value</p>

13.32 Increasing affordable housing requirements are likely to reduce the value of private units sold on a development scheme. The revenue from affordable housing to the developer is also

likely to be significantly below that which could be achieved from market housing. Social rented units are for instance commonly sold at build cost (on a free and serviced land basis). The value of intermediate units varies depending on the product, but is usually higher than social rented (for instance at 66% Open Market Value). Increasing affordable housing requirements hence reduces the 'gross development value' of a scheme (the financial return from sale of properties).

- 13.33 Based upon current evidence, the signs are that land values are likely to fall as costs increase and revenue falls. It appears likely that house prices will fall or at best remain stagnant in the short-term. Build costs are increasing as a result of inflation and shortages of construction skills. Public policies are also likely to impact upon build costs, including through the phased introduction of the Code for Sustainable Homes and through other infrastructure requirements. Introduction of a Community Infrastructure Levy (CIL) would also have an impact if applied locally. The impact of the Credit Crunch is also being felt by developers and RSLs and is increasing finance and borrowing costs.
- 13.34 There is little scope to alter developer profit, which ultimately is paid to developers' shareholders. Increasing market uncertainty may indeed lead to higher profit assumptions being made, to take account of the increased risk.
- 13.35 In the context of potentially increasing costs and declining revenues the potential to increase affordable housing requirements is fairly constrained. This assumes that current affordable housing policies have fed through into land values locally.
- 13.36 In the prevailing market and funding context, there is a strong potential for too stringent affordable housing targets to deter development activity. Essentially if land values fall too low, landowners may not sell the land, may continue with an existing use or may consider alternative uses for the land. Affordable housing policies in this context hence have the potential to actually reduce levels of market and affordable housing delivery.
- 13.37 We recommend on this basis that local authorities undertake an Affordable Housing Viability Study to consider and assess what level of affordable housing provision could realistically be required of private developers without deterring development activity.
- 13.38 This Study should also consider the potential thresholds at which contributions are required and the scope to lower thresholds or establish graded affordable housing requirements (either directly or in kind) for different sizes of site.

Recommended Indicative Affordable Housing Policies

- 13.39 We consider that a standard 35% affordable housing requirement across the TGSE sub-regional housing market could be justified based on the evidence of housing need. However an appropriate and robust policy will also need to be supported by evidence that this is economically viable on most sites, taking into account the prevailing funding context. A Viability Study will be required to inform and support this.
- 13.40 In the application of the policy, local authorities may need to exercise some flexibility, taking account of site specific factors which influence the economics of residential development (where it can be proven that the affordable housing policy makes development unviable), as well as potentially mixed community objectives relating to the existing tenure mix in the locality. Some flexibility is necessary to take account of these site and locality specific circumstances and changes in the market.
- 13.41 The housing needs analysis undertaken indicates significant and acute need for social rented housing. Further analysis also points to a significant potential market for intermediate home ownership. However actual demand for these products is somewhat unproven. This is a symptom of a relatively embryonic market. In this context, we are of the view that subject to further testing through the recommended Development Economics Study, partners should adopt a policy an 80:20 split of affordable housing between social rented and intermediate provision as a starting point for negotiations.
- 13.42 We would further recommend that more detailed research is undertaken to explore the potential target market and pricing for intermediate products and that this is used to structure eligibility criteria. We would also encourage partners with the Zone Agent to enhance knowledge of the products available and encourage take-up of them.
- 13.43 The local authorities should look to set out specific policies regarding the size of affordable housing provision required. We set out below recommendations regarding the sizes of affordable housing to be sought. This is based upon an appraisal of both the scale of current waiting lists for different property types together with levels of lettings and turnover for different property sizes.
- 13.44 GVA Grimley considers that it is appropriate to plan for a range of different sizes of affordable housing. Whilst the majority of households on waiting lists often require smaller properties, those in need of larger properties often have to wait much longer for a home, often reflecting limited current supply of larger properties and lower rates of turnover. Provision of larger,

family-sized affordable homes both meets this need and often allows social housing providers to better use existing stock by creating a chain of lettings.

Figure 13:1 Indicative Affordable Housing Provision by Bedroom Size

	1-bed	2-bed	3-bed	4+ bed	Total
Basildon	35%	30%	20%	15%	100%
Castle Point	25%	35%	30%	10%	100%
Rochford	25%	30%	35%	10%	100%
Southend-on-Sea	30%	25%	30%	15%	100%
Thurrock	40%	35%	15%	10%	100%

Low Cost Market Housing

- 13.45 Many households with insufficient income or equity to purchase housing may choose to meet their needs in the private sector, rather than seek affordable housing provision. There is anecdotal evidence of individuals sharing housing, and the private rented sector plays an important role in the housing market alongside specific intermediate housing provision. It plays a particular role in catering for the needs of younger households, or those who are attracted by the flexibility which renting provides. Private renting is an attractive option for many households who cannot afford to buy across the sub-region.
- 13.46 We have recommended that partners undertake further work to assess how the role of intermediate housing could be developed to meet the needs of households who cannot afford to buy but can afford to pay more than social rents. There are a range of housing options available to this group, which includes intermediate rent, private renting, shared ownership models and discounted market sale housing. Of these the private rented sector is the largest and is likely to continue to play an important role.
- 13.47 There is a potential enhanced role of the private rented sector in the housing market in the future. However action is required to improve the condition of private rented properties, to address overcrowding (particularly in Southend) and to maximise the role which the sector plays in meeting housing need. To support this role, we recommend that:
- Partners explore examples of best practice in providing a one-stop shop service which brings matches available properties and landlords to tenants on housing waiting lists. The “Opening Doors” scheme in Worthing has been identified as a possible example of good practice.

- Improving standards of housing in the private rented sector, bringing homes up to the Decent Homes Standard through targeted investment, through the licensing of Houses in Multiple Occupation; through Landlord Accreditation Schemes; and through enforcement action where appropriate.
- 13.48 Through the research undertaken, we have explored the role of the role which expansion of Universities and FE Colleges in the sub-region might have. Our conclusions are that the impacts are likely to be focused in Southend but likely to be relatively small in scale and localised to the London Road area. We do not consider that there is a need for a particularly proactive policy response given the scale of expansion proposed by the University and its current plans for new student accommodation. This is however something to keep under review.
- 13.49 Overcrowding in Southend is notably more significant than elsewhere in the sub-region and likely to be focused particularly in the private rented sector. This is partly a function of the profile of stock. We would recommend that partners consider undertaking further research to understand the scale and nature of overcrowding through primary survey work.

House Size, Density and Design

- 13.50 As we have established, there is not a direct relationship between household size and housing size, particularly in the market sector. It is appropriate to establish requirements for different types and sizes of new market housing in relation to the existing stock context, taking account of existing pressures and market signals of shortage; as well as broader economic and demographic changes.
- 13.51 The majority of household growth is expected to result from increasing single person households. However a high proportion of these are existing older households who already have housing. There is some, albeit somewhat limited, potential to support older households to downsize, releasing supply of larger housing for other groups. We recommend that Local Authorities establish specific policies through Local Development Frameworks which support provision of bungalows and specialist housing for older persons, through both public and private sector provision. This will help to release supply of larger housing for younger households and improve use of the existing stock.
- 13.52 We do not consider it appropriate to provide specific targets for the sizes of general market housing required through Local Development Frameworks. In the market sector, the market itself is quite effective at matching the size of dwellings to market demand at a local level.

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- 13.53 The SHMA identifies that the majority of existing housing provision is of two and three-bedroom properties. It sets out that demand is predominantly for entry-level family housing to the south of the A127, with stronger demand for larger properties in areas with a high quality of place, particularly to the north of the A127. This we feel should remain the mainstay of housing delivery in the sub-region.
- 13.54 We consider that there is potential for managed development of an urban living offer, particularly associated with flatted development in town centres. The market for flats is however an area which has been particularly affected by the market downturn, linked particularly to a decline in investor purchasing and first-time buyers. Furthermore the market for town centre/ urban living in the sub-region is somewhat under-developed in the sub-region. There is however a strong rationale for implementing a suitable strategy to address this over time, to enhance the housing offer and support town centre renaissance.
- 13.55 We consider that provision of flats in the future will need to be phased carefully, with suitable floorspace standards to create stable populations and to be supported by broader regeneration and place-making programmes which create attractive residential environments, and develop the leisure offer and local amenities. These will be critical to the success and delivery rates of this market. It should support an uplift in values over the course of town centre regeneration programmes.
- 13.56 A range of different types of sites will be required to provide for the range of housing requirements needed. The TGSE Development Sub-Group should work to improve the supply of land and enhance the development pipeline across the sub-region.
- 13.57 PPS3 sets a national minimum density for residential development of 30 dwellings per hectare but provides some flexibility in the application of density standards at the local level. Density policies, in our view, should reflect the role and function of the local area and aspirations for how the local authority would wish the housing offer to develop.
- 13.58 Development densities relate to the character and setting of the site and surrounding area. We assess that a density of 60 dph or more is appropriate for urban locations with high public transport accessibility and strong access to services. This includes town centres. In urban and suburban environments density standards of 30 – 40 dph should be achievable and provide a suitable benchmark. However in locations where provision of higher value/ detached housing (including bungalows) is appropriate and achievable, greater flexibility will be required. It will though be possible to achieve a high proportion of detached housing whilst still achieving a density of 25-30 dph across a development on larger sites.
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- 13.59 We would recommend that on larger sites local authorities look to achieve a mix of housing to deliver mixed communities and support regeneration. This would include a mix of house types and sizes, as well as housing for older persons. Design should include integrated planning of community facilities, service provision, open space and other infrastructure.
- 13.60 Planning policies may also need to look to protect certain elements of the housing offer. Local Development Frameworks should, where appropriate, look to limit the scope for subdivision of properties or redevelopment of plots where could be considered detrimental to the local character of an area or to the mix of housing available locally.
- 13.61 Local authorities across the sub-region should also look to embed policies regarding the environmental credentials of new development in their Local Development Frameworks. Thames Gateway has been designated an Eco-Region with a national priority attached to increasing standards of energy, water and waste water efficiencies through implementation of the Code for Sustainable Homes. Deliver of sustainability standards is likely to be most realistic in the short-to-medium term on larger housing sites.

Older Persons Housing

- 13.62 With changes in the demographic structure it is likely to be particularly important to provide suitable housing to support an increasing older population. We would recommend that local authorities promote delivery of 'lifetime homes' through planning policies, and work to develop support services for older housing including advice services and provision of direct or financial support to help older households adapt housing to their changing needs.
- 13.63 Planning policies should also support provision of specialist and extra care housing across the sub-region. This should be provided at locations where there is good access to local facilities and services and where public transport is strong.
- 13.64 Based upon the research undertaken, we consider that there is clear demand across the sub-region for additional housing for older people, including additional extra care housing, over the next twenty years. This is the case in each of the local authorities. We note that currently there is no Extra Care housing provision in Castle Point.
- 13.65 The local authorities may wish to consider developing specific registers of accessible housing; and managing a separate waiting list for older persons on a consistent basis. This could be fed into future iterations of the housing needs analysis.

- 13.66 New provision for older persons accommodation should be supported in both the market and affordable sectors. Specific housing provision for older persons should be integrated into major development schemes across the sub-region and into existing monitoring of the sub-regional supply pipeline.
- 13.67 We consider that there is also a role for developing shared equity models targeted at older households who may wish to release some of the equity in their home. We recommend bespoke research is undertaken to explore the potential market for this and to develop the right product, marketing strategy and support mechanisms. We are of the view that shared equity models are more likely to be successful than shared ownership as rental requirements will be difficult to manage for those with a limited regular income.

Improving Standards in the Private Sector

- 13.68 Existing housing is likely to continue to comprise the majority of the housing stock for the foreseeable future. In this context it is important that investment is made in ensuring that it is fit-for-purpose. Local partners should work to achieve this through the implementation of the Sub-Regional Housing Strategy. This includes through actions to:
- Improve existing dwellings to Decent Homes Standard.
 - Invest in improving energy efficiency in existing homes.
 - Supporting adaptations to existing homes to meet the changing needs of residents throughout their lifetime.
 - Using existing tools such as Empty Home Management Orders, grants and loans to bring vacant properties back into use.

Waiting Lists, Monitoring and Review

- 13.69 We consider that the Councils across the sub-region should work together, and with affordable housing providers, to improve the quality and robustness of information on housing needs. We advise that housing providers should work together across the sub-region to consider and potentially develop a common waiting lists for general needs and older persons housing (linked potentially to a sub-regional choice-based lettings scheme). Waiting lists should be improved to record households incomes to assess the ability of households to meet their needs in the market sector. We recommend that they be updated annually (e.g. on the anniversary of application).

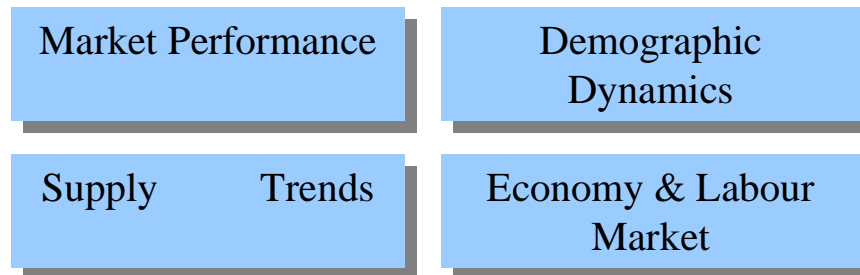
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- 13.70 Implementation of Choice-based Lettings across the sub-region should provide a conduit to improve the quality and robustness of waiting list information. It ideally would be based on a common register with RSLs and allocations policy.
- 13.71 We would recommend that the local authorities continue to work together to monitor development activity and the housing pipeline. This should address both market and affordable housing, and provide details on the type of housing, including details on the number of bed spaces and specialist housing provision. Planning application forms and monitoring systems may need to be improved to address this.
- 13.72 We would recommend that the local authorities engage with developers in compiling and maintaining housing trajectories, particularly in the current market climate. Judgements regarding the phasing of development schemes should be based on discussions with developers regarding their intentions and intended build-out rates. This is now best practice in other Growth Areas.
- 13.73 The Strategic Housing Market Assessment provides an overview of the current dynamics of the housing market and projections of future housing requirements. However, as the current market dynamics and experience over the last five years indicate, the situation can change fast. A 'plan, monitor and manage' approach becomes particularly important in this context.
- 13.74 GVA Grimley has set out in the following section a framework for monitoring change in the housing market. Partners will need to assess appropriate mechanisms to take this forward.

14. FRAMEWORK FOR MONITORING AND REVIEW

- 14.1 The TGSE Strategic Housing Market Assessment presents a robust analysis of the functioning of housing markets across the sub-region. It has benchmarked performance, assessed trends and identified key drivers of change. This has then been drawn together to consider, based upon the best evidence available now, a future trajectory for housing demand which recognises external economic and market drivers. This provides a fit-for-purpose basis upon which to develop strategic policies to achieve a balanced housing market.
- 14.2 Housing markets are though, by their very nature, dynamic. The Sub-Regional Housing Group will therefore need to monitor trends and activity in the housing market. This reflects the Government's 'plan, monitor and manage' approach to the planning system.
- 14.3 The objectives of monitoring are similar to those of this assessment: it is about establishing what is happening now and considering what may happen in the future. Again it will be important to make a distinction between short and long-term trends where possible. It is intended to be a **continuous and proactive process** which informs policy development and how policies are implemented.
- 14.4 However it needs to be recognised that monitoring can be a time and resource-intensive process. This promotes an emphasis on efficiencies and we consider that this is possible at two levels:
- achieving clarity between what is monitored respectively at the regional and local levels; and
 - ensuring that co-ordinated monitoring systems are developed between local authorities and departments, and ideally with RSLs and other key housing stakeholders.
- 14.5 This framework has informed our suggested approach and identification of indicators which should be monitored. We consider the best approach to be the development of a co-ordinated system for monitoring changes in the housing market, together with demographic and economic drivers, at a central sub-region-wide level which is linked to and informs preparation of Annual Monitoring Reports across the Local Authority Areas.
- 14.6 The remainder of this section presents the monitoring framework. It sets out the indicators which should be monitored, data sources and monitoring periods. The monitoring framework is structured around the key drivers of change in the housing market.

- 14.7 A key element of the approach adopted is in considering wider demographic and economic trends which influence the operation of the housing market alongside changes in market dynamics (including supply, demand, need and price variables) and housing land availability.

Figure 14.1: Monitoring Framework Structure



- 14.8 The table overleaf establishes the monitoring framework.
- 14.9 Through a proactive monitoring process it will be possible to maintain and develop understanding of the housing market, building on the outcomes of this SHMA. It will allow the implementation of policies to be tailored to evolving circumstances and inform future policy evolution.

Figure 14.2: Monitoring Framework

Theme	Indicator	Geography	Data Source	Monitoring Frequency
Demographic Dynamics	Total Population	Region; Housing Market; Local Authority	ONS Mid-Year Population Estimates	Annual
	Population by Age Cohort	County; Local Authority	ONS Mid-Year Population Estimates	Annual
	Components of Population Change (I.e. Natural Change/Migration Balance)	Region; Housing Market; Local Authority	ONS Mid-Year Population Estimates	Annual
	Household Growth	Region; Housing Markets; Local Authority	CLG Housing Statistics/ Projections	
	International and Domestic Migration	Region; Housing Markets; Local Authority	ONS	Annual
Economy & Labour Market	GVA Annual Growth	Region; NUTS3	ONS	Annual
	GVA per Head	Region; NUTS3	ONS	Annual
	Total Employment	Region; Housing Market; Local Authority	Annual Business Inquiry	Annual
	Economic Activity Rates	Region; Local Authority	Annual Population Survey	Annual
	Employment by Sector	Region; Housing Market; Local Authority	Annual Business Inquiry	Annual
	Workplace-based Earnings	Region; Housing Market; Local Authority	Annual Survey of Hours & Earnings	Annual
	Residence-based Earnings	Region; Housing Market; Local Authority	Annual Survey of Hours & Earnings	Annual
	Household Incomes	Region; Housing Market Local Authority	CACI Paycheck	Annual
	Jobseekers Claimant Count	Region; Housing Market; Local Authority	NOMIS	Annual
	Incapacity Benefit/Severe Disability Allowance Claimants - Joint Measure	Local Authority	Department for Work & Pensions	Annual
Housing Supply Trends	Housing Land Supply	Housing Market; Local Authority	Planning Departments/ Annual Monitoring Reports	Annual
	Completions	Region; Housing Market; Local Authority	Planning Departments/ Annual Monitoring Reports	Annual
	Completions by Tenure	Region; Housing Market; Local Authority	Planning Departments/ Annual Monitoring Reports	Annual

	Housing Trajectory	Region; Housing Market; Local Authority	Planning Departments/ Annual Monitoring Reports	Annual
	Affordable Housing Trajectory	Housing Market; Local Authority	Planning Departments/ Annual Monitoring Reports	Annual
Housing Market Performance	Average House Prices	Region; Housing Market; Local Authority	HM Land Registry	Annual
	Lowest Quartile House Prices	Region; Housing Markets; Local Authority	DCLG	Annual
	Private Sector Rents	Region; Local Authority	Dataspring	Annual
	Vacancy by Tenure	Region; Housing Market; Local Authority	HSSA	Annual
	Social Sector Turnover	Region; Housing Market; Local Authority	RSLs/ CORE & HSSA	Annual
	Qualitative Information on market performance and trends	Housing Market; Local Authority	Local Estate Agents	Annual
	Affordability Ratios	Region; Housing Market; Local Authority	DCLG	Annual

N.B. 'Housing Market' is defined as the composite of the five TGSE local authorities

- 14.10 It is important though that monitoring does not just become a 'data collection exercise' – it will be important to use time-series analysis to identify trends; and to move beyond the data to distil what it is telling us and the implications of this for policy development implementation. Maintaining an understanding of the dynamics of the housing market will ensure that a robust evidence base exists to evaluate planning applications for housing development and ensure that policy is pro-active rather than reactive to change.
- 14.11 The data collection exercise could be 'led' by an existing research/ information staff. There is likely to be strong overlap with information which is collected currently, including preparing LDF Annual Monitoring Reports or as part of other housing/ planning/ economic development functions.
- 14.12 However this information will need to be drawn together at the housing market area level and will require consistent analysis to identify inter-relationships, messages and implications. This then needs to be fed through and understood across housing and planning departments. We therefore need to think about three steps: data collation; analysis/ messages; dissemination.

Partners should consider the appropriate groupings to take these forward efficiently and effectively.

Updating

- 14.13 It is not possible to assess precisely when it will become necessary to update the SHMAs. This is likely to depend on the degree of change in housing market and economic conditions, and the level to which actual trends deviate from those forecast in the Assessments. However we would envisage that this could be taken forward in three to five years time.
- 14.14 It will be particularly important to ensure that the housing needs analysis reflects current market conditions and delivery of affordable housing. It will also be useful to compare and assess future population/ household or economic forecasts. It due course, it may therefore be necessary to commission partial or full updating of the SHMAs.
- 14.15 How updating is addressed, in practical terms, may depend upon what needs to be updated. If it is just new forecasts, this may be possible through preparation of a briefing paper. If a more detailed reassessment of housing needs is required, this is likely to be more resource intensive and require input from range of individuals from various organisations. Partners may wish to draw on specialist expertise to help with certain technical elements of the Assessments such as housing needs or forecasting, however many of the other elements of the work are relatively straight-forward.