

**SOUTH LAKELAND HOUSING NEEDS AND
MARKET ASSESSMENT**

EXECUTIVE SUMMARY

JUNE 2006



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Housing Regeneration Ltd

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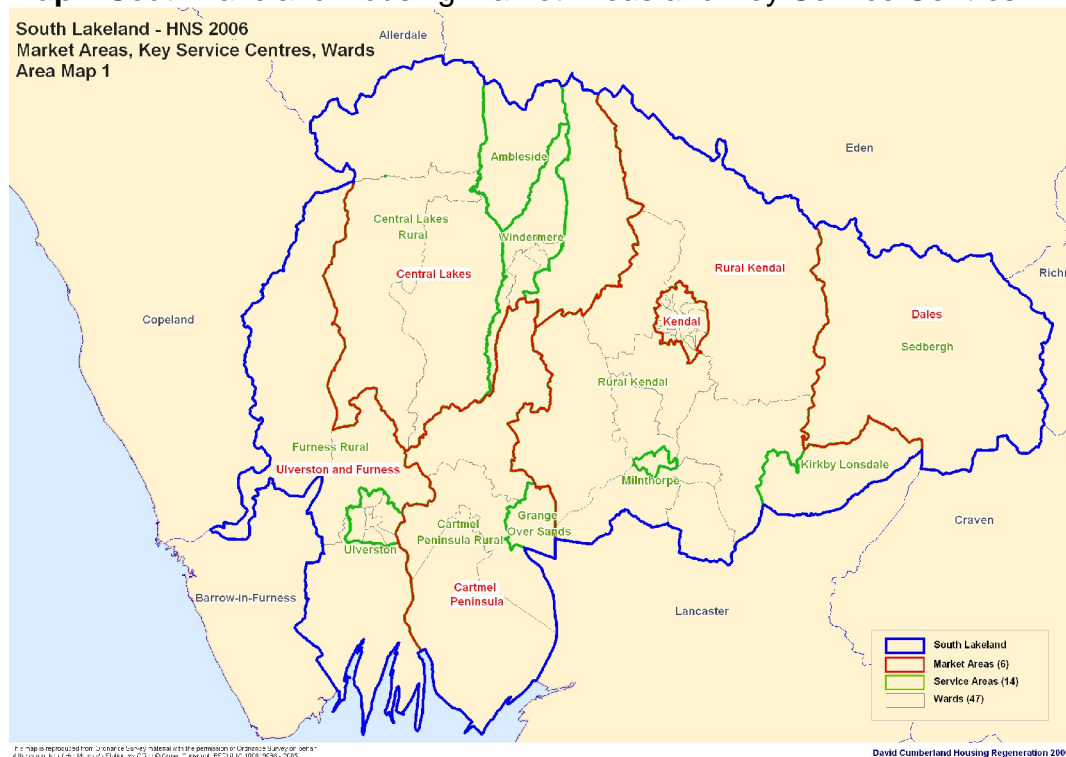
South Lakeland District Council 2006 Housing Need and Market Survey

Executive Summary

1.0 INTRODUCTION

- 1.1 David Cumberland Housing Regeneration Ltd (DCHR) was commissioned in December 2005 to undertake a comprehensive housing need and market assessment for South Lakeland District Council.
- 1.2 The overall aims of the research is to assess the future housing needs of South Lakeland; identify housing markets and understand their drivers; and provide a thorough and robust evidence base to support the development of housing and planning strategies.
- 1.3 Findings have been based on a household survey, interviews with key stakeholders and a review of relevant data sources including house price information and homelessness statistics.
- 1.4 The study has conformed to ODPM Housing Market Assessment guidance.
- 1.5 South Lakeland comprises six market areas, 12 Key Service Centres and includes parts of the Lake District and Yorkshire Dales National Parks.

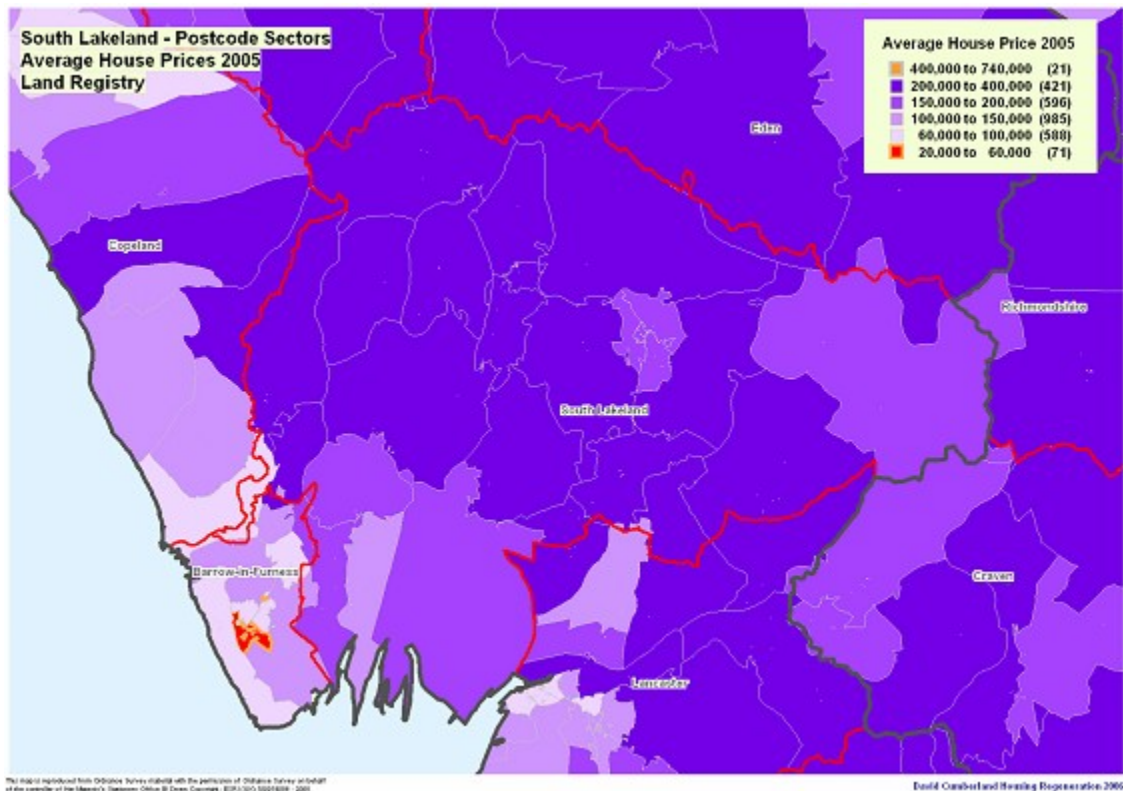
Map1 South Lakeland Housing Market Areas and Key Service Centres



2.0 HOUSING MARKETS IN SOUTH LAKELAND

- 2.1 Properties across South Lakeland are particularly sought after, resulting from the District having good access (rail and road), and fantastic scenery: it is a place people want to move to. Prices are therefore high, restricting choice amongst first-time buyers and lower income households severely.
- 2.2 Over the past four years, average property prices have nearly doubled and. Map ES1 illustrates average house prices by postcode sector. This shows that in 2005, average prices were in excess of £200,000 across the majority of South Lakeland, with exception of Kendal and Ulverston.

Map ES1 Average house prices by postcode sector 2005



- 2.3 Prices have been sustained at their present levels for at least 12 months.
- 2.4 In-migrants originate from across and outside the UK, but there are strong net in-flows from Manchester and the South East of England in particular. Migration of working and retired households is evident.
- 2.5 Second home ownership is a particular problem for the Central Lakes and demand in Ambleside is compounded with a strong student rental market.

- 2.6 It is suggested that a dual market operates in South Lakeland: a market serving affluent households who either move into the district or have sufficient equity to move house. In contrast, there are lower-income groups and newly-forming households who are dependent on affordable housing to ensure that they can remain in the area.
- 2.7 Across South Lakeland, indicators presented in the final report illustrate that housing markets are not particularly balanced. A key issue is the gap between local incomes and prevailing property prices, resulting in an acute shortage of affordable accommodation across the District which is exacerbated in high demand/high pressure areas such as the Central Lakes.
- 2.8 Some key characteristics of individual markets are now summarised.
- The **Central Lakes** market is characterised as being a high demand/high pressure market, with limited opportunities to access affordable housing. The market is distorted with high numbers of second/holiday homes and a student rental market in Ambleside. The area is particularly popular due to its very close proximity to the Lake District fells.
 - The **Kendal** market is robust and diverse, with a range of properties available to households. Affordability is a key issue, but Kendal is relatively more affordable than most other areas of South Lakeland. The Market Town feel and good accessibility make Kendal a popular place to live.
 - **Rural Kendal** is another high priced area, with property values inflated due to a high quality and accessible residential environment. A shortfall in affordable accommodation is particularly pronounced in this market, due largely to a low volume of affordable accommodation in the area.
 - **Ulverston and Furness** is one of the most affordable housing markets in South Lakeland, with entry level prices around £100,000 in Ulverston for example. The market is mainly local, although there is a degree of migration from neighbouring Barrow-in-Furness. Despite being relatively affordable, there remains a shortage of affordable accommodation.
 - The **Dales** area is accessible and there is a strong commuter/relocation market. Prices are relatively high and second home ownership an issue. There is a more modest shortfall in affordable accommodation compared with other market areas.
 - The **Cartmel Peninsula** market is stable and serves both locals and in-migrants, particularly retirement migrants. There is a particular pressure on the affordable housing market, with limited opportunities to access existing stock. Second home ownership is an issue affecting dwelling supply.

3.0 REQUIREMENTS FOR AFFORDABLE HOUSING

3.1 The following are working definitions to describe affordable housing and what is affordable:

Affordable housing¹ includes both social rented and intermediate tenure housing. Intermediate tenure includes housing at prices or rents above those of social rent but below market prices or rents.

Affordability is measured on the basis of gross household income of head of household (and partner where relevant). An owner-occupied property is unaffordable if it costs more than 3.5x a single or 2.9x a dual gross household income. Households entering owner occupation are also assumed to have at least a 5% deposit. A rented property is unaffordable if it costs more than 25% of gross household income.

3.2 The ODPM has recommended a model for analysing survey and other data to establish how much affordable housing is needed across South Lakeland. The model considers:

- existing households in some form of housing need who cannot afford alternative accommodation in the open market. Examples of need include accommodation for an older person and/or someone with a disability, a household is currently living in a poorly maintained property and a households is living in temporary accommodation
- Newly-forming households who need affordable housing if they are to stay in the area; and
- The supply of affordable housing provided by Housing Associations and South Lakes Housing.

3.3 Given the massive increases in house prices, median local incomes of less than £20,000 per year and the popularity of the area to in-migrants and, it is not surprising that there is a massive need for affordable housing in South Lakeland. To illustrate the problem faced, Table ES1 shows median household incomes of households in need, what could be affordable on the open market (assuming a 3.5x annual income multiple) and the difference with prevailing terraced housing prices. In Ambleside for instance, the median income of households in need (£244 per week), could support a mortgage on a property valued at around £44,500. In reality, prices are around £150,000, 3.4 times what a household could comfortably afford.

¹ Definition from ODPM Housing Market Assessment Guidance (Draft, Dec 2005)

Table ES1 Median household incomes of households in need

Market Area	Key Service Centre	Median household income of households		Indicative Affordable Property Price (£)	Average Terraced Price (2005 £)	Difference
		£ per week	£ per month			
Central Lakes	Ambleside	244	1057	£44,408	£149,677	3.4
	Windermere	406	1759	£73,892	£149,677	2.0
	Central Lakes Rural	352	1525	£64,064	£149,677	2.3
Kendal	Kendal	298	1291	£54,236	£153,257	2.8
Rural Kendal	Milnthorpe	298	1291	£54,236	£153,257	2.8
	Kirkby Lonsdale	298	1291	£54,236	£157,610	2.9
	Rural Kendal	406	1759	£73,892	£157,610	2.1
Ulverston and Furness	Ulverston	244	1057	£44,408	£99,023	2.2
	Furness Rural	406	1759	£73,892	£99,023	1.3
Dales	Sedbergh	298	1291	£54,236	£185,187	3.4
Cartmel Peninsula	Grange over Sands	515	2232	£93,730	£210,513	2.2
	Cartmel Peninsula Rural	244	1057	£44,408	£210,513	4.7
South Lakeland		298	1291	£54,236	£139,619	2.6

Source: Income data from household survey; Terraced prices based on Land Registry 2005 postcode sector data

3.4 **Over the next 5 years, there is an expected shortfall of 3,425 dwellings or 685 per year for both general needs and older persons housing**, as illustrated in Table ES2. Table ES3 breaks the requirement down by tenure (social rented and intermediate tenure which includes shared ownership, equity share and discounted home ownership). Table ES4 suggests price ranges based on prevailing income levels of households in need who would intermediate tenure properties.

Table ES2 Annual affordable housing requirement (April 2006 – March 2011)

Market Area	Key Service Centre	Annual Affordable Housing Requirement				Annual Shortfall
		General		Older Persons		
		Smaller 0-2Beds	Larger (3+)	Smaller (0/1 Beds)	Larger (2 Beds)	
Central Lakes	Ambleside	57	7	1	1	66
	Windermere	30	0	0	0	30
	Central Lakes Rural	71	26	7	6	110
Kendal	Kendal	68	0	10	13	91
Rural Kendal	Milnthorpe	6	3	1	1	11
	Kirkby Lonsdale	10	2	1	1	14
	Rural Kendal	164	20	2	8	194
Ulverston and Furness	Ulverston	46	8	3	3	60
	Furness Rural	16	3	1	1	21
Dales	Sedbergh	10	2	3	1	16
Cartmel Peninsula	Grange over Sands	10	3	1	1	15
	Cartmel Peninsula Rural	33	14	5	5	57
District	(gross shortfall)	521	88	35	41	685

Table ES3 Annual affordable housing requirement (April 2006 – March 2011) by tenure

Market Area	Key Service Area	Annual Affordable Housing Requirement: INTERMEDIATE				Annual Shortfall
		General		Older Persons		
		Smaller 0-2Beds	Larger (3+)	Smaller (0/1 Beds)	Larger (2 Beds)	
Central Lakes	Ambleside	17	2	0	0	19
	Windermere	21	0	0	0	21
	Central Lakes Rural	32	12	3	3	50
Kendal	Kendal	25	0	4	5	34
Rural Kendal	Milnthorpe	4	2	1	1	8
	Kirkby Lonsdale	4	1	0	0	5
	Rural Kendal	72	9	1	4	86
Ulverston and Furness	Ulverston	17	3	1	1	22
	Furness Rural	8	1	0	0	9
Dales	Sedbergh	6	1	2	1	10
Cartmel Peninsula	Grange over Sands	6	2	1	1	10
	Cartmel Peninsula Rural	12	5	2	2	21
District	(gross shortfall)	224	38	15	18	295

Market Area	Key Service Area	Annual Affordable Housing Requirement: SOCIAL RENTED				Annual Shortfall
		General		Older Persons		
		Smaller 0-2Beds	Larger (3+)	Smaller (0/1 Beds)	Larger (2 Beds)	
Central Lakes	Ambleside	40	5	1	1	47
	Windermere	9	0	0	0	9
	Central Lakes Rural	39	14	4	3	60
Kendal	Kendal	43	0	6	8	57
Rural Kendal	Milnthorpe	2	1	0	0	3
	Kirkby Lonsdale	6	1	1	1	9
	Rural Kendal	92	11	1	4	108
Ulverston and Furness	Ulverston	29	5	2	2	38
	Furness Rural	8	2	1	1	12
Dales	Sedbergh	4	1	1	0	6
Cartmel Peninsula	Grange over Sands	4	1	0	0	5
	Cartmel Peninsula Rural	21	9	3	3	36
District	(gross shortfall)	297	50	20	23	390

Table ES4 Price range of intermediate tenure developments

Affordability of sub-market prices by band	Market and Key Service Centre						
	Central Lakes			Kendal	Rural Kendal		
	Ambleside	Windermere	Central Lakes Rural	Kendal	Milnthorpe	Kirkby Lonsdale	Rural Kendal
50- <60k	4	3	5	12	3	2	6
60- <70k	3	1	2	9	2	0	3
70- <80k	3	7	7	5	0	0	19
80- <90k	2	4	13	5	0	2	2
90- <100k	1	1	2	2	0	0	2
100- <110k	2	0	4	1	0	0	9
110- <120k	0	3	4	0	0	0	4
120- <130k	0	0	4	0	0	0	15
130- <140k	0	0	0	0	2	0	4
140- <150k	2	0	4		0	0	8
150- <160k	1		2		0	0	4
160- <170k	0		0		0	0	0
170- <180k	0		2		0	0	8
180- <190k	1		0			0	0
190- <200k	1		0			0	0
TOTAL	19	21	50	34	8	5	86

Affordability of sub-market prices by band	Market and Key Service Centre							
	Ulverston and Furness		Dales	Cartmel Peninsula		District		Cumulative %
	Ulverston	Furness Rural	Sedbergh	Grange over Sands	Cartmel Peninsula Rural	Number	%	
50- <60k	5	2	1	0	3	47	15.7	15.7
60- <70k	4	1	0	0	4	30	10.0	25.8
70- <80k	6	1	0	0	3	53	17.7	43.5
80- <90k	1	2	0	4	0	35	11.7	55.2
90- <100k	1	2	0	0	0	13	4.3	59.5
100- <110k	2	0	0	4	1	25	8.4	67.9
110- <120k	2	0	0	0	2	16	5.4	73.2
120- <130k	0	0	3	0	0	23	7.7	80.9
130- <140k		0	0	0	2	8	2.7	83.6
140- <150k		0	0	2	0	17	5.7	89.3
150- <160k		2	0		3	13	4.3	93.6
160- <170k			0		0	0	0.0	93.6
170- <180k			0		0	10	3.3	97.0
180- <190k			3		1	5	1.7	98.7
190- <200k			3		1	4	1.3	100.0
TOTAL	22	9	10	10	21	295	100.0	

Note: Shaded areas denote market prices

4.0 DELIVERY OF AFFORDABLE HOUSING

- 4.1 The annual shortfall of affordable housing well exceeds the likely amount of housing which can be developed across South Lakeland. The draft Regional Spatial Strategy is allocating 400 dwellings per year in South Lakeland (excluding the National Parks) and there is an allocation of 117 dwellings per year for the whole of the Lake District National Park.
- 4.2 A 50% affordable housing target should be adopted as a minimum across South Lakeland to help offset the shortfall in affordable accommodation and help to rebalance housing markets across the district. A target of 75% in high-priced rural areas is also recommended.
- 4.3 The full report provides further advice and guidance on planning policy issues.

5.0 SUPPORTED AND SPECIALIST HOUSING REQUIREMENTS

- 5.1 The household survey provides evidence on the need for adaptations by area, tenure and household type (Table ES5). Better heating/insulation and adaptations to bathroom and kitchen were the most frequently mentioned. Table ES6 summarises the type of assistance households require either now or in the next 5 years. Help with property maintenance and gardening most likely to be required.

ES5 Adaptations required

Adaptation Required	When required		Total requirement	As % of all Households (49,244)
	Now	Likely to need in next 5 years		
Better heating / insulation	6,351	5,388	11,739	23.8
Kitchen	2,492	3,969	6,461	13.1
Bathroom	2,651	4,933	7,584	15.4
Internal handrails	624	1,908	2,531	5.1
Downstairs WC	956	1,455	2,411	4.9
Stairlift	253	1,360	1,613	3.3
Internal door widening	153	424	577	1.2
External ramp	342	829	1,171	2.4
External handrails	355	1,122	1,478	3.0
Security alarm	1,862	2,121	3,983	8.1
Increase in size of property e.g. extension	1,917	2,594	4,511	9.2

ES6 Assistance required

Assistance Require	When required		Total requirement	As % of all households (Base 49,244)
	Now	Likely to need in next 5 years		
Assistance with repair / maintenance of home	2,871	3,788	6,659	13.5
Assistance with gardening	3,370	3,597	6,966	14.1
Help with cleaning home	2,598	2,836	5,434	11.0
Help with other practical tasks (e.g. collecting prescriptions)	1,092	2,051	3,143	6.4
Personal care	640	1,479	2,119	4.3
Company / friendship	675	855	1,530	3.1
Social alarm (to call for help)	684	1,880	2,564	5.2

6.0 HOW THINGS HAVE CHANGED SINCE 2002

6.1 Table ES7 presents information on how housing markets and the need for affordable housing have changed since the last survey in 2002. It shows how the need for affordable housing has increased massively due to house price increases.

Table ES7 Comparing the housing market situation in 2002 and 2006

Comparator	2002	2006	Comment
Total occupied households	48,514	49,244	730 increase (1.5%)
Household income (ave 02 and median 06)	£17,017	£19,500	14.6% increase
% of households were someone left in preceding 5 years	3.0	6.1	Proportion has doubled
No. and % Households in housing need	4,500 (9%)	4,877 (9.9%)	Marginal increase
Concealed households (newly forming 2006) on housing register	9%	22.5%	Large increase
District average house price	£105,038	£191,065	81.9% increase
% newly forming households unable to access market	90%	Virtually all	Open market has become practically unaffordable
Affordable housing shortfall	544 per annum shortfall to 2006/07 (2,722)	685 pa shortfall to 2010/11 (3,425)	25.8% increase due to changing market dynamics

7.0 STRATEGIC PRIORITIES

7.1 This research has provided the Council and its partners with a robust evidence base which can inform future housing strategies and planning policies. The research has helped identify key priorities for action:

- **Increasing the provision of affordable housing.** The Regional Housing Strategy and Cumbrian Housing Strategy recognises this as a key priority. This research has clearly and robustly evidenced the scale of need for affordable housing by property type, size and tenure. An overall requirement of 685 per annum (3,425 over the 5 year period April 2006 to March 2011) affordable dwellings per year is required across South Lakeland to offset demand from existing households in need and newly-forming households. Provision of both intermediate tenure and social rented housing is required.
- **Balancing housing markets.** The demand for affordable housing greatly outweighs likely development and an appropriate balance needs to be struck between the development of affordable and general market housing. An analysis of general market pressure has indicated the types of properties which are in short supply by market and Key Service Centre, which should help direct the future provision of general market housing;
- **Creating decent homes and environments.** There are some stock condition problems, particularly in the private rented sector. RSLs and South Lakes Homes will be aiming to ensure decency by 2010. In the private sector, survey evidence suggests that more than 70% of vulnerable households are already living in decent accommodation (although bear in mind the survey is not a technical assessment of decency). There is a high degree of residential satisfaction across South Lakeland, particularly access to schools, shops, healthcare and parks/open space. Most communities across the District feel that they have a good general reputation.
- **Homes with support and additional facilities.** The research has reflected upon the needs of B&ME groups, older people and other supporting people client groups. In particular there is a need to consider the future requirements of older people, both from those requiring additional support in their own home and those requiring specialist accommodation.

8.0 FURTHER INFORMATION

8.1 The full report is available from Julie Jackson, Senior Strategy Officer, 01539 733 333 or via the Council's website www.southlakeland.gov.uk