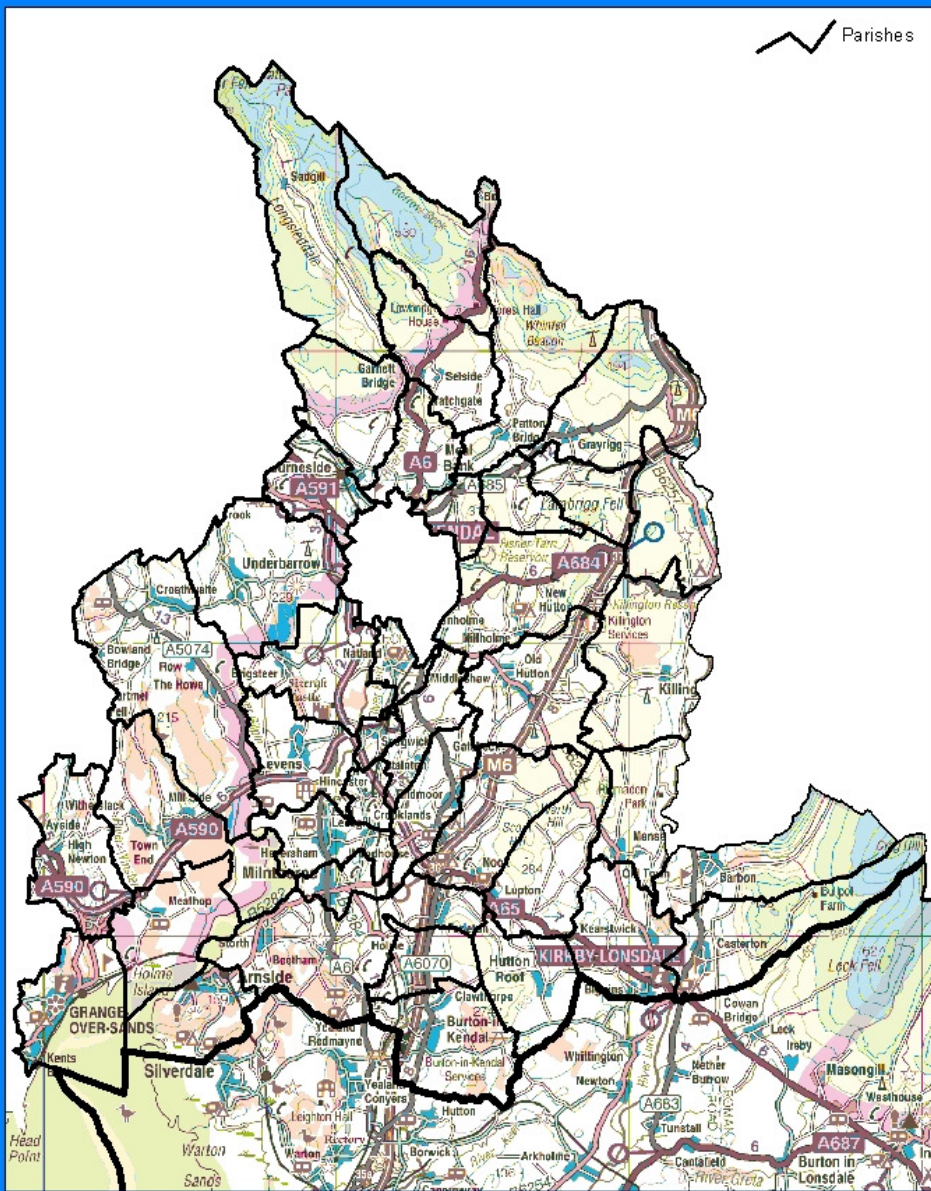


Cumbria Housing Strategy 2006/2011

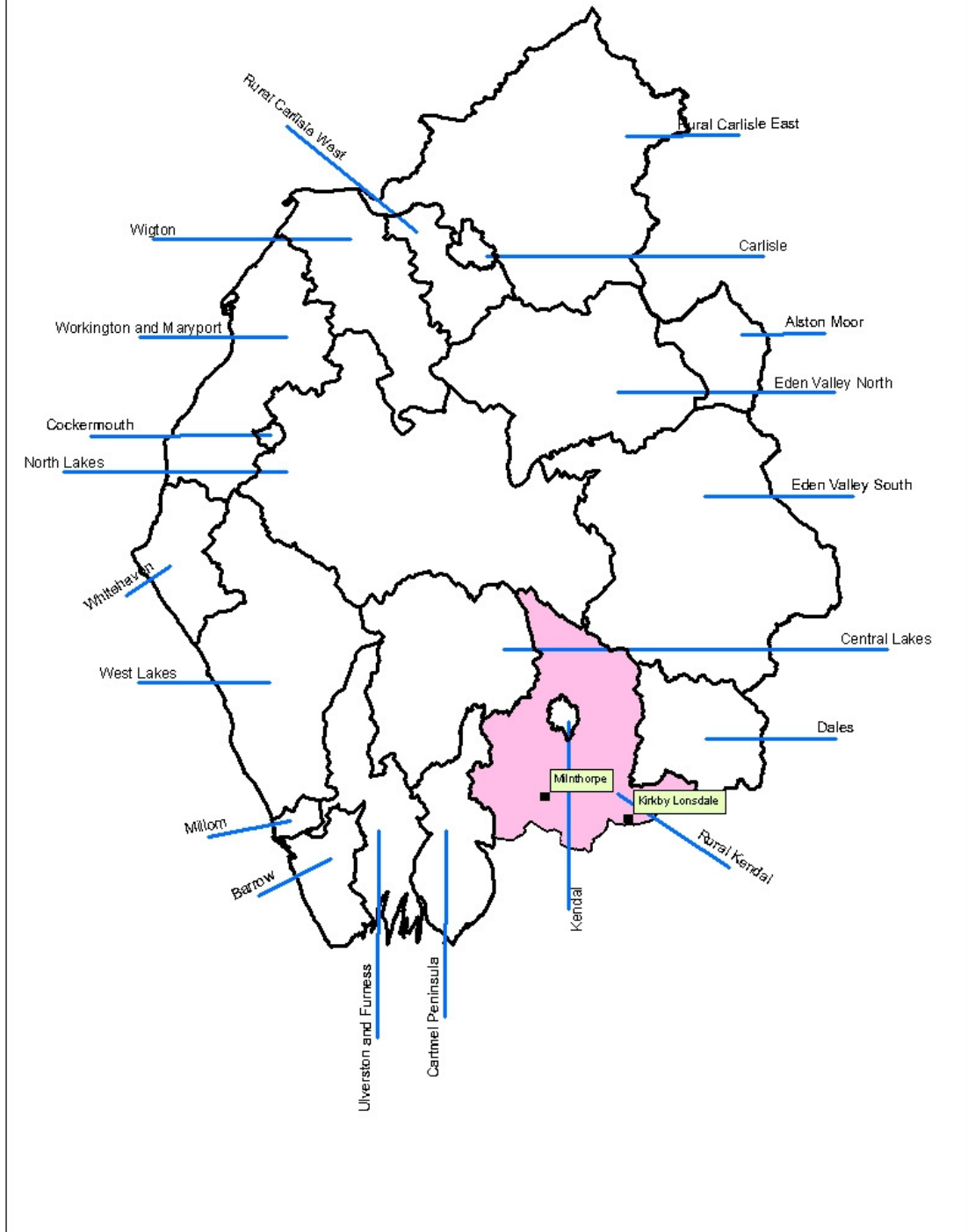
Strategic Housing Market Assessment 2009

Rural Kendal Housing Market Area



Cumbria Sub-Regional Housing Group

Cumbria's 20 Housing Market Areas



Rural Kendal Housing Market Assessment

Contents

1. Current Market Profile

- Headline Findings
- Targets
- Key Issues

2. Balanced Housing Market Indicators

3. The Current Housing Market

Stage 1: The Demographic and Economic Context

- 1.1 Demography and Household Types
- 1.2 National and Regional Economic Policy
- 1.3 Employment Levels and Structure
- 1.4 Incomes and Earnings

Stage 2: The Housing Stock

- 2.1 The Dwelling Profile
- 2.2 Stock Condition
- 2.3 Shared Housing and Communal Establishments

Stage 3: The Active Market

- 3.1-3.2 The cost of buying or renting a property and affordability
- 3.3 Overcrowding and under-occupation
- 3.4 Vacancies, available supply and turnover by tenure
- 3.5 Second Homes and Vacant Dwellings

Stage 4: Bringing the Evidence Together

- 4.1 Mapping Market Characteristics
- 4.2 Trends and Drivers
- 4.3 Issues of Future Policy/ Strategy

4. The Future Housing Market

Stage 1: Projecting changes in future numbers of households

Stage 2: Future Economic Performance

Stage 3: Future Affordability

Stage 4: Bringing the Evidence Together

5. Housing Need (affordable housing)

Stage 1: Current Housing Need

Stage 2: Future Housing Need

Stage 3: Affordable Housing Supply

Permissions and Completions:

- Market led and affordable housing

- Affordable housing only- permissions and completions 2006-08
- Market led and affordable housing delivery
- Units taken out of management 2006-2008

Stage 4: Housing Requirements of Households in Need

Stage 5: Bringing the Evidence Together

- Updated estimate of net annual housing need
- Key issues for future policy/ strategy
- Joining up across the assessment

6. Housing Requirements of Specific Household Groups

- Supported Housing
- Elderly persons needs
- Gypsy and Traveller
- Homelessness

7. Report Conclusions – Bringing the Evidence Together

Bibliography

Appendices

Acknowledgements

Paula Kennerley, Cumbria County Council

Stuart Frank, Cumbria Vision

Note to the Strategic Housing Market Assessment

The SHMA documents have been prepared jointly by each Cumbrian district in consultation with local and county stakeholders and have been compiled using the Governments' Strategic Housing Market Assessments Practice Guidance Version 2, August 2007. The documents are not intended to provide definitive estimates of housing need, demand and market conditions. However they aim to provide insights into how housing markets operate both now and in the future. They are intended to allow an evidence base upon which to develop planning and housing policies by considering the characteristics of the housing market, how key factors work together and the probable scale of change in future housing needs and demand (SHMA Guidance, 2007, pp7-9).

To allow ease of reference each stage of the assessment follows the same order as the Guidance. Data sources occasionally differ from those recommended in the Guidance where they have been unavailable or where more robust up to date information has been accessed. The following analysis looks at the housing market area and provides information on the wider District and Cumbrian level where this adds contextual information. For a full methodology and checklist of core outputs and process please see appendix 1.

Abbreviations

SLDC	South Lakeland District Council
HMA	Housing market area
LDNPA	Lake District National Park Authority
YDNPA	Yorkshire Dales National Park Authority
SHMA	Strategic Housing Market Assessment
TTWAs	Travel to work areas

1.Current Market Profile

Rural Kendal is a 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. The key service centres are Kirkby Lonsdale and Milnthorpe. The larger villages are Arnsdale, Burneside, Burton in Kendal, Endmoor, Holme, Lindale, Natland and Storth (including Sandside). There is connectivity with this market and Kendal Housing Market Area with Kendal being one of the main centres of employment and services. There is a degree of migration from Kendal, Lancashire and Manchester

Headline Findings

- Median income to house price ratio is 10.5, an increase from 9:1 in 2006
- Median house price of £309,000
- Annual affordable housing requirement is 221 (1105 over 5 years) – the highest in South Lakeland
- 60 affordable homes have been completed in Rural Kendal from 1.4.06 – 1.4.09
- The vast majority of the working population in Rural Kendal are employed in the hotel, distribution and restaurant sectors and Public administration, education & health sectors
- The need to retain and provide training opportunities for young people to fulfil gaps in employment is acute, particularly given the demographic changes to 2031.
- 56% of homes occupied by vulnerable people in the private sector meet the Government decent homes standard
- 100% of Council housing meets the Government decent homes standard

Targets

The following targets were devised for this market area in 2006. These have been updated and commentary shows key achievements on each action so far.

Target	Achievements & Progress
Minimum of 100 new affordable homes by 2011 – these will be focused primarily on Kirkby Lonsdale, Milnthorpe and the larger villages (of which at least 8 will be for older people)	<i>60 affordable homes have been completed from 1.4.06 – 1.4.09. There are currently 31 affordable homes with outstanding planning permission in Rural Kendal.</i>
Minimum of 150 locals-only homes by 2011	<i>57 locals-only homes have been provided in Rural Kendal from 1.4.06 – 30.9.08</i>
15 new units of extra care housing in Arnsdale by 2009	<i>A revised extra care housing strategy is being produced in 2008/09</i>
100% of all social housing to meet the decent homes standard by 2010	<i>This is currently on target</i>
70% of all private sector homes occupied by vulnerable people to meet the decent homes standard by 2010	<i>Further work needs to be done to identify vulnerable households occupying private sector non-decent homes. A survey is due to be carried out in 2009/10.</i>

Key Issues

1. Lack of **affordable housing** (the main issue for this market)
 - Relatively low incomes compared to very high house prices
 - High cost of private renting though estate agents report that the private rents may decrease due to the volume of properties on the rental market
 - Resulting in very high need for new affordable housing, particularly in the more rural parts of the area
 - Estate agents highlight that house prices are too high for local people due to inward migration
 - Particular need for smaller accommodation (one and two bedrooms)
 - Need for social rented, intermediate and locals-only housing (particularly the former)
2. **Supported housing**
 - Need for extra care housing in Arnside
3. **Decent homes**
 - All Council housing meets decent homes standard.
 - Over 50% of private sector homes occupied by vulnerable people are already decent but more needs to be done to meet the Government target of 70%
 - Major disrepair is a particular issue (*this will be addressed as part of the Council's private sector grants policy*)
4. **Supported housing**
 - Lack of move-on accommodation. The Council is working with other Districts in Cumbria to produce a Move-On Strategy to address this issue across the District.
5. **Regeneration**
 - Kirkby Lonsdale and Milnthorpe are market towns. There are opportunities for further strengthening these Key Service Centres in terms of employment and services.
6. **Employment Needs**
 - The District as a whole has low unemployment and is a net exporter of labour. There is high employment within Rural Kendal, however, many jobs are low paid.
 - There are more jobs than workforce throughout the District with evidence that jobs are being filled by migrant workers, double jobbing, and student workforce
 - Predominance of distribution/hotels/restaurant and public administration, Education and Health industries
 - There is a high demand for skilled and high level occupations throughout the District
 - The need to retain and provide training opportunities for young people to fulfil gaps in employment is acute, particularly given the demographic changes to 2031. Opportunities exist with the expansion of Kendal College and University of Cumbria.
7. **Impact of Proposed Development**
 - The majority of new affordable developments focus on local and key service centres, i.e. Kirkby Lonsdale Milnthorpe, also Burneside, Holme, Burton in Kendal as per local planning policy
 - New permissions given for affordable new build from 2006-08 are expected to supply 28 units.

- Whilst the majority of need is within the rural areas it is likely that the majority of need will be satisfied within the Key Service Centres, e.g. Kirkby Lonsdale and Milnthorpe and Local Service Centres, e.g. Burneside, Oxeholme, Natland, Levens, Endmoor, Holme, Burton in Kendal, Arnside, and Sandside/Storth
- The size and type of units built need to be balanced to allow residents to meet their needs across a range of size, type and tenures.

Market Drivers

- Good access and transport links (M6 and rail) to Kendal, Lancaster and further afield
- Key service centres are accessible
- Range of shops and services - seen as adequate by local people with the exception of leisure services
- General satisfaction with area except traffic problems, public transport and car parking
- Some perceptions of crime and anti-social behaviour in Milnthorpe
- Educational facilities including the reputation of local schools - seen as very good.
- There is a lack of bungalows in the area (except in Kirkby Lonsdale)
- In-migration to the area, particularly from Greater Manchester, is significant, as is people who commute from the area
- Attractive rural location

(Source: South Lakeland Housing Needs and Market Assessment 2006)

In summary, the housing market is not balanced due to a lack of affordable housing and the number of homes not meeting the Government's decent homes standard.

2. Local Indicators

A set of Local Housing Market Indicators are in the process of development to assess the extent to which a housing market is balanced. The proposed indicators are contained at Appendix 3. Further work is needed on these to ensure that the indicators can be monitored regularly and the information collected consistently across Cumbria. This will need the co-operation of social housing landlords, housing strategy and planning departments in collecting the data at the Housing Market Area level.

3. The Current Housing Market

Stage 1: The demographic and economic context

This section outlines the demographic and economic context. As outlined in the Practice Guidance Version 2, demographic make-up has a bearing on the demand and type of housing required. Throughout the District the prevalence of the older age cohorts impacts on the need for housing that is reflective of the needs of older people, and demand for bungalow accommodation. Prevalence of smaller households is indicative of the national trend and growing older population. It is important to set the economic context nationally, regionally and at a local level to understand how this can drive the housing market.

1.1 Demography and household types

- Reasonably significant increase in population 2001 to 2006
- Large number of older people households, slightly higher than District average for 'other pensioner households', but slightly lower number of one person pensioner households than District average
- Significant number of one person households and households with no children. CACI data gives some very useful information on the demographic make-up of the key service centres such as Kirkby Lonsdale and shows a higher number of wealthy executives than the Cumbrian average in Kirkby Lonsdale (36.2% compared to 5.2% for Cumbria) but very high proportion of 'affluent greys' in Arnside and Beetham at 58.9% compared to the Cumbrian figure of 19%. Wards such as Burton and Holme show an equal split of wealthy executives (15% compared to 5.2% for Cumbria) and 'affluent greys' (19.8% compared to 19% for Cumbria)
- The working age population is higher than the region as a whole reflecting the nature of the Housing Market Area (HMA) being attractive for commuters
- Significant implications of a reducing working age population and substantial increase in older people, particularly 75+ age group across the District
- Slightly lower proportion of households with dependent children than the District average
- Very little ethnic diversity but presence of 'white other' category

Table 1.1 Population Age by Ward

WARD NAME	HMA	All Ages	0-4	5-14	15-29	30-44	45-59	60-74	75+
Arnside & Beetham	Rural Kendal	4208	146	344	379	595	939	1049	756
Burton & Holme		2955	178	317	378	645	672	520	245
Whinfell		2355	130	327	270	471	602	418	137
Lyth Valley		2083	81	240	281	367	548	427	139
Milnthorpe		2161	129	266	269	448	423	367	259
Natland		2034	85	214	192	324	499	514	206
Crooklands		2304	105	296	320	447	602	353	181
Burneside		2008	106	240	271	352	483	402	154
Levens		1674	60	156	154	251	393	415	245
Kirkby Lonsdale		2495	80	385	327	376	539	492	296
TOTAL			24277	1100	2785	2841	4276	5700	4957

(Source: ONS 2006)

Table 1.2 Household Type

Housing Market Area Count	Housing Market Area %	South Lakeland %		Cumbria %	North West %
All Households	9,891	100	100	100	100
One person households	2,618	26.5%	29.9%	30.1	30.9
- of which Pensioners living alone % of total households	1,549	15.7%	17.0%	15.8	15.1
All other Pensioner households	1,472	14.9%	13.1%	10.8	8.9
Households with dependent children	2,344	23.7%	24.4%	27.5	30.4
- of which Lone Parent households with dependent children - % of total households	270	2.7%	3.7%	5.5	7.7
Households with non dependent children	845	8.5%	8.4%	9.8	10.3
- of which Lone Parent households with non-dependent children - % of total households	234	2.4%	2.6%	3.0	3.5
Households with no children	2,388	24.1%	21.3%	19.3	16.4
All other Households	224	2.3%	2.9%	2.5	3.0

(Source, 2001 Census information)

Table 1.3 Ethnic Group

Ethnic Group	Housing Market Area %	South Lakeland %	North West %	England and Wales %
All People	(23,173)	(102,283)	(6,729,766)	(52,041,916)
White - British	97.96%	97.58%	92.17%	87.49%
White - Irish	0.36%	0.44%	1.15%	1.23%
White - Other	1.02%	1.19%	1.11%	2.59%
Mixed - White and Black Caribbean	0.03%	0.08%	0.33%	0.46%
Mixed - White and Black African	0.03%	0.07%	0.15%	0.15%
Mixed - White and Asian	0.05%	0.11%	0.26%	0.36%
Mixed - Other	0.06%	0.10%	0.20%	0.30%
Asian or Asian British - Indian	0.04%	0.06%	1.07%	1.99%
Asian or Asian British - Pakistani	0.04%	0.03%	1.74%	1.37%
Asian or Asian British - Bangladeshi	0.01%	0.01%	0.39%	0.54%
Asian or Asian British -	0.03%	0.02%	0.22%	0.46%

Other				
Black or Black British - Black Caribbean	0.06%	0.04%	0.30%	1.08%
Black or Black British - Black African	0.04%	0.02%	0.24%	0.92%
Black or Black British - Other	0.03%	0.01%	0.08%	0.18%
Chinese or other ethnic group - Chinese	0.18%	0.17%	0.40%	0.44%
Chinese or other ethnic group - Other ethnic group	0.06%	0.07%	0.20%	0.42%

(Source, 2001 Census, ONS)

(Sources include Cumbria Economic Bulletin, Sep 2006, & Information & Intelligence, Policy & Performance Unit, Cumbria County Council).

1.2 National and regional economic policy

Housing and the macro-economy

Housing plays a fundamental role in the labour market by providing the places where the workforce lives, however there is no straightforward numeric link between economic change and propensity towards household formation/migration. Nevertheless, a well functioning economy is likely to be one where there is both an appropriate and attractive range of housing to support a thriving and diverse labour market, and where housing provision responds to changes in economic structure and performance. With this in mind, economic strategies and planning policy in the North West and across the UK now routinely highlight the impact that issues such as high prices, inadequate supply and poor quality housing might have on the capacity of an area to attract and retain a viable labour force.

National Context

Despite strong economic growth and broad stability since 1994/1995, current economic indications suggest that this position has changed significantly, brought about by high oil, utility and food costs, combined with a continued restriction on the availability of new mortgages brought on by the international 'credit crunch' stemming from the USA, and the resultant loss of global business confidence. The UK economy has now entered a recession leading to increased levels of unemployment. As at September 2008, predictions are that average house prices will fall by up to 25%, and it will be 2010 before there may be signs of a recovery (Nationwide, September 2008). Other signals within the UK economy show that manufacturing output is declining as a further sign that the UK economy is entering a recession.

Recent news headlines would suggest that, with developers reducing staffing levels, the more alarming effects of the credit crunch, such as widespread job losses and large falls in land value are already being felt by the house building industry. With the recession it is likely that there would be further reductions in demand for housing, with resultant falls in house prices, until such time as a new equilibrium is reached between demand and supply and stability is achieved in the international markets. However, aside from the lending practices of major lenders, the underlying reasons behind the high house price inflation in recent years, is the fact that there has been insufficient housing provision to meet needs across the UK. Some economists predict that once the economy picks up again, there could be a further surge in

house price inflation, which may be as serious as had been experienced in recent years. There is a need therefore to continue to build new houses in order to respond to underlying housing needs.

Monetary Policy

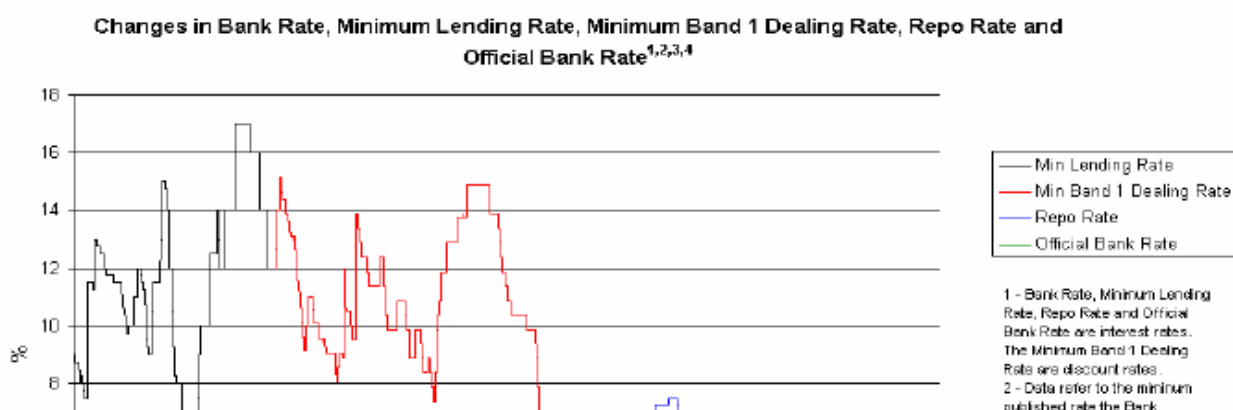
Interest rates reflect the effective cost of borrowing money and in the UK the base interest rate is set by the Bank of England's, Monetary Policy Committee (MPC). The Bank usually sets interest rates in order to try and meet an inflation target which is based on the Consumer Price Index (CPI) being equal to $2.0\% \pm 1$. If inflation is forecast to rise above the target, the Bank is likely to raise interest rates in order to reduce spending in the economy, and therefore moderate inflationary pressures.

Following some significant price rises in the food and energy sectors over the last year, the CPI has soared above its target value peaking, in September, at 5.2%. However the CPI has now begun to fall back with the most recent data for January showing inflation at 3.1% (still well above the target value). Due largely to a recent fall in oil prices related to falling demand linked to declines in global production levels, inflation is currently expected to fall rapidly over the coming months.

Rather than responding impulsively in the short term, the Bank's overarching aim is to ensure inflation returns to target in the medium to long term. Thus principally as a result of the MPC's forecast that the currently high level of inflation is a temporary phenomenon, interest rates have remained low and below the 10 year average of 5.2%. Unsurprisingly, there are also a number of other factors which play an important role in the balancing act between inflation and interest rates such as consumer confidence; time lags between rate changes and their effects on demand; the differential between the two rates and the ratio of fixed rate vs. variable rate mortgages (and in particular the proportion of sub-prime mortgages, where borrowers are paying a high proportion of their disposal income on repayments).

Responding to the severity of the global economic crisis and to help stimulate the British economy the Bank of England's official interest rate has been reduced significantly in recent months. A record monthly decline of 1.5 percentage points from 4.5% to 3.0% in November 2008 followed a 0.5% reduction in the interest rate in October. Subsequent reductions of 1.0% in December, 0.5% in January and a further 0.5% in February 2009 have brought the official Bank of England base rate to 1.0%, the lowest rate in the Bank's 315 year history. Financial markets believe the prospect of sharply lower growth and weakening inflation may prompt even further reductions, and some commentators believe the bank rate may drop to as low as 0.5% in the first half of 2009. Figure x below shows how interest rates have fluctuated since the early 1970s.

Figure x: Historic Variation in the UK Interest Rate.



Interest rates principally affect the housing market in one of two ways:

- **Mortgage Payments:** An increase in interest rates will increase monthly mortgage payments on a variable mortgage. For example, a quarter point rise on a £140,000 mortgage will increase monthly payments by approximately £30.
- **Demand for Housing:** A sustained rise in interest rates will affect the affordability of paying a mortgage. As interest rates rise, buying a house becomes less attractive and therefore demand falls. This can lead to falling house prices. For example, in the late 1980s interest rates rose to 15% causing house prices to collapse in the UK.

North West Regional Context

(Source: Northwest Regional Economic Forecasting Panel, Spring 2008)

The recent history of the regional economy includes a period of:

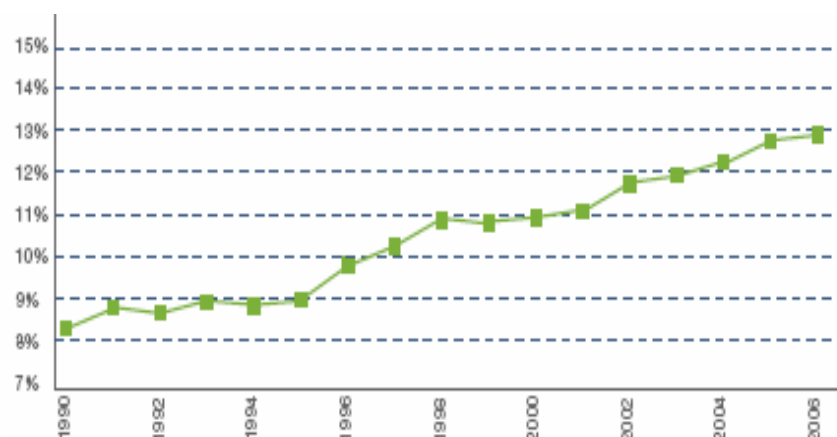
- **Very rapid jobs growth**, especially between 2001 and 2004. This may be exceptional and unlikely to be seen again. It followed marked recent increases in public spending such that a third of the region's jobs are now in the public sector; and it also included the out-sourcing of jobs in financial and business services from higher cost places in the South, following a downturn in international financial markets in 2001.
- **Net migration shift**, which explain why the region's population began to grow again from 2001. This also appears to have been closely related to this exceptional period of growth in job opportunities. While the growth in participation amongst men has remained low, a significant increase of the participation of women in the region's labour force appears to have been a further response to this same peak in job opportunities. Nevertheless, the underlying trend in the growth of jobs in the North West has still been running on average around 0.1 percentage points a year below that in the UK.
- **A fall in productivity**, which accompanied the recent peak in jobs growth in the North West. Services now represent the bulk of jobs, and productivity levels in all broad service sectors in the region fell relative to the UK between 1995 and 2005. Also, there is little left of an advantage the region once enjoyed in the productivity stakes because of its once considerable concentration of employment in manufacturing, in which labour productivity is generally higher than in services.

The relative decline in the region's productivity in services is attributed to:

- A gradual fall in its price level relative to the UK, which is bound to have had a general effect on relative wages.
- A shift in the balance between lower and higher level jobs in favour of the UK, and a widening disparity between earnings in higher-level jobs between London and other major cities, including Manchester and Liverpool. This effect has been particularly marked in top-end jobs in financial and business services, a sector that now provides almost half of GVA in London as against less than a fifth in the North West.
- The output gap between the region and the UK has generally grown faster than the North West. The main influence has been the performance of London as a global city and as an international provider of high level services, together with consequential growth in the 'super city region' around London. Its direct influence now expands into parts of the East Midlands, the West Midlands, and the South West, as well as into Eastern England and much of the South East.

GVA per head - % difference between North West & UK (current prices)

(Source: Regional Accounts & Cambridge Econometrics)



The GVA gap can be explained as follows:

- About a quarter reflects labour market differences, mainly lower participation, but also fewer hours worked, and less double jobbing in the North West, despite broadly similar patterns of part-time working.
- About a third reflects the fact that employees in the North West earn less for similar kinds of work, interpreted as a reflection of the influence of its lower general price level on wage settlements, a price level that has been falling relative to the UK.
- The rest reflects an additional gap in earnings because of the nature of jobs in the North West as compared with jobs in the UK. The fact that there are relatively fewer higher-level jobs, and relatively more lower levels jobs, in the North West plays a part, as does the industrial structure in the region with a slight bias towards sectors that tend to generate lower value added per job. But the most important influence here is shown to be comparatively high

rewards for higher-level jobs in London and the Wider South East, especially in financial and business services, which now generates nearly half of London's GVA.

The expectation that these trends will continue, and that growth rates in GVA and in GVA per head will continue to diverge with the UK and England, has mainly to do with the dynamic effects of economic agglomeration continuing in and around London. It is also expected that national and international business is likely to continue to become more concentrated in London. Generally speaking, a distinction can be drawn between areas of the UK that are directly influenced by London, and others, such as the North West, that are generally further away, and have less well developed links, even if they may host support services for firms based in higher cost places, including the London area. Therefore, although Manchester has developed into the equivalent centre for the North West and has some national and international business, it is on a much smaller scale. Based on projected trends in total and working age populations and likely developments in participation, the effective supply of labour and jobs is expected to continue growing more slowly in the region than in the UK. There is a risk that this expected divergence in jobs growth could be wider than expected, depending on where net immigration is concentrated.

The central forecast of the most likely gap in GVA growth between the North West and the UK over the next twenty years is an average of 0.4 percentage points per annum, or a little more. The results of public policy initiatives are implicit in these trends and the Forecasting Panel think change is unlikely mainly because many programmes are similar to those that have been in place for some time and economic performance seems to have been driven mainly by structural change responding to market forces. This may change if firms and other bodies in the region take increased advantage of strategic opportunities in which the region has strengths (for instance in nuclear, energy, and environment-related industries) and if we saw public policy concentrating an increased proportion of resources on growth, especially on accommodating and underpinning agglomeration through appropriate policies, such as transport and housing.

It is nonetheless implicit in this view that the North West's economy will continue to grow more rapidly than in the 1990s, and also that living standards in the region will continue to improve on average even if the gap in GVA per head is expected to widen. Although the North West's growth corridor may flourish, and its influence will spread geographically, especially given effective transport and spatial policies, the corridor is simply different in character and scale, and less of an integrated whole at present, than is London and its surroundings.

Construction and Housing

Since the first quarter of 2007 the rate of increase in house prices in the region declined, while in the final quarter of the year house price inflation in the UK declined for the first time in two years. Along with a fall in the numbers of housing transactions, this confirmed that the housing market was weakening. The most recent national data in September 2008 shows that the annual rate at which house prices are falling continued to accelerate to hit a new record of 5.1 per cent. However, homes lost only 0.1 per cent of their value during September itself, well down on August's drop of 2.7 per cent.

Construction: Growth in 2007 was sustained by private commercial orders

Construction orders in the North West increased through the first half of 2007, but have since fallen back. In 2007 private sector new housing orders declined to below 2005 levels. However, the level of infrastructure and other public orders increased. Private industrial orders remained relatively unchanged from 2006; growth in private commercial orders was much more marked in the first half of the year, although they have since fallen back.

The value of construction output in 2007 was 12.8% higher than in 2006, due primarily to new public housing and other private sector repair and maintenance. Private commercial and industrial output growth more than offset a decline in infrastructure output.

GVA growth in construction was weak in 2006 at 1.0% but is estimated to have strengthened to 2.1% in 2007, although this was weaker than in the UK as a whole. Weaker growth is expected in 2008 (data not yet published); 1.5% for the North West and 1.0% for the UK. GVA is then expected to fall in 2009 in response to the impact of the credit crisis and the weakening housing market, before recovering in 2010 and 2011.

House Prices: Inflation weakened through 2007

House price inflation slowed through 2007 despite reductions in interest rates during the year. At the end of 2007, prices were on average 5.0% higher than a year earlier in the North West compared with 9.9% in the UK. Along with slower price inflation since the beginning of 2007, figures (Q2 2007) for the number of transactions show a decline for both the North West and UK. This is consistent with the tightening of monetary policy during 2006/07 and tougher lending standards for mortgages after the recent difficulties in financial markets and points to a slowdown in the market.

Housing Investment: The outlook is for weaker activity in the short term

Short-term prospects for housing investment in the region are considerably less favourable than in recent years. The number of new dwellings started declined by 19.0% compared to 6.0% nationally, representing the first decline in four years. Housing starts across all categories (private enterprise, registered social landlords and local authorities) declined by a larger amount in the region than nationally in 2006/07. Potential downside risks to the housing market remain including the current liquidity issues in capital markets and resultant reductions in mortgage packages available on the high street and high levels of consumer debt.

There have been sharp falls in housing starts this year with some smaller house builders already in difficulties and large nationally organised concerns scaling back new build.

Chart X: Recent development in the housing market



Source: Communities and Local Government.

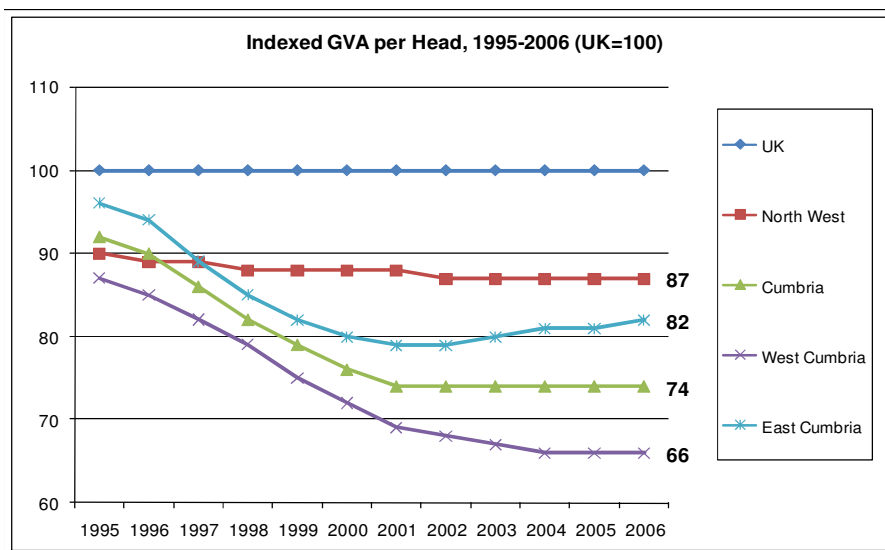
Cumbrian Context

“Whilst poor, GVA performance is showing improvement. Time will show how we perform in relation to other sub-regional economies due to the current recession; early indications are that we are not adversely affected”

The numbers paint a mixed picture for the county depending on the timescale over which we assess change and the geographical area we focus on. The bullet points below identify the key points of relevance:

- Over the long term (1995-2006) Cumbria remains the slowest growing of the 37 county-type areas in the UK, with an overall growth rate of 41.2% compared to 66.0% in the Northwest region and 80.0% for the UK as a whole.
- Since 2005 Cumbria has grown at around the same rate as the region (5.0% vs 5.2% respectively). Cheshire is fastest growing part of NW at 6.5%
- GVA per head in the county now stands at £14,044 compared with £16,482 in the NW and £19,430 in the UK (74% of the UK average – the same index as we have seen every year since 2001)
- There is significant disparity between West and East Cumbria. Overall East Cumbria has grown by 51.8% since 1995 compared with 29.0% in West Cumbria, the slowest of any of the 133 sub-county areas in the UK.
- Over the latest year (2005-2006) East Cumbria’s growth rate stands at 5.5% while West Cumbria’s is 4.4%.
- GVA per head in East Cumbria now stands at £15,450 (82% of the UK average) while for West Cumbria it is £12,498 (66% of the UK average).

Figure x: Indexed GVA per head, 1995-2006



General Remarks

While the severity of current economic effects is open to interpretation, it is likely that housing areas with stronger, more stable markets will be able to weather the storm more effectively than weaker markets.

In Cumbria, if economic growth is to be supported by adequate housing provision (both in terms of quality and quantity); the county will need to supply sufficient new dwellings to meet the needs of in-migrants. However, by increasing the economic activity rates of the indigenous population, the demands placed on housing by economic growth could be lessened with fewer migrants required to sustain the same level of growth.

Key Issues: Remote but attractive places, ageing population and strain on support services, reliance on public sector contracts, nuclear and energy industries. The table below shows a number of strengths, weaknesses, opportunities and threats facing Cumbria.

<p style="text-align: center;">Strengths:</p> <ul style="list-style-type: none"> • Key sectors in nuclear, energy & environmental technologies • High share of self employed compared with regional average • National parks and other attractive places encourage leisure, tourism, outdoor education and wealthy incomers • Concentration of wealth in some parts of South Cumbria 	<p style="text-align: center;">Weaknesses:</p> <ul style="list-style-type: none"> • Has seen relatively slow growth in GVA and GVA per head • Traditional dependencies on agriculture and on manufacturing (especially in W. Cumbria) • Many places have poor skills and are not well connected to major centers or transport routes • High incidence of worklessness in Barrow & West Cumbria
Opportunities:	Threats:

<ul style="list-style-type: none"> • Secure maximum benefit from the nuclear agenda • Public sector initiatives for Carlisle, Barrow and the University of Cumbria • South Cumbria could gain from spill over from Manchester 	<ul style="list-style-type: none"> • High wage levels in nuclear industry on West Coast distort local labour markets • Generally high level of grant expectation in West Cumbria alongside heavy reliance on nuclear industry and failure to reach consensus on nuclear waste • Challenges in maintaining the sustainability of rural communities
--	--

Source: North West Development Agency, May 2008

South Lakeland and Rural Kendal Context

Between 1998-2006 employment has risen by 16% in South Lakeland, higher than Copeland and Allerdale and the same as Barrow and the Lake District National Park (Annual Business Inquiry, 1998-2006). The number of jobs has growth by 1498 between 2006-2007 being the 3rd highest out of the Cumbrian districts (Cumbria Business Survey: 2007). The employment levels and structure within South Lakeland is geared around tourism followed by wholesale and retail. This is likely to remain the case for the foreseeable future. The majority of South Lakeland businesses tend to employ less than 10 staff. Self employment is at a higher level in South Lakeland at 14.4% than the Cumbrian figure of 10.6% (ONS: Annual Population Survey). Across the HMAs, Rural Kendal has one of the highest levels of self employment. This is much higher than the Regional and National levels, and no doubt linked to one of the main types of employment being in the hotel, distribution and restaurant industry.

Rural Kendal is strongly linked to Kendal Housing Market Area, with Kendal being the main administrative centre and source of employment. There are also links with Dales HMA in terms of commuting and services.

Alongside other housing market areas there is a recognised need to broaden economic activity whilst supporting existing industry, together with targeting high value economic sectors. It is recognised that Kirkby Lonsdale and Milnthorpe are the Key Service Centres within Rural Kendal and planning policy supports the further provision of employment land that should assist in strengthening the economy of Rural Kendal. Milnthorpe is a third of the size of Kirkby Lonsdale and there is scope to strengthen the retail provision within Milnthorpe.

As with all HMAs in South Lakeland, affordable housing is a key issue that affects economic prosperity. The Cumbria Business Survey (Cumbria Economic Intelligence Partnership: 2007) highlights that not only do employers report some difficulties in recruiting staff due to lack of affordable housing (14%) but that one in five businesses with 3+ staff report a skills shortage in skilled work (61%) followed by high level staff occupations (32%) so clearly there is a need to address learning opportunity within Cumbria and South Lakeland, together with the encouragement of high level employers and the need for affordable housing. Specifically in South Lakeland there is a marked skills shortage in intermediate and high level occupations with 70% of employers reporting difficulty recruiting for intermediate level and 28% of employers reporting difficulty recruiting to higher level employment. The main reason cited by employers for recruitment difficulties are the low number of applicants generally and the number of applicants applying without the required skills. The Cumbria University may go some way to address skills shortages within the District and within Cumbria and Cumbrian businesses have welcomed this development in the retention and attraction of young people with the right skills base, provided that the courses were

sufficiently relevant. In addition, the expansion of Kendal College provides further opportunity for learning and development.

Rural Kendal has excellent transport links, both rail and road. The M6 is very accessible as are the A6 and A65. Oxenholme railway station provides access to the West Coast Main Line. However, some of the smaller villages and hamlets are not as well served for public transport. Accessibility is cited by employers as a barrier to business efficiency in 29% of cases, together with traffic congestion (28%). Rural Kendal therefore provides opportunity for businesses in being well linked to the road and rail network.

In terms of location of businesses, 15% of South Lakeland businesses report that the unavailability of business premises is a barrier to business performance, the highest figure in Cumbria. In addition, 31% of South Lakeland businesses report that although business premises are not bad, they could be better. This is the second highest figure in Cumbria. Rural Kendal has a limited amount of commercial/industrial land available, however, the draft South Lakeland Core Strategy recognises the need to expand the availability of new premises targeting start up and growing businesses as well as promoting the entrepreneurial culture that exists.

The effects of the economic downturn have been felt in South Lakeland with a number of job losses resulting in closure of businesses and shop premises. In the recent Oxford Economic Report for the Local Government Association, all English district authorities were ranked according to a economic vulnerability index with 1 being the most vulnerable and 408 being least. The most vulnerable were those with high employment levels in financial services and other vulnerable sectors such as retail, tourism etc. The following table shows how the local authorities in Cumbria were ranked. The table shows that South Lakeland is the most vulnerable district and Barrow and Copeland are the least vulnerable districts. This mirrors the information coming through from the unemployment and job vacancy information.

(City of London	1)
South Lakeland	43
Eden	127
Carlisle	133
Allerdale	144
Barrow-in-Furness	318
Copeland	401
(Corby	408)

Migration, travel to work patterns and self-containment

A review of data available on migration and travel to work patterns shows a high degree of self-containment (i.e. people moving from within the same ward) across the District and this is not as prevalent in Rural Kendal due to migration flows from outside the HMA and outside the District, e.g. Lancaster and the North West. The Regional Strategic Housing Assessment summarises the picture as follows:

“In terms of linkages with other areas, because of its geographic position, Barrow, Dalton and Askham have strong links only with Ulverston/Cartmel. The West Cumbria housing market areas tend to have links with one another, and to some extent with Carlisle. For the remainder of Cumbria, there is a north-south split, with stronger links between Central Lakes, Dales/Rural Kendal and outside the sub region

Lancaster, and a separate grouping of Eden Valley, North Lakes, Alston Moor and Carlisle.” (RSHA p32)

This self-containment is also present in migration patterns across the county:

“Geographical patterns of migration in Cumbria exhibit similar characteristics to that which we might expect; namely, most moves are of short distance and there is an inverse relationship between the magnitude of individual flows and the distance traveled....Of the 814 flows involving Cumbria and/or other parts of the North West, 799 were moves within Cumbria, 6 were from Cumbria to Lancashire, 5 were from Lancashire to Cumbria and 4 were from Greater Manchester to Cumbria. Within Cumbria itself, there is a clear ‘geometry’ of migration centred on key locations such as Carlisle, Penrith, Workington and Maryport, Whitehaven, Barrow-in-Furness, Windermere, and Kendal. Overall, the data suggests that there is a high degree of ‘self-containment’ whereby these locations function as relatively independent housing market areas.” (Cumbria Economic Bulletin, 2007)

Analysis in March 2008 at county and district level tends to confirm “spatially coincident housing and labour market... with a high degree of home to work trip self-containment” (i.e. workplace within the same HMA) (Stephen Hincks, *Cumbria Economic Bulletin*, 2008). However the same analysis also showed that Cumbria also has longer distance commuting (i.e. over 30km in length), of which South Lakeland has a share, though not to the same extent as Allerdale and Eden. This might reflect the fact that some residents in Cumbria need to travel greater distances to access employment opportunities and the connections between Ulverston and Kendal and Lancashire. As Rural Kendal has good road networks with the M6, this creates a commuter market with other parts of Cumbria and the North West.

However the picture is clearly varied with higher degrees of migration and travel to work depending on the specific area’s attractiveness and availability of suitable employment. Further evidence derived from the 2001 Census showed that overall South Lakeland is a net exporter of labour, with 1,062 more employed residents than workforce compared to Carlisle which is a net importer of labour of 5,801 (Cumbria Economic Bulletin, Sept.2004). This may have policy implications if we wish to look at expanding our economy, cut commuting patterns and encourage people to both live and work in the district.

Although South Lakeland is a net exporter of labour the demand for jobs is much higher than the resident workforce, so evidence would suggest that there is mismatch between the type of jobs, attractiveness (e.g. rate of pay/conditions/quality), skills and workforce available.

The table below shows Labour supply and demand in Cumbria in 2006 in terms of the number of jobs compared to resident workforce.

Table 1.4 Supply and Demand for Jobs

	Demand* (Jobs)	Supply** (Resident workforce)	Supply deficit
Allerdale	41,400	41,700	+300
Barrow	29,900	31,100	+1,200
Carlisle	59,900	49,100	-10,800
Copeland	33,300	32,800	-500
Eden	30,700	28,800	-1,900

South Lakeland	57,200	46,800	-10,400
----------------	--------	--------	---------

Source: ABI 2006; Annual Population Survey 2006; June Agricultural Survey 2006

*Demand = ABI employment (except for agriculture) + self-employment + employment (excluding self-employment) in agriculture

** Supply = employed and self-employed residents

Note: Agricultural employment has been partitioned by district on the basis of relative agricultural land areas in each district

As can be seen there is a significant deficit in labour supply in South Lakeland and Carlisle which may have been offset to an extent by migrant workers in the hotel and restaurant business. In addition, shortfalls may be addressed through double jobbing, net in-commuting, contract and student labour. It is not surprising therefore, that employers report difficulty in recruiting.

Between 1998-2006 employment has risen by 16% in South Lakeland, higher than Copeland and Allerdale and the same as Barrow and the Lake District National Park (Annual Business Inquiry, 1998-2006). The number of jobs has growth by 1498 between 2006-2007 being the 3rd highest out of the Cumbrian districts (Cumbria Business Survey: 2007). The employment levels and structure within South Lakeland is geared around tourism followed by wholesale and retail. This is likely to remain the case for the foreseeable future. The majority of South Lakeland businesses tend to employ less than 10 staff. Self employment is at a higher level in South Lakeland at 14.4% than the Cumbrian figure of 10.6% (ONS: Annual Population Survey). Rural Kendal is strongly linked to Kendal Housing Market Area, with Kendal being the main administrative centre and source of employment.

Alongside other housing market areas there is a recognised need to broaden economic activity whilst supporting existing industry, together with targeting high value economic sectors.

The Cumbria Business Survey (Cumbria Economic Intelligence Partnership: 2007) highlights that not only do employers report some difficulties in recruiting staff due to lack of affordable housing (14%) but that one in five businesses with 3+ staff report a skills shortage in skilled work (61%) followed by high level staff occupations (32%) so clearly there is a need to address learning opportunity within Cumbria and South Lakeland, together with the encouragement of high level employers and the need for affordable housing. Specifically in South Lakeland there is a marked skills shortage in intermediate and high level occupations with 70% of employers reporting difficulty recruiting for intermediate level and 28% of employers reporting difficulty recruiting to higher level employment. The main reason cited by employers for recruitment difficulties are the low number of applicants generally and the number of applicants applying without the required skills. The Cumbria University may go some way to address skills shortages within the District and within Cumbria and Cumbrian businesses have welcomed this development in the retention and attraction of young people with the right skills base, provided that the courses were sufficiently relevant.

Rural Kendal is well served by transportation and is linked to the A6, A590, and in close proximity to the M6, together with rail and public transport. Accessibility is cited by employers as a barrier to business efficiency in 29% of cases, together with traffic congestion (28%).

In terms of location of businesses, 15% of South Lakeland businesses report that the unavailability of business premises is a barrier to business performance, the highest figure in Cumbria. In addition, 31% of South Lakeland businesses report that although business premises are not bad, they could be better. This is the second highest figure in Cumbria.

1.3 Employment levels and structure

1.3.1 Industry of employment

Table 1.5 shows the industry breakdown between South Lakeland's HMAs and it can be seen that Rural Kendal's two main sectors are the hospitality sector and public administration, education and health sector.

Table 1.5 Industry of Employment

Industry of Employment		Rural Kendal	Ulverston & Furness	Kendal	Cartmel Peninsula	Dales	Central Lakes	Cumbrian Total
Agriculture and fishing (SIC A,B)		55	4	7	5	0	63	368
	%	0.7	0.1	0.1	0.2	0.0	0.7	0.4
Energy and water (SIC C,E)		89	12	193	2	0	214	1528
	%	1.2	0.2	1.5	0.1	0.0	2.4	0.9
Manufacturing (SIC D)		1030	1679	1541	253	30	363	35008
	%	13.9	29.6	11.9	10.0	3.0	4.1	15.5
Construction (SIC F)		823	270	674	162	86	374	12177
	%	11.1	4.7	5.2	6.4	8.6	4.2	7.6
Distribution, hotels and restaurants (SIC G,H)		1793	1405	4178	938	313	4905	47695
	%	24.2	24.8	32.4	37.1	31.4	55.2	28.6
Transport and communications (SIC I)		404	221	614	95	70	329	10131
	%	5.5	3.9	4.8	3.8	7.0	3.7	5.8
Banking, finance and insurance, etc (SIC J,K)		1077	759	1608	427	113	893	22822
	%	14.5	13.4	12.5	12.6	11.3	11.3	12.7
Public administration, education & health (SIC L,M,N)		1782	1114	3244	472			40355
	%	24.1	19.6	25.1	18.7	352	1126	23.6
Other services (SIC O,P,Q)		352	213	851	175			7953
	%	4.8	3.8	6.6	6.9	33	619	5.0
	TOTALS	545	1,557	6,030	11,263			178,035

Source: ABI Analysis, 2006

Figures are work based. Figures do not include self employed, approximately 10% of working age population for Cumbria

1.3.2 Economic Activity

Data from 2001 (table 3.7) showed South Lakeland District to have a higher than regional figure, though lower than County level, for the total working age population economically active and living in the district. South Lakeland has the lowest percent of employees in Cumbria but the highest percentage of self-employed.

Looking at economic activity at *HMA* level, 2001 data (Census) showed that Rural Kendal had a higher level of economically active residents (total) than both county and regional levels. This was comparable with the rest of the District. The area contained a lower percentage of economically inactive residents than a number of other HMAs and this was also lower than the County and Regional level. However, the area contained the second highest percentage of retired people (of working age) in the District. This is likely to reflect the popularity of the area for in-migrant retirees, particularly in settlements such as Arnside. Economically inactive includes those looking after a house, those in retirement but also includes those without work who are not actively seeking or available for employment. The HMA contains a higher number of self-employed people and this was significantly higher than the County and regional levels reflecting the predominance of the hospitality sector. Unemployment was fairly low across the District and the HMA had the second lowest than any of the others in the District, lower than the County and Regional percentages.

Figures show that 14.4% of the working population in South Lakeland is self-employed, being the highest level of self employment across Cumbria. (ONS Crown Copyright reserved from Nomis 11.6.08). The largest majority of workers are employed in the hospitality and public sectors.

1.3.3 Gross Value Added

This is only available for *East and West Cumbria* with South Lakeland being contained within East Cumbria along with Carlisle and Eden. For East Cumbria the GVA per head of population has been higher since 1995 than the regional and county average. While this is still only 85% of the UK average (indicating that the area is lagging behind in terms of productivity of the workforce) this area has shown a faster growth in recent years.

Table 1.6 Gross Value Added

Table Gross Value Added per head of population GVA as % of uk average	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
UNITED KINGDOM	100	100	100	100	100	100	100	100	100	100	100
England	102	102	102	102	102	102	103	103	103	103	102
North West	91	90	90	89	89	89	89	88	88	88	87
Cumbria	93	91	88	84	80	78	76	76	76	76	76
West Cumbria	89	87	85	81	78	74	71	69	68	66	65
East Cumbria	97	95	90	86	83	81	81	81	83	85	85

Source: Cumbria Intelligence Unit

Table 1.7 Economic Activity

Economic Activity	Great Britain	North West	Cumbria	Allerdale	Barrow-in-Furness	Carlisle	Copeland	Eden	South Lakeland
Economic activity rate - working age	78.5	76.5	79.2	83.4	76.1	83.4	73.3	78.0	78.3
% who are economically inactive - working age	21.5	23.5	20.8	16.6	23.9	16.6	26.7	22.0	21.7
Economic activity rate males - working age	83.1	80.4	81.5	85.8	76.1	80.5	81.7	88.6	78.7
Economic activity rate females - working age	73.6	72.3	76.7	80.6	76.1	86.5	64.1	66.1	77.9
Employment rate - working age	74.3	72.0	75.6	80.6	72.1	80.2	67.1	76.9	74.0
% of working age who are employees	64.5	63.8	64.9	67.6	67.2	67.6	61.6	67.2	59.1
% of working age who are self employed	9.3	7.8	9.9	12.5	4.1	12.0	3.2	9.7	14.4
Unemployment rate - working age	5.4	5.8	4.6	3.3	5.3	3.8	8.6	!	5.4

Source: ONS, 2008

Table 1.8 Economic Activity

	District		South Lakeland					Cumbria		
	HMA		Dales	Rural Kendal	Kendal	Ulverston and Furness	Cartmel Peninsula	Central Lakes	Total	
Working Age Population: Economically Active	Working Age Population: All People		2,078	13,374	16,591	11,699	4,689	11,432	292,052	
	Total	No	1,593	10,745	13,706	9,021	3,647	9,217	225,722	
		%	76.7	80.3	82.6	77.1	77.8	80.6	77.3	
	Employee	No	1,062	7,514	11,189	6,956	2,537	6,098	174,698	
		%	51.1	56.2	67.4	59.5	54.1	53.3	59.8	
	Self Employed	No	466	2,622	1,655	1,403	894	2,368	32,129	
		%	22.4	19.6	10.0	12.0	19.1	20.7	11.0	
	Unemployed	No	17	263	399	390	102	259	11,966	
		%	0.8	2.0	2.4	3.3	2.2	2.3	4.1	
	Student	No	48	346	463	272	114	492	6,929	
		%	2.3	2.6	2.8	2.3	2.4	4.3	2.4	
	Working Age Population: Economically Inactive	Total	No	485	2,629	2,885	2,678	1,042	2,215	66,330
			%	23.3	19.7	17.4	22.9	22.2	19.4	22.7
		Retired	No	75	650	502	544	321	486	9,386
%			3.6	4.9	3.0	4.6	6.8	4.3	3.2	
Student		No	197	502	400	420	137	567	9,877	
		%	9.5	3.8	2.4	3.6	2.9	5.0	3.4	
Other		No	213	1,477	1,983	1,714	584	1,162	47,067	

NB: Working Age Population = Males aged 16-64 and Females aged 16-59

(Source: ONS Crown Copyright Reserved [from Nomis on 18 August 2008])

NB percentages are of full time equivalents. Figures do not include self employment.

Figures show that 14.4% of the working population in South Lakeland is self-employed, being the highest level of self employment across Cumbria. (ONS Crown Copyright reserved from Nomis 11.6.08). As would be expected the largest majority of workers are employed in the distribution, hotels and restaurants sector.

1.3.4 Unemployment and Claimant rates

ILO (International Labour Organisation) define 'unemployed' as all those who were without a job who were able to start work within the next fortnight and had actively looked for work in the last four weeks or had recently found a job and were waiting to start. There is a 'natural' rate of unemployment that will always occur in an economy, due to job turnover or a mismatch between job skills and job availability. This data is only available from 2001 Census. Claimant rates record the number of people claiming Job Seekers Allowance. This might not, for example, include those that choose to claim or fail to sign for JSA.

Table 1.7 above indicated that the unemployment rate in the *District* was higher than the County rate and lower than the National rate in 2001 indicating a number of job seekers unable to find employment. However, more recent information shows that the claimant rate is identical to the County rate for the month of July 2008 and lower than the regional and national rate. Table 1.10 shows a decrease in 2006-2008 falling from 446 in 2006/07 to 377 2007/08.

This pattern is repeated at *HMA* level where figures have slightly fallen from previous year. Table 1.10 shows a decrease for Rural Kendal in 2006-2008 falling from 67 in 2006/07 to 57 2007/08. Here the current rate of 0.4 is lower than county and regional monthly rates.

Table 1.9 District JSA Claimant Rate

Table JSA Claimants monthly count July 08	Number	Rate
District	404	1.7
Cumbria	4,996	1.7
North West	116,193	2.7
United Kingdom	871,288	2.3

Source: Cumbria Intelligence Observatory

Table 1.10 HMA JSA Claimant Rate

Table JSA Claimant Count (yearly average)	August 2004 - July 2005 (inclusive)		August 2005 - July 2006 (inclusive)		August 2006 - July 2007 (inclusive)		August 2007 - July 2008 (inclusive)	
	number	rate	number	rate	number	rate	number	rate
Cartmel Peninsula HMA	30	0.6	33	0.7	25	0.5	17	0.4
Central Lakes HMA	56	0.5	53	0.5	44	0.4	41	0.4
Kendal HMA	124	0.7	136	0.8	143	0.9	130	0.8
Rural Kendal HMA	53	0.4	58	0.4	67	0.5	57	0.4
Sedbergh HMA	7	0.3	7	0.3	8	0.4	5	0.2
Ulverston and Furness HMA	205	1.8	199	1.7	159	1.3	127	1.1
District total	475		486		446		377	

Source: Cumbria Intelligence Observatory

The monthly unemployment figures for December 2008 were released by the Office for National Statistics on 21 January 2009. The claimant count in Cumbria rose by 468 between November and December to reach 6,370 with the count rising in all districts. Over the year from December 2007 to December 2008 the total count rose in all districts with an overall rise of 1,785 across Cumbria. The largest proportionate rise in unemployment over the past 12 months have been in South Lakeland and Eden although the two Districts still have the lowest actual levels of unemployment.

Table 1.11 Residence Based Claimant Count Rates

Residence - Based Claimant Count Rates – December 2008						
Area	All Persons		Monthly Change (All Persons)		Annual Change (All Persons)	
	Number	Rate	Number	% of Total	Number	% of Total
UK	1,153,328	3.0	97,183	8.4	362,958	31.4
North West	149,439	3.5	11,803	7.9	45,417	30.4
Cumbria	6,370	2.1	468	7.3	1,785	28.0
Local Authority Districts						
Allerdale	1,439	2.6	88	6.1	477	33.1
Barrow	1,205	2.8	48	3.9	178	14.7
Carlisle	1,540	2.4	101	6.5	510	33.1
Copeland	1,273	2.9	97	7.6	253	19.8
Eden	310	1.0	54	17.4	120	38.7
South Lakeland	603	1.0	80	13.2	247	40.9

1.3.5 Occupation level¹

Data on occupation levels are residence based and as such it needs to be borne in mind that this does not necessarily reflect the economy in a

¹ 'Occupation level' 2006-07 residence based data is available at District level from the Annual Population Survey but only for HMA level from the 2001 Census.

particular area. However it can be seen that different groups operate in (and drive) different housing markets and it has been argued that there is a strong association between occupational status and housing markets, principally driven by income (Regeneris, NWRA, 2008). The higher skilled have a greater propensity to be owner occupiers, while the lower skilled and workless are more likely to reside in social housing or private rented sector and have more limited travel to work area and dependence on transport. This will influence the locations people aspire and are able to search for property.

Those that can afford higher value property can be more selective about location. Household type will influence preferences for location and type, with families requiring larger properties in urban or rural locations and younger professionals' urban locations and smaller flats/apartments. In addition there are links between average earnings and the distance travelled to work, so while higher priced housing may be located in specific areas, there may be a wider radius of commuting choice.

Generally speaking the lower the occupational group the greater the affordability issues and the more limited the travel to work areas (TTWAs). However groups may also be forced to widen their TTWAs in order to find affordable housing. In some areas affordability is driving intermediate markets with shared ownership/shared equity becoming more prevalent. However, since the economic downturn, District information shows that many applicants for shared ownership/equity properties are finding difficulty accessing mortgages. For younger people with lower income occupations there is also a greater inclination to enter the private rented sector. For those in the lowest occupation groups there is a substantial requirement for social rented housing.

Affordability is squeezing workers in the lowest occupation groups out of the private market which may in turn create recruitment problems. On the one hand this group has the lowest mobility. However there is some evidence that TTWAs have extended due to a lack of affordable housing near their place of work. Some employers, for example, may need to provide transport for lower skilled employees. For these groups shared ownership/shared equity may not be an option.

South Lakeland District has a higher proportion of its workforce in overall higher paid levels (professional, managerial and associated technical occupations) than Cumbria and the North West which in turn has less than the British percentage. There is a much higher incidence of skilled occupations, possibly low paid, in Cumbria than the North West and England and this is reflected in the South Lakeland District, though is more prevalent in other Districts, particularly in Eden.

However comparing APS data and 2001 Census data also gives some indication that total overall upper level professions are increasing in Cumbria and the District. Within these upper professions there are differences in growth rates. Since 2001 there has been a District wide *increase* in the proportion of professional occupation levels from 12% to 16.5%. There has been a slight decrease in managers from 18.2% in 2001 to 17.2%. This fall in managers/senior officers in South Lakeland does not match the figures for Cumbria and the North West, where this sector has shown an increase. Other occupations have remained the same or risen (typically by 1-3%). The higher

level of managerial jobs in South Lakeland generally reflect the high proportion of independent small businesses in the District.

People are able to work greater distances from their homes, and can afford to choose more affluent areas to live, which may also have fuelled house prices. South Lakeland, has the highest percentage of residents with higher occupation levels and has some of the highest prices properties in Cumbria.

Census 2001 data showed the *HMA* had a predominance of residents with skilled trades although this was slightly lower than the District percentage. This was followed by elementary occupations, which may now have reduced if the area follows district trends. Overall the level of managers/senior officials, professional, associate professional mirrored the District and was at this point significantly lower than the region. However the District pattern indicates that whole still lower than regionally it may be catching up as commuting extends and people are willing to live further from work. This has been reflected in the income levels which were higher than district and Cumbrian levels in 2005 and remained so in 2007 (see 1.4 Income and earnings).

Table 1.12 Occupation Level

Occupation level	Great Britain	North West	Cumbria	Allerdale	Barrow-in-Furness	Carlisle	Copeland	Eden	South Lakeland
1: managers and senior officials	15.4	14.0	14.0	12.9	7.1	15.9	18.5	10.1	17.2
2: professional occupations	13.1	12.0	10.0	7.2	10.1	9.4	5.9	8.9	16.5
3: associate prof & tech occupations	14.3	13.7	11.5	11.3	11.7	8.5	8.2	16.9	13.9
4: administrative and secretarial occupations	11.9	12.8	11.9	11.1	8.8	16.6	9.0	9.9	12.9
5: skilled trades occupations	10.8	10.4	14.7	18.7	14.0	10.3	12.3	21.7	13.7
6: personal service occupations	8.1	8.7	8.5	7.8	15.4	10.1	8.7	4.1	5.1
7: sales and customer service occupations	7.6	8.2	7.0	6.0	7.0	8.0	9.1	8.1	4.8
8: process, plant and machine operatives	7.1	8.2	10.1	11.7	9.3	8.9	15.6	13.4	4.9
9: elementary occupations	11.4	11.7	11.8	13.3	15.7	12.3	10.6	6.9	10.4

Source: ONS, 2008

1.3.6 Migrant Workers

Information on migrant workers is contained within Section 6 of this document. It is clear from economic data that migrant workers play a significant contribution to the businesses in the District, and in particular the distribution, hotel and restaurant industry. An outreach service has been established in Windermere of the Cumbria Multi-Cultural Centre in response to the demand from migrant workers. South Lakeland's economic prosperity is classified by a recent Oxford Economic Report for the Local Government Association has being the most vulnerable in Cumbria. Part of the reason for this is that should the large migrant workforce return home, it is doubtful whether local labour would be able to fill the gaps. The Cumbria Business Survey (Cumbria Economic Intelligence Partnership: 2007) estimate that 6% of businesses employ migrant staff to supplement their workforce, from 3% in

agriculture and in finance, business and professional services to 16% in hotels and restaurants. The mean number of migrants employed is just over 5 per business. The number of jobs in South Lakeland (57,200) compared to the number of resident workforce (46,800) shows a significant deficit of 10,400. Some of this number will be attributed to migrant workers and it could be that in some cases people are taking on more than one job, i.e. double-jobbing. Contract workers may be unreliably counted and working students may not be counted accurately. There is no definitive source of information on the number of migrant workers but one estimate suggests that 60% of migrant workers are employed in South Lakeland, approximately 3,220. (An Economic Assessment of Cumbria, Cumbria Economic Intelligence Partnership: 2007).

1.4 Incomes and earnings

Table 1.13 Median Income

Median Income 2007			
	2005	2007	2008
Housing Market Area	28,388	28,479	29,441
District	26,118	26,801	27,569
Cumbria	23,646	25,758	25,923
National	26,000	26,000	28,676

(Source: CACI Street Value/ CACI Paycheck supplied by Cumbria County Council; ASHE, ONS)

Table 1.14 Gross weekly pay by place of residence

2007 Gross weekly pay by place of residence					
Description	Number of Jobs (thousand)	Median	Annual Percentage change	Mean	Annual percentage change
Housing Market Area	Not available				
South Lakeland	32	18437	-5.9	22547	-6.7
Cumbria	194	17680	-1.3	20826	+2.4
North West	2468	18564	+3.6	22074	+3.5
England	19292	19911	+3.8	24066	+3.0

(Source: ASHE, ONS (2007))

Table 1.15 Gross weekly pay by place of work

2007 Gross weekly pay by place of work					
Description	Number of Jobs (thousand)	Median	Annual Percentage change	Mean	Annual percentage change
Housing Market Area	Not available				
South Lakeland	32	17034	-3	20603	+6.6
Cumbria	194	17749	+2.7	20782	+5.1
North West	2468	19270	+4.9	23021	+4.0
England	19292	20345	+3.3	25621	+3.4

(Source: ASHE, ONS (2007))

Median income shows a small 1% rise from 2006. It is worth noting that though median incomes are shown as quite high in South Lakeland compared to Cumbria, when looking at median incomes by place of work, i.e. jobs within South Lakeland, the figures are much lower reflecting the type of industry that is predominant within the District, i.e. hotels, distribution and restaurants, rather than higher value employment. South Lakeland figures by place of work are lower than the Cumbrian,

North West and England average. Comparing this to median house prices of £290,000 in Rural Kendal shows a income to house price ratio of 17.0.

There has been a very small increase to median incomes of 0.38%.

1.4.1 Deprivation

The 2007 Index of Deprivation produced by the CLG gives as a comparable indicator of deprivation in each lower level output area for Cumbria. For our purposes we have named the wards that contain each of these areas. Ulverston East is the most deprived ward within South Lakeland. Within the main domains of deprivation 'Barriers to housing and services' has been identified as ranking low for the South Lakeland area. This is due to the isolation of its rural areas which prevent people accessing services. The indicator is structured into two sub-domains: 'geographical barriers' and 'wider barriers' which includes issues relating to access to housing, such as affordability:

Sub Domain: Wider Barriers

- Household overcrowding
- District level rate of acceptances under the homelessness
- Difficulty of access to owner-occupation

Sub Domain: Geographical Barriers

- Road distance to a GP surgery
- Road distance to a general store or supermarket
- Road distance to a primary school
- Road distance to a post office or sub post office

Most wards within Rural Kendal have a relatively low score as they well served in terms of access to services. However, the rural ward of Whinfell scores higher due to the rural location as could be expected.

Table 1.16 Index of Multiple Deprivation

Ward containing lower level out put area	Deprived areas		Barriers to housing & services domain	
	Cumbria Rank (out of 322, where 1 is most deprived)	Rank within South Lakeland District (out of 47)	Cumbria Rank (out of 322 where 1 is most deprived)	Rank within South Lakeland District (out of 47)
Central Lakes				
Ambleside	153	36	79	20
Windermere Applethwaite	127	23	64	16
Bowness North	163	42	154	45
Bowness South	95	9	63	15
Bowness Town	109	17	133	39
Lakes Grasmere	146	31	52	11
Coniston	94	8	22	2
Hawkshead	102	13	23	3
Staveley in Westmorland	128	24	48	8
Kendal				

Castle	116	18	84	23
Far Cross	65	6	99	27
Fell	107	16	135	41
Glebelands	161	40	113	34
Heron Hill	168	47	134	40
Highgate	81	7	108	33
Kirkland	51	2	121	35
Mintsfeet	138	27	102	30
Nether	149	33	86	24
Oxenholme	151	34	125	36
Parks	165	44	100	28
Stonecross	162	41	103	31
Strickland	143	30	90	26
Underley	54	4	87	25
Rural Kendal				
Milnthorpe	141	29	136	42
Kirkby Lonsdale	152	35	80	21
Burneside	99	11	44	6
Burton and Holme	164	43	78	19
Crooklands	155	37	45	7
Arnside and Beetham	159	39	83	22
Levens	166	45	101	29
Whinfell	103	14	16	1
Natland	158	38	53	12
Lyth Valley	124	18	34	5
Ulverston and Furness				
Ulverston Central	52	3	137	43
Ulverston East	26	1	105	32
Ulverston North	125	21	129	37
Ulverston South	147	32	158	47
Ulverston Town	62	5	150	44
Ulverston West	167	46	129	38
Low Furness and Swarthmoor	104	15	156	46
Broughton	135	26	51	10
Crake Valley	126	22	50	9
Dales				
Sedbergh	118	19	59	14
Cartmel Peninsula				
Grange over Sands	132	25	77	18
Holker	101	12	75	17
Staveley in Cartmel	98	10	24	4
Cartmel	139	28	58	13

Source: Cumbria County Council 2007

Stage 2: The housing stock

2.1 The dwelling profile

**Please see section 5 for number of housing completions*

This section outlines information concerning the current housing stock, for example the tenure and breakdown of property type, together with the number of empty

homes from the last Census in 2001 compared to District Council Tax records. The data below shows that the Rural Kendal HMA contains a higher than District number of larger detached homes with 7+ rooms and lower number of flats and Terrace homes.

Table 2.1 Tenure

Tenure	Count	%	South Lakeland %	Cumbria %	North West %
All Occupied dwellings : TOTAL	9870	100	100	100	100
Owner occupation	7891	80.1	75.2	35.0	29.8
Social rented – (Council/Housing Association)	673	6.8	10.5	16.0	20.1
Private rented - Private landlord or letting agency	1025	10.3	9.6	7.8	7.7
Lives rent free	281	2.8	2.6	2.4	2.1

(Source, 2001 Census, ONS)

*Living Rent Free: could include households that are living in accommodation other than private rented.

Local Authority/social rented housing stocks at April 2001, as reported by CIPFA, were generally higher than Census counts.

The difference may be partly explained by people on full Housing Benefit ticking 'Lives here rent free'.

Table 2.2 Property type

Property Type	Count	%	South Lakeland %	Cumbria %	North West %
ALL OCCUPIED HOUSEHOLD SPACES	10871	100	100	100	100
In an unshared dwelling	10871	100	99.8	99.8	99.8
- House or bungalow - Detached	4787	44.0	32.0	25.5	18.0
- House or bungalow - Semi-detached	2973	27.3	28.5	33.0	37.4
- House or bungalow - Terraced (including end terrace)	1930	17.8	25.0	31.2	31.4
- Flat, maisonette or apartment	1137	10.5	14.0	9.7	12.7
- Caravan or other mobile or temporary structure	44	0.4	0.3	0.4	0.3
In a shared dwelling : TOTAL	0	0	0.2	0.2	0.2

(Source, 2001 Census, ONS)

Table 2.3 No of Rooms

House Size	Count	%	South Lakeland %	Cumbria %	North West %
ALL HOUSEHOLDS	9880	100	100	100	100
1 room	29	0.3	0.5	0.4	0.5
2 rooms	115	1.2	1.6	1.4	1.8
3 to 4 rooms	1867	18.9	23.9	25.0	26.9
5 to 6 rooms	4581	46.4	47.8	51.4	52.1

7 or more rooms	3288	33.2	26.2	21.8	18.7
-----------------	------	------	------	------	------

(Source, 2001 Census, ONS)

- There is a high number of larger 7+ room detached homes and a low number of terraced homes
- There is a low number of flats compared to the District average. This is probably indicative of the presence of wealthy executives described in Chapter 3, Stage 1 and popularity of areas such as Kirkby Lonsdale as destinations close to road networks for commuting.
- There is a high level of owner-occupation and a low number of social rented

2.2 Stock condition

Table 2.4 Decent Homes

Decent Homes March 2008	Private Sector	Social Rented
Number of properties failing Decency Standards	Not known	100% of Council homes decent as at 1.4.09
Of which homes for vulnerable people	Not known	Not known

Source: House Condition Survey 2004

Table 2.5 Empty Homes

Rural Kendal	Number of properties empty for more than six months	% of properties empty for more than six months
March 2006	173	1.6%
March 2008	173	1.5%

(Source: Council tax records)

- A survey is due to be completed in 2008/09 by Cumbria Energy Advice Centre that will assist in identifying properties occupied by vulnerable people.
- The number of empty home is relatively low in Rural Kendal.
- The Council has recently appointed an Empty Homes Officer and work is being undertaken to identify why properties are left empty. A key aspect of the post will be bring empty properties back into use. This is particularly important across South Lakeland where affordable housing is in short supply.
- The private rented stock primarily consists of houses (71% across the District), followed by flats (21%), and bungalows (6.1%).
- Private rented stock tends to be older, with 57.1% of dwellings built pre 1919 across the District.
- The District wide Housing Needs Survey 2006 identified that levels of dissatisfaction were particularly noticeable among private renters (13.7% of furnished and 22.2% of unfurnished) with problems most commonly reported including windows, cold/heating problems and dampness.
- What is unclear is how many of the above may be vulnerable households. 50.9% of private renters have incomes below £300 per week though this does not necessarily mean that any of this number are vulnerable.
- A Stock Condition Survey is due to be carried out in 2010-11 and this should provide intelligence on the level of vulnerable households occupying private rented stock and condition.

2.3 Shared housing & communal establishments

Table 2.6 Communal Establishments and Houses of Multiple Occupation

South Lakeland	2001 Census		District Records 2008	
	No. of people	No. of dwellings	No. of people	No. of dwellings
Communal establishments*	755	55	unknown	
Houses of multiple Occupation	-	-	unknown	300 across District

*A communal establishment is defined as an establishment providing managed residential accommodation. Managed means full-time or part-time supervision of the accommodation.

Note: HMOs only need to be licensed if they are 3 or more storeys and have 5 or more people in.

Stage 3: The active market

3.1- 3.2 The cost of buying or renting property and affordability

Table 3.1 Cost of buying and affordability

House Price/ Household Income 2008	House Prices (£)		Income (£)	
	Mean	Median	Mean	Median
Housing Market Area	315,325	309,000	34,174	29,441
District	277,710	262,000	32,156	27,569
Cumbria	197,069	177,000	30,637	25,923
National	-	-	34,382	28,676

(Source: CACI Street Value/ CACI Paycheck supplied by Cumbria County Council)

Table 3.2 House price growth

House prices in HMA 2005 to 2008			
Year	Mean (£)	Median (£)	Lower Quartile (£)
2005	264,179	257,000	Not available
2007	293,857	290,000	222,000
2008	315,325	309,000	238,000
Average annual growth rate 2005-2007	6.45%	6.74%	3.6% (over 2 yrs)
House prices in the Cumbria County region, 2005 to 2008			
Year	Mean (£)	Median (£)	Lower Quartile (£)
2005	162,647	146,000	88,000
2007	172,925	164,000	101,000
2008	197,069	177,000	#
Average annual growth rate 2005-2007	7.05%	7.07%	4.92% (over 2 yrs)

House prices to income ratio, 2008			
	HMA	Cumbria	England
Mean house price/mean income	9.2x	6.4x	6.4x
Median house price/median income	10.5x	6.8x	6.5x
Lower quartile house price/lower quartile income	12.7x	#	Not available

(Source: CACI Street Value/ CACI Paycheck supplied by Cumbria County Council)

Table 3.3 Cost of renting and affordability

Private and Social sector rents - based on district wide and local figures 2008						
Private Sector Rents	Private Sector Weekly Rents update	% of median income & % change since 2006	Housing Association Weekly Rents	% of median income	South Lakes Housing Weekly Rents	% of median income
Bedsit	£80	15%	-	-	-	-
1 bed flat	£100	19% +.4	£60	11.5% -18%	£58.27	11%
2 bed flat	£155	30% +9%	£73	14% -7%	£62.09	11%
Terraced House						
2 bed	£127	24% +2%	£73	14%	£68.04	12%
3 bed	£144	28% +3%	£82	15.7%	£73.62	13%
Semi – Detached						
2 bed	£127	24.4% +/- 0	£73	14% +5%	£71.42	13%
3 bed	£150	29% +/-0	£74	14.2% +3%	£76.20	14%
4 bed	£167	32% +1%	£89	17% +22%	£76.26	14%
Detached House						
3 bed	£167	32%+1%	£78	15% +8%	-	-
4 bed	£179	34.4% -3%	£89	17% +22%	-	-
Bungalow						
1 bed			£73.50	14% -/+0	-	-
2 bed	£138	26.5% -1%	£75	14.4% +8%	£70.62	13%
3 bed	£161	31% -1%	£84	16% +5%	£80.47	15%
Source: Rent Service 2006, lettings agents, Rural Kendal, Rightmove lettings NB private sector rents are based on Rural Kendal rather than District			Source: Housing Association Rents, South Lakeland Area District figures South Lakes Housing: Rural Kendal figures			

Private sector rents have seen increases in certain property types, notably 2 and 3 bed homes, whilst bungalows and 4 bed detached houses have since a drop in price from 2006. It should be noted however, that this is reflective of the properties currently available as at January 2009. This generally indicates the type of rental properties sought after in Rural Kendal and corresponds with one Lettings Agents'

view of families being one of the more prevalent household types looking for rental. This also is indicative of why bungalow rents have decreased and one Letting Agent advised that professionals and families are the more prevalent household types who are less likely to be interested in bungalow accommodation.

Estate agents report that private sector rents may decrease due to the volume of unsold properties transferring to the rental market

Open market housing has shown steady increases over the two years 2005 – 2007. However, the current market conditions are impacting and in Cumbria prices have fallen by 4.7% from April 2007 to October 2008 (Land Registry Price Index). In South Lakeland prices fell marginally by 1.7% from the 3rd quarter of 2007 to the 3rd quarter of 2008. Estate agents have reported that this trend may continue though the start to the year has shown renewed interest in the housing market by potential buyers.

3.3 Overcrowding and under-occupation

Table 3.4 Overcrowding and under-occupation

Occupancy Rates	Count	%	South Lakeland %	Cumbria %	North West %
ALL HOUSEHOLDS	9875	100	100	100	100
Owned – Not overcrowded	7800	79.0	74.2	70.9	67.2
Owned - Overcrowded	90	0.9	1.4	1.4	2.0
Rented from council – Not overcrowded	465	4.7	7.2	8.3	12.2
Rented from council - Overcrowded	26	0.26	0.6	0.8	1.3
Other social rented – Not overcrowded	152	1.5	2.5	6.4	5.7
Other social rented - Overcrowded	34	0.34	0.2	0.5	0.8
Private rented or living rent free – Not overcrowded	1207	12.3	12.7	10.6	9.4
Private rented or living rent free – Overcrowded	101	1.0	1.2	1.1	1.3

(Source, 2001 Census, ONS)

The occupancy rating provides a measure of under-occupancy and overcrowding. For example a value of –1 implies that there is one room too few and that there is overcrowding in the household. The occupancy rating assumes that every household including one person households requires a minimum of two common rooms (excluding bathrooms).

The data available does not indicate a great degree of overcrowding, though the trend appears to suggest that the private sector is more prone to overcrowding (private rented and owner occupied) and this correlates with District level data. This may indicate the presence of concealed households and local parish surveys tend to correlate this trend and reveal young households who stay with family and friends and are in need of affordable housing.

3.4 Vacancies, available supply and turnover by tenure

Table 3.5 Access to social rented housing

Access to Social Rented Housing (HMA)			
Household Type	Total Stock @ March 08	Turnover % 07/08	%age of empty properties as at 31 st March 2008
1 Bed flat	1	0.2%	0%
2 Bed flat	16	3.25%	0%
2 Bed house	1	0.2%	0%
3 Bed house	16	3.25%	0.4%
4 Bed house	-	-	-
1 Bed bungalow	-	-	-
2 Bed bungalow	1	0%	0%
3 Bed bungalow	1	0%	0%

(Source: South Lakes Housing)

NB Turnover is the percentage of properties relet during the year compared to the total stock. Please note that a large development could skew the results. South Lakes Housing stock has been used being the largest social landlord in the District.

The above table shows very little turnover in the general social housing stock. This is likely to result in long waits for social rented housing in the Rural Kendal Housing Market Area. There is evidence from local parish surveys to suggest that some people do not even register for social housing as they do not believe they are likely to be housed in the near future. (Cumbria Rural Housing Trust (CRHT))

3.5 Second homes and vacant dwellings

Table 3.6 Second homes and vacant dwellings

Second and Vacant Properties	Housing Market Area		South Lakeland		Cumbria		North West	
	Count	%	Count	%	Count	%	Count	%
All household spaces: With residents	1,482	83.5%	38,894	87.96%	209,027	92%	2,812,789	95%
All household spaces: With no residents: Vacant	246	13.9%	3,737	8.45%	9,443	4.2%	124,600	4.2%
All household spaces: With no residents: Second residence / holiday accommodation	187	9.7%	3,606	6.6%	7,374	3.2%	12,852	0.43%

(Source, 2001 Census, ONS)

Table 3.7 Second homes and vacant dwellings

Rural Kendal - Second and Vacant Dwellings – Council Tax Registrations, March 2008	
Total Stock	11,385
Holiday Homes*	151
Second Homes	657
Vacant Dwellings (+6 months)	173

(source: District Council Tax Register, 2008)

*Business rates are payable on property available to rent for at least 140 days per year. Otherwise owners pay council tax as second home owners.

- There is a high number of detached homes and a low number of terraced as previously described

- There is a low number of flats compared to the District average
- There is a high level of owner-occupation and a low number of social rented
- There is a significant incidence of second homes in Rural Kendal and District records show a much greater prevalence than Census data.
- The number of empty properties may actually be lower due to ‘concealed’ second homes, i.e. those people not registering their property as a second home
- The main reasons for people terminating their tenancies over the last twelve months as identified by South Lakes Housing (the largest landlord in South Lakeland) were?
- The majority of people who terminated their tenancies moved within the same housing market area.
- Levels of Right to Buys in Rural Kendal have decreased, largely due to the decrease in discount available compared to the cost of the property.
- There are no difficult to let properties in Rural Kendal.
- Duration of time a client would need to wait for an appropriate tenancy: South Lakes Housing have indicated this could vary significantly depending on the property type and area, An applicant in Rural Kendal could wait a significant period of time before any suitable offers became available. However, this also depends on the number of vacancies that arise in the year, i.e. turnover. South Lakes Housing advise that demand for sheltered housing schemes in Rural Kendal has diminished and is reflective of the situation across the District. The majority of the Council’s housing stock in Rural Kendal is located in Kirkby Lonsdale, Milnthorpe, Arnside, and Burneside.
- There is an under supply of affordable properties in the following categories: smaller up to 2 beds and larger 3 bed+ properties. In addition, there is a need for 1 and 2 bedroom properties for older people.
- There is very low turnover of social housing in Rural Kendal.
- Housing association rents are still more affordable than private sector rents.

Stage 4: Bringing the evidence together

3.6 Mapping market characteristics

- Rural Kendal shows similar characteristics to other Housing Market Areas within South Lakeland, with high prices compared to incomes, high levels of second homes and a high level of owner occupation compared to Cumbria as a whole.
- This creates a significant need for affordable housing.
- As with the other HMAs within South Lakeland, there is already a significant older population and one person households.
- There is a less significant number of households with dependent children than the District figure.
- There is very little ethnic diversity within Rural Kendal.

3.7 Trends and drivers

- Rural Kendal is a very desirable place to live with good amenities and good schools, excellent transport links with the A6 and M6 and the location is within easy commuting distance to Kendal and Lancaster and even further afield. e.g Preston/Manchester. This corresponds with the CACI data regarding wealthy executives described in Chapter 3, Stage 1.

CACI data shows that the town of Kendal has a very low number of wealthy executives by comparison and therefore shows that this group of people are far more likely to choose to live in the more rural areas within the Rural Kendal HMA. This may also explain the presence of the larger 7+ room detached homes prevalent in this HMA.

- The trends show a massive decrease in young people and correspondingly massive increase in older people throughout South Lakeland.
- Rural Kendal's predominant employment sectors are within the hospitality and public services.
- Rural Kendal has connectivity with Kendal and the Dales HMAs.
- There is a relatively low level of self containment compared to the rest of the District influenced by in-migration.
- Incomes by place of work across the District are one of the lowest in Cumbria.
- Comparing incomes by place of work by house prices in Rural Kendal, this would give a ratio of 17.0.
- Income to house price ratio has worsened since 2005 (median income/house price data).

3.8 Issues of future policy/ strategy

- The main issue is the lack of affordable housing in this HMA.
- There is an under supply of affordable properties in the following categories: smaller up to 2 beds. In addition, there is a need for 1 and 2 bedroom properties for older people.
- There is a need for extra care housing in Arnside.
- There is a need to attract higher value employers into the area, as with other HMAs in the District. However, without an adequate supply of affordable housing this could act as a barrier to employers locating within Rural Kendal.
- There are opportunities to increase employment land recognised within the draft South Lakeland Core Strategy around Kirkby Lonsdale and Milnthorpe to enhance the vitality of these Key Service Centres.

4. The Future Housing Market

This chapter estimates the total number of new dwellings that may be required in the future in response to various scenarios reflecting the scale of housing demand. The scenarios have been generated using POPGROUP, a forecasting tool supplied by the University of Manchester. The analysis is only available down to a district level.

The analysis has four stages:

Stage 1: Projecting changes in population and future numbers of households

Stage 2: Future economic performance

Stage 3: Future affordability

Stage 4: Bringing the evidence together

Background to the POPGROUP Model

The CLG publication 'Strategic Housing Market Assessments Practice Guidance Version 2 (August 2007)' advises on the use of 'of-the-peg' population and household models to forecast future numbers of household estimates down to District level.

One of the CLG recommended Models includes POPGROUP/HOUSEGROUP/LABGROUP, which is a family of software products designed to forecast population, households and the labour force for areas and social groups. It is provided by the Centre for Census & Survey Research, University of Manchester, and is based on Excel to build on users' existing spreadsheet skills.

Cumbria County Council purchased the licence for the POPGROUP Model in 2008 following the unavailability of the Chelmer Model, which had been previously used for spatial planning purposes. Cumbria Intelligence Observatory has begun to use the POPGROUP suite of population, housing and labour market forecasting tools to generate a range of 'what-if' scenario's for Cumbria's population.

The forecasting software comprises three separate modules:

POPGROUP – for population projections and forecasts;

HOUSEGROUP – for household projections and forecasts;

LABGROUP - for labour force projections and forecasts.

What does each module do?

The POPGROUP Model provides a means to make estimates of the current population and forecasts of the future population for national, sub-national and local areas, for the whole population of an area and for sub-populations including ethnic groups. It uses standard demographic methods of cohort component projections, household headship rates and economic activity rates. Its flexibility allows integration of official statistics and ancillary data. It allows users to enter past information and their assumptions about the future for births and fertility, deaths and mortality, and migration.

Users enter past information and their assumptions about the future for births and fertility, deaths and mortality, and migration into Excel data sheets. Information from population estimates can also be incorporated. POPGROUP uses a standard cohort component forecasting method to produce forecasts and provides results in Excel sheets with data extraction and chart routines available.

HOUSEGROUP provides a means to make estimates of the number and type of households. Users enter past information and their assumptions about the future for headship rates and the number of people living in communal establishments into Excel data sheets. HOUSEGROUP uses a standard headship rate model to produce forecasts, and may be used independently of POPGROUP or use from POPGROUP.

LABGROUP provides a means to make projections of the future labour force. Users enter past information and their assumptions about future economic activity rates into excel data sheets. LABGROUP uses standard projection methods to produce forecasts. LABGROUP may also be used independently of POPGROUP or use output from POPGROUP.

The need for local information

The ONS population projections methodology does not take account of many local factors, for example if a new housing estate is to be built or demolished, or if a major new contract has been awarded which will result in the creation of a significant number of jobs. They are simply intended to be a representation of what will happen in the future if various trends in births, deaths and migration continue into the future. But it is this sort of information that can make a real difference to the way a population might look in twenty years time. POPGROUP gives us the capability to make assumptions on these variables.

We are able to build into the model assumptions about, for example:

- Local differences in birth/death trends to national/regional figures.
- Implications of planning restrictions/developments.
- Regeneration/growth of local economy and/or the effects of national trends – e.g. economic downturn – at the local level.

It should be noted that caution must be used when using the results of any population forecasting scenario. Like the ONS population projections, the outputs from the POPGROUP model cannot be relied upon as fact. It may be that what actually occurs is considerably different to what is suggested by the model. However, they are the best available estimates available that take into account what is happening - and is likely to happen – locally.

There are currently over 70 users, mainly public sector planners and those in economic development. For further information on the POPGROUP Model, please follow the following weblink: <http://www.ccsr.ac.uk/popgroup/>

4.1 Stage 1: Projecting changes in future numbers of households

This stage gives projections of population, households and dwellings at a district level. POPGROUP population forecasting software has been used to create all the scenario's contained in both this section (population led and dwelling led) and also section 4.4 (labour force led). All these scenarios contain estimates of local information to provide likely scenario's for growth into the future. Like all population forecasting outputs, the results are simply a representation of what might happen in the future if various trends are played out as we expect. As a result, they cannot be relied upon as fact, and actual results may end up being significantly different to what the scenarios suggest will happen. This should be kept in mind at all times when using the

outputs, and caution should be used when incorporating the outputs into any decision making process.

Three types of scenario have been generated for this document:

1. Population Led Scenarios
2. Dwelling Led Scenarios
3. Labour Force Led Scenarios

Within each table below, population, households and dwellings are shown as the level they would be in that particular year (shown in 5 year bands). However the net migration (in migration minus out migration) and net change (births minus deaths plus migration) is shown for the previous 5 years. For example, net migration shown under 2011 is the total net migration experienced over the 5 years 2006-2010. Annualised dwelling figures are shown in the same way, so the annualised dwelling figure shown under 2011 is the annual requirement for each of the years 2006-2010. Finally, an average annualised dwelling requirement has been supplied which shows the average number of dwellings required per year across the full time period 2006-2031.

4.1.1 Population/migration led scenarios

These scenarios look at what has happened to population in the past, and apply what we think will happen in the future. These scenarios therefore depict what could happen if certain assumptions we have made about population and migration are realised. The predicted figures for households and dwellings represent what would be needed to accommodate the forecasted population growth.

Table 4.1 - Zero Net Migration

Shows what might happen if natural change were the only contributing factor to future population trends. Therefore this does not take any account of migration patterns.

South Lakeland District	2006	2011	2016	2021	2026	2031
Population	104,772	103,205	102,055	101,316	100,633	99,714
Households	46,207	46,742	47,609	48,682	49,315	49,544
Dwellings	49,846	50,422	51,358	52,516	53,198	53,446
5 Year Net Migration			0	0	0	0
5 Year Net Change		-1,567	-1,150	-740	-683	-919
Annualised Migration		0	0	0	0	0
Annualised Change		-313	-230	-148	-137	-184
Annualised Dwelling Requirement		115	187	231	136	50
Average Annualised Dwelling Requirement	144					

Table 4.2 - 5 Year Migration Led Run

Shows what might happen if future migration follows past trends.

South Lakeland District	2006	2011	2016	2021	2026	2031
Population	104,772	106,326	108,026	109,614	111,108	112,204
Households	46,207	48,582	51,275	53,982	56,413	58,611
Dwellings	49,846	52,408	55,313	58,233	60,856	63,226
5 Year Net Migration		3467	3607	3668	3809	3735
5 Year Net Change		1554	1699	1588	1494	1096

Annualised Migration		693	721	734	762	747
Annualised Change		311	340	318	299	219
Annualised Dwelling Requirement		512	581	584	525	474
Average Annualised Dwelling Requirement		535				

Labour Force Led scenarios in 4.2.11 have used the 5 year migration led run population figures.

4.1.2 Dwelling Led scenarios

These scenarios look at what has happened to the number of dwellings in the past, and apply what we expect to happen to the number of dwellings in the future. These scenarios therefore depict what could happen if certain assumptions we have made about the provision of dwellings are realised. The predicted population and migration figures represent what would be needed to satisfy the assumed dwelling levels.

Table 4.3 - 5 Year Dwelling Led

Shows what would happen if net dwelling change remained the same as the last 5 years through to 2031

South Lakeland District	2006	2011	2016	2021	2026	2031
Population	103,436	102,787	101,890	100,984	100,525	100,006
Households	45,886	47,184	48,561	49,938	51,314	52,691
Dwellings	49,499	50,900	52,385	53,870	55,355	56,840
5 Year Net Migration		1,353	1,203	1,385	2,038	2,208
5 Year Net Change		-649	-897	-906	-459	-519
Annualised Migration		271	241	277	408	442
Annualised Change		-130	-179	-181	-92	-104
Annualised Dwelling Requirement		280	297	297	297	297
Average Annualised Dwelling Requirement		294				

Table 4.4 - Dwelling Led based on Regional Spatial Strategy (RSS)

Shows what might happen if net dwelling change followed those laid out in the RSS

South Lakeland District	2006	2011	2016	2021	2026	2031
Population	103,436	103,591	103,930	104,162	104,786	105,317
Households	45,886	47,513	49,436	51,360	53,283	55,207
Dwellings	49,499	51,254	53,329	55,404	57,479	59,554
5 Year Net Migration		2,148	2,378	2,433	3,035	3,191
5 Year Net Change		155	339	232	624	531
Annualised Migration		430	476	487	607	638
Annualised Change		31	68	46	125	106
Annualised Dwelling Requirement		351	415	415	415	415
Average Annualised Dwelling Requirement		402				

All information contained in the above tables should be used as a guide only. It is improbable that any one scenario will be realised exactly. However, by using the information contained in each scenario together it may be used to aid the decision making process.

The table below shows population projections at District level from 2006-2031 using Popgroup migration led run. This shows a substantial increase in the older age groups, particularly in the 75+ age group and significant decrease in younger age

groups, based on fertility rates, deaths, and migration. This has massive implications on the available working age population and therefore economic growth and stability, including the ability to recruit and an impact on the reliance of migrant workers described in section 1.3.

Table 4.5 Population projections by age

South Lakeland 2006 - 2031	All Ages	0-4	5-14	15-29	30-44	45-59	60-74	75+
2006	10477							
2031	2	4525	11434	14615	20080	23472	19244	11402
	11210							
	3	3742	9016	13351	15451	16620	26454	27469
% change	+7%	-21%	-27%	-9%	-30%	-41%	+37%	+141%

4.2 Stage 2: Future economic performance

Future housing demand will be affected not just by the number of households but by their ability and willingness to pay for housing. The economic performance of an area can influence both the number of households (e.g. through migration) and the willingness and ability to pay for housing (e.g. through income and investment potential).

Recent developments in the UK and world economies and financial systems have now undermined many, if not all, of the positive factors which have influenced the strong growth in the housing market since the turn of the century. The UK housing market is experiencing a period of decline with falling or static prices and low turnover, and, in the short term at least, a period of inactivity amongst first time buyers unable to gain access to mortgage finance as a result of the 'credit crunch'. Whilst these factors may ultimately help to improve the problems of affordability in the long term; in the short term they will almost certainly have an impact on new housing completions and, at worst, it is possible to envisage a scenario of falling prices and sharply reduced demand, leading to a significant crisis in the development industry.

The following section looks at how future economic performance at a regional, sub-regional and local level may develop and draws upon regional and sub-regional economic forecasts to help show how future housing demand may be influenced by economic performance.

4.2.1 **Regional Economic Outlook**

According to the Spring 2008 report from the *Northwest Regional Economic Forecasting Panel*, GVA is expected to grow more slowly in the North West than nationally by an average of some 0.4 percentage points a year. Thus, if growth in the UK turns out to average 2.7% a year as predicted, the North West should average 2.3% which is still substantially better than GVA growth of 1.8% achieved per annum on average in the region in the 1990s (mainly because the region's population and working age population are expected to grow rather than fall, as they did then). GVA per resident head is expected to grow on average over the next twenty years by 1.6 percent a year, as compared with 1.9 percent in the UK. As a result, the gap in the level of GVA per head in the region, which presently stands at around 13.5 percent lower than in the UK, is likely to widen further.

Gross Value Added (GVA) growth in construction is estimated to have picked up in 2007 to 2.1%, but in 2008 growth is expected to weaken to 1.5% (data not yet published). GVA in construction is then expected to fall in 2009 before recovering in 2010 and 2011.

4.2.2 Cumbrian Economic Outlook to 2016

In conjunction with the North West Regional Development Agency, Cumbria Vision has undertaken a process of economic modelling to determine how the economy of Cumbria may grow during the period to 2016. Using a forecasting model developed by Experian, five scenarios have been developed that are outlined in more detail in 4.2.11, namely:-

1. Scenario 1 – Labour Force Led, No Change
2. Scenario 2 – Labour Force Led, Experian Baseline
3. Scenario 3 – Labour Force Led, Aspirational Growth
4. Scenario 4 – Labour Force Led, Worst Case Scenario
5. Scenario 5 – Migration Led, Labour Force Impact

These three key scenarios are Scenarios 2, 3 and 4 as they illustrate how Cumbria's economy may develop over the coming years provided certain conditions are met. Scenario 1 is based on no change which is unlikely to occur and Scenario 5 simply mirrors the Migration Led Run in 4.1.1.

In each case the forecast is employment led with each new employment opportunity being filled by a new member to the workforce, in other words the employment growth figures represent net job gains. However it is not possible to accurately determine what proportion of this employment growth represents true incomers to the county that will be requiring homes and what proportion is filled by, for example, a return to employment amongst the indigenous workless population or how much is attributable to the 60-70 age groups remaining in employment for longer. In the case of the latter example, current indications such as a declining working age population and recent falls in the value of pension funds suggest that this factor may be particularly acute in the coming years.

It is worth adding a caveat here. Econometric modelling is inherently based upon the observation of past events and the extrapolation of baseline trends from the past into the future. As such, any forecasting model relies upon an accurate baseline from which any scenarios manually inputted by a user subsequently depart. However, due to the fact that the baseline data contained within forecasting models generally lags behind the present by six months to a year, it is extremely difficult in times such as these where economic conditions are changing on a weekly basis, to be completely confident in the validity of the scenario outputs. Unfortunately no systems yet exist which can accurately predict external shocks to the economy and as such the results of this, and indeed any, scenario modelling, should be treated with an element of caution. This is true at any time, but the issue is particularly acute at the moment due to the degree of instability in current macroeconomic conditions.

The forecasts provided below must, therefore, be taken with this same element of caution as they are posited upon baseline trends which do not yet take into account the downturn in the UK (and World) economy which began to emerge in 2008 and which is predicted to last well into 2010 or beyond. Within the scenarios a certain amount of artistic license has therefore been taken in an attempt to estimate, on the one hand, the possible outputs of an

aspirational vision for employment growth in Cumbria and, on the other hand, the potential effects of the downturn on the economy of Cumbria if the worst were to happen. It must be stressed however that the scenarios have been formed from assumptions based on the collective judgment of a number of individuals and that any semblance to events as they subsequently unfold owes only to the experience of the group of individuals involved in the design of the scenarios.

4.2.3 Employment Growth Forecast:

The table below shows how total employment and the numbers of full time equivalents (FTEs) may grow over a ten year period from an initial position in 2006 to 2016.

Table 4.6: Baseline, Aspirational and Worst Case Scenario Employment Growth, 2006-2016

Data	2006	2011	2016	Change	% Change, 2006-2011	Annual % Change
Baseline Total Employment	253,900	258,800	258,900	5,000	1.97	0.20
Aspirational Total Employment	254,400	264,900	280,400	26,000	10.22	1.02
Worst Case Total Employment	253,900	238,500	252,000	-1,900	-0.75	-0.07
Baseline FTEs	206,000	208,500	207,600	1,600	0.78	0.08
Aspirational FTEs	206,400	213,700	225,700	19,300	9.35	0.94
Worst Case FTEs	206,000	192,400	202,300	-3,700	-1.80	-0.18

Under the aspirational scenario “total employment” is expected to grow by 26,000 in the period 2006-2016 which equates to an annual increase of 1.02%. This compares with a baseline employment growth rate of 0.20%. FTE employment is expected to grow by 19,300 or 0.94% annually, suggesting that part time employment will be growing at a slightly faster rate than full time employment. Under the worst case scenario, on the other hand, total employment will fall by 1,900 over the period 2006-2016 which equates to an average of -0.07% annually. However, total employment will fall as low as 238,500 in 2011 which is a fall of 15,400 from the figure in 2006 or an average of -1.21% annually. FTE employment will fall by 13,600 during 2006-2011, but will then increase by 2016 to stand at only 3,700 below the 2006 figure. This indicates that part-time jobs may be shed at a faster rate than full time positions but may then also be created again more quickly once the recovery begins to take effect by 2012.

4.2.4 Projected Gross Value Added:

Annual GVA growth of 3.30% is forecast under the aspirational growth scenario. Compared with the baseline scenario, the GVA difference in 2016 as a result of this accelerated rate of growth would amount to an additional £1.04bn of GVA. GVA growth under the worst case scenario will be slower than under the baseline scenario at an average of 1.68% over the ten year period, however when splitting the period in two, the growth rate during 2006-2011 is markedly slower at 0.61% than that in the recovery period of 2011-2016 where the average annual rate is 2.66%.

Table 4.7: Baseline, Aspirational and Worst Case Scenario GVA Growth, 2006-2016

Data	2006	2011	2016	Change	% Change, 2006-2016	Annual % Change
Baseline GVA (£million)	6,850	7,510	8,080	1,230	18.0	1.80

Aspirational GVA (£million)	6,870	7,790	9,140	2,270	33.0	3.30
Worst Case GVA (£million)	6,850	7,060	8,000	1,150	16.8	1.68

4.2.5 Economic Outlook – South Lakeland

South Lakeland enjoys a superb rural environment yet close proximity to the M6, West Coast Mainline and trans-Pennine routes bring significant connections and opportunities to this part of Cumbria. The area is sparsely populated and is characterized by small characterful towns and villages with deeply rural hinterlands.

The Lake District National Park and Area of Outstanding Natural Beauty designations complement a very high quality upland and lowland landscape throughout the area. The towns such as Kendal, Ulverston, supported by important settlements such as Grange-over-Sands, Milnthorpe, Kirkby Lonsdale, Windermere, Sedbergh, make up the key settlements and present a high quality built environment.

Future economic development in the area will be delivered on a cross boundary basis and overseen by an Eden and South Lakeland delivery board comprising of private and public sector representatives.

4.2.6 Key opportunities

- High value manufacturing (sub sea engineering technologies, electronics, etc) particularly in Kendal and Ulverston. For example, Tronic has experienced significant growth in Ulverston and a new factory has been built creating around 200 jobs.
- Significant potential to add value to local products – food and drink, forestry and agriculture – production and marketing.
- Developing a high quality, world class, yet sustainable local tourism product–accommodation, infrastructure, engagement with the environment, public realm renewal/investment.
- Cultural and creative industries – existing strong cluster of world class cultural attractions and organizations.
- Knowledge based industry – environmental technologies, renewable energies
- Skills and education, including the development of the Cumbria University, together with addressing gaps in HE provision in the East of Cumbria.
- The marketing of Cumbria as the UK's 'Adventure Capital' for outdoor and alternative sports aims to attract new visitors to the area.
- A new commitment and willingness for collaboration and joint working between local authorities and agencies.

4.2.7 Key Issues

- Limited supply of sites for modern business premises – addressing constraints and market failure in delivering sites.
- Supply of housing sites.
- Labour supply issues – tight labour market with low levels of unemployment/worklessness – constraints by education, skills and affordable housing.
- A significantly ageing population (much higher than the national average) driven by in-migration of wealthy retirees, which in turn helps drive up house prices making them unattainable to the local population.

- A loss of young people from the area due to absence of job opportunity and prohibitive house prices.
- High proportion of part-time working, with more than one job in South Lakeland.
- High dependency on car travel and difficulties in providing public transport to a largely rural area. Parking is of particular concern in Kendal.
- Future sustainability of agriculture and primary production largely dependent on external forces, e.g. raw material prices, EU subsidies, etc...
- Despite impressive statistics on business survival, new enterprise rates are low and there are a high proportion of micro businesses with limited potential and aspirations for growth
- High proportions of migrant workers, particularly in tourism and food production sectors. This reliance could become a threat to growth if circumstances dictate that the economic gains to migrants working in Cumbria rather than their home countries diminish.
- Sustainability of key and local service centres (loss of services)
- Rurality of area with pockets of deprivation.
- Under-investment – absence of public sector investment in realizing the opportunities that the south and east offer

4.2.8 Future Economic Potential – Eden and South Lakeland

The results from Cumbria Vision’s modelling of future economic performance can also be interrogated at a district level. The tables below show how employment and GVA in Eden and South Lakeland could grow under the baseline, aspirational and worst case scenarios.

Table 4.8: Baseline, Aspirational and Worst Case Scenario Employment Growth, 2006-2016

Data	District	2006	2011	2016	Volume Change	% Change, 2006-2016	Annual % Change
Baseline FTEs	Eden	24,200	25,200	25,400	1,200	4.96	0.50
Aspirational FTEs		24,200	25,700	27,200	3,000	12.40	1.24
Worst Case FTEs		24,200	22,500	24,300	100	0.41	0.04
Baseline FTEs	South Lakeland	46,000	46,800	46,800	800	1.74	0.17
Aspirational FTEs		46,100	47,700	49,900	3,800	8.24	0.82
Worst Case FTEs		46,000	43,900	45,600	-400	-0.87	-0.09
Baseline FTEs	Eden & South Lakeland	70,200	72,000	72,200	2,000	2.85	0.28
Aspirational FTEs		70,300	73,400	77,100	6,800	9.67	0.97
Worst Case FTEs		70,200	66,400	69,900	-300	-0.43	-0.04

Table 4.9: Baseline, Aspirational and Worst Case Scenario GVA Growth, 2006-2016

Data	District	2006	2011	2016	Volume Change	% Change, 2006-2016	Annual % Change
Baseline GVA (£m)	Eden	688	775	869	181	26.31	2.63
Aspirational GVA (£m)		690	794	945	255	36.96	3.70
Worst Case GVA (£m)		688	689	830	142	20.64	2.06
Baseline GVA (£m)	South Lakeland	1,334	1,480	1,638	304	22.79	2.28
Aspirational GVA (£m)		1,337	1,516	1,786	449	33.58	3.36
Worst Case GVA (£m)		1,334	1,406	1,606	272	20.39	2.04
Baseline GVA (£m)	Eden & South	2,022	2,255	2,507	485	23.99	2.40
Aspirational GVA (£m)		2,027	2,310	2,731	704	34.73	3.47

Worst Case GVA (£m)	Lakeland	2,022	2,095	2,436	414	20.47	2.05
----------------------------	-----------------	-------	-------	-------	-----	-------	------

Under the aspirational scenario, growth in employment will amount to an additional 4,800 full-time equivalents in the combined workforce of Eden and South Lakeland. In turn this would generate an additional £220 million GVA over 10 years. Under the worst case scenario there are 2,300 fewer FTEs in Cumbria than the baseline by 2016, however the difference with the baseline would have been as great as 5,600 fewer FTEs in 2011.

A number of assumptions underpin the different levels of growth forecast in the aspirational and worst case scenario. The key assumptions are listed at Appendix 1.

4.2.11 The effects of economic forecasts on the housing requirement

This section principally draws upon the work in sections 4.1 and 4.2 and incorporates the economic forecasts produced by Cumbria Vision into the population and dwellings based modelling provided by POPGROUP. The scenarios presented below are labour force led scenarios which draw upon what has happened to the number of full time equivalent jobs in the past, and apply what we think could happen in the future provided certain conditions and assumptions are satisfied. The outputs of population, households and dwellings are provided to support the change in the number of jobs over the period of the forecast.

As the outputs from one forecasting model (Experian) have been used as the inputs to another (POPGROUP), extra caution should be taken when interpreting the results as they are indicative only and are best understood, therefore, in the hypothetical context: 'what would be the population and dwelling requirements if...'. The assumptions underlying the employment growth (or decline) within each scenario have already been presented in section 4.2 (see pages x-y above) however it is worth repeating the general intention behind each economic scenario:

1. **Scenario 1: Labour Force Led, No Change** - The first scenario is a control scenario which assumes that no additional jobs are inputted to the model. Accordingly, any fluctuations in employment under this scenario are purely a result of natural and migratory change in the workforce. This scenario uses the labour force as a constraint and forecasts what the population, household and dwellings requirement would need to be to satisfy specified job levels. In this case, it is assumed that the net gain in jobs, year on year, is nil. Prior to 2006 actual population is used as a constraint.
2. **Scenario 2: Labour Force Led, Experian Baseline** - this scenario takes a purely econometric approach to modelling and projects the future based on historic trends and assumes a 'policy-off' response. As such, this scenario forecasts a relatively low level of growth. This scenario has been developed by Experian in consultation with regional and sub-regional partners and is held within the Experian forecasting model as the "**baseline**" scenario. This scenario uses the labour force as a constraint and forecasts what the population, household and dwellings requirement would need to be to satisfy specified job levels. In this case, we have specified a net annual change in number of jobs by district which is based on information from the Experian model baseline forecast provided by Cumbria Vision. Prior to 2006 actual population is used as a constraint.

3. **Scenario 3: Labour Force Led, Aspirational Growth** - the third scenario includes employment growth assumptions based on local knowledge of committed, proposed and potential future developments and programmes. As such the second scenario paints a more positive picture being responsive to local policies and ambitions and forms the “**aspirational**” scenario. This scenario has been developed within the sub-region and through consultation with regional partners. This scenario uses the labour force as a constraint and forecasts what the population, household and dwellings requirement would need to be to satisfy specified job levels. In this case, we have specified a net annual change in number of jobs by district which is based on information from the aspirational growth scenario provided by Cumbria Vision. Prior to 2006 actual population is used as a constraint.
1. **Scenario 4: Labour Force Led, Worst Case Scenario** - the fourth scenario attempts to estimate the potential effects of the national and global economic downturn on the Cumbrian economy. A particularly pessimistic view has been taken when devising the assumptions underlining this forecast in an attempt to create a “**worst case**” scenario. This scenario has been developed within the sub-region. This scenario uses the labour force as a constraint and forecasts what the population, household and dwellings requirement would need to be to satisfy specified job levels. In this case, we have specified a net annual change in number of jobs by district which is based on information from the worst case scenario provided by Cumbria Vision. Prior to 2006 actual population is used as a constraint.
2. **Scenario 5: Migration Led, Labour Force Impact** - The fifth scenario is the 5 year migration-led run from stage 4.1. The inclusion of this scenario here will help tie these labour force led forecasts to the population and dwelling led forecasts from stage 4.1. This scenario uses population as a constraint and is consistent with the 5 year migration forecast provided in stage 4.1. The scenario shows the number of households and dwellings required to satisfy the growing population.

These scenarios illustrate how Cumbria’s economy may develop over the coming years provided certain conditions are met. The forecasts are employment led with each new employment opportunity being filled by a new member to the workforce and the employment growth figures representing net job gains.

To keep things relatively simple and in recognition of the potential increase in margins of error when transferring the results of one model into the inputs to another, it has been assumed that in all scenarios economic activity (the percentage of people economically active within the working age population) remains constant across the time period modelled. In reality, however, any new job may actually be filled by someone within the indigenous population who has been out of work (thereby increasing economic activity) but who nevertheless already lives within the area and so would not necessarily require a new house. It is therefore recognised that future refinements to the scenarios presented here could forecast what effect a 1 or 2% increase to economic activity may have on the demand for dwellings.

It is also worth rehearsing the general caveat already outlined above in section 4.2. Econometric (and demographic) modelling is inherently based upon the observation of past events and the extrapolation of baseline trends from the past into the future. As such, any forecasting model relies upon an accurate baseline from which any scenarios manually inputted by a user subsequently depart. Whereas demographic trends are reasonably predictable from one year to the next; volatility in economic trends are much more difficult to predict. Unfortunately no systems yet exist which can accurately predict external shocks to the economy and as such the results of

this, and indeed any, scenario modelling, should be treated with an element of caution. This is true at any time, but the issue is particularly acute at the time of writing due to the degree of instability in the current macroeconomic climate.

The forecasts of population and dwelling requirements provided below must, therefore, be taken with this same element of caution as they are posited upon economic trends which do not yet take into account the downturn in the UK (and World) economy which began to emerge in 2008 and which is predicted to last well into 2010 or beyond. Nevertheless, as long term forecasts, the scenarios contribute to any discussion of future housing demand in the county by providing an insight into the possible demand associated with a baseline and aspirational vision for employment growth on the one hand and, on the other, the potential effects on the housing market of the downturn in the Cumbrian and wider economy if the worst were to happen.

Table 4.10 Scenario 1: Labour Force Led, No Change

South Lakeland District	2006	2008	2010	2012	2014	2016
Population	104,772	105,072	107,090	108,376	108,231	109,133
Households	46,207	47,052	48,549	49,794	50,596	51,760
Dwellings	49,846	50,757	52,372	53,716	54,580	55,836
Annualised Dwelling Requirement		456	808	672	432	628
Average Annualised Dwelling Requirement	599					

Table 4.11 Scenario 2: Labour Force Led, Experian Baseline

South Lakeland District	2006	2008	2010	2012	2014	2016
Population	104,772	105,317	108,491	109,796	109,605	110,783
Households	46,207	47,150	49,118	50,386	51,184	52,472
Dwellings	49,846	50,863	52,987	54,353	55,215	56,604
Annualised Dwelling Requirement		509	1,062	683	431	695
Average Annualised Dwelling Requirement	676					

Table 4.12 Scenario 3: Labour Force Led, Aspirational Growth

South Lakeland District	2006	2008	2010	2012	2014	2016
Population	104,772	105,456	109,170	111,296	112,290	115,209
Households	46,207	47,206	49,393	51,004	52,307	54,343
Dwellings	49,846	50,924	53,283	55,021	56,427	58,622
Annualised Dwelling Requirement		539	1,180	869	703	1,098
Average Annualised Dwelling Requirement	878					

Table 4.13 Scenario 4: Labour Force Led, Worst Case Scenario

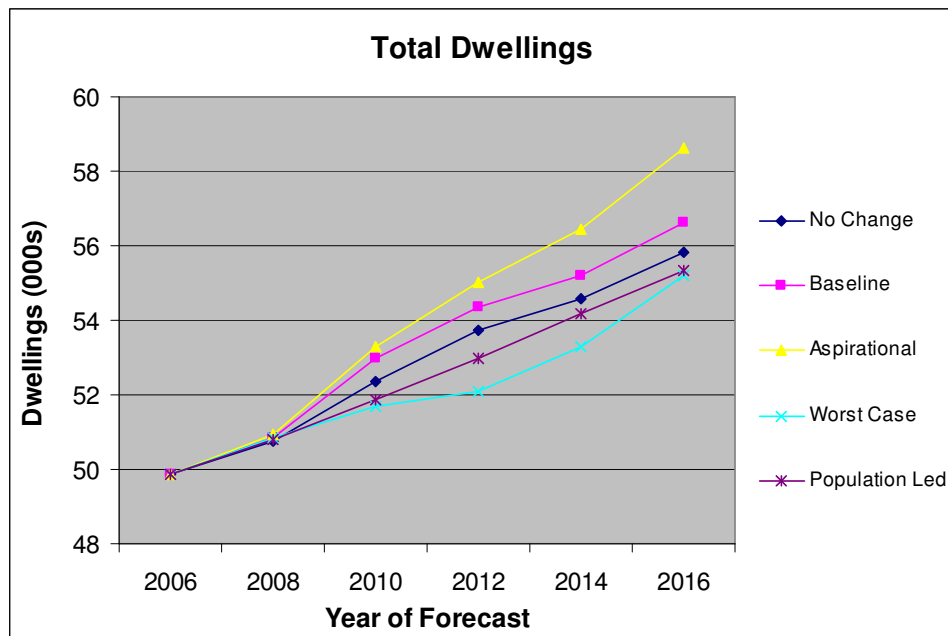
South Lakeland District	2006	2008	2010	2012	2014	2016
Population	104,772	105,317	105,467	104,671	105,467	107,824
Households	46,207	47,150	47,900	48,282	49,416	51,168
Dwellings	49,846	50,863	51,672	52,084	53,308	55,197
Annualised Dwelling Requirement		509	405	206	612	945
Average Annualised Dwelling Requirement	535					

Table 4.14 Scenario 5: Migration Led, Labour Force Impact

South Lakeland District	2006	2008	2010	2012	2014	2016
-------------------------	------	------	------	------	------	------

Population	104,772	105,187	105,954	106,687	107,365	108,026
Households	46,207	47,098	48,088	49,098	50,216	51,275
Dwellings	49,846	50,807	51,875	52,964	54,170	55,313
Annualised Dwelling Requirement		481	534	545	603	571
Average Annualised Dwelling Requirement	547					

The graph below shows the growth in the number of dwellings required by the population under each of the five scenarios above.



Cumbria-wide Figures.

Using the same methodology as outlined above, Cumbria-wide figures have also been produced for each scenario. These are shown in the table below.

Table 4.15

Cumbria	2006	2008	2010	2012	2014	2016
Labour Force Led, No Change						
Population	496,151	498,138	505,151	509,417	511,205	514,143
Households	218,447	222,294	228,554	233,795	238,252	242,993
Dwellings	233,627	237,736	244,428	250,033	254,801	259,878
Annualised Dwelling Requirement		2,054	3,346	2,803	2,384	2,539
Average Annualised Dwelling Requirement	2,625					
Labour Force Led, Experian Baseline						
Population	496,151	499,313	510,382	514,564	515,339	518,516
Households	218,447	222,763	230,663	235,879	239,900	244,716
Dwellings	233,627	238,244	246,701	252,285	256,587	261,749
Annualised Dwelling Requirement		2,308	4,229	2,792	2,151	2,581
Average Annualised Dwelling Requirement	2,812					
Labour Force Led, Aspirational Growth						
Population	496,151	500,176	514,579	523,866	532,191	546,385

Households	218,447	223,118	232,409	239,820	247,126	256,778
Dwellings	233,627	238,623	248,568	256,496	264,309	274,640
Annualised Dwelling Requirement		2,498	4,972	3,964	3,906	5,165
Average Annualised Dwelling Requirement	4,101					
Labour Force Led, Worst Case Scenario						
Population	496,151	499,313	492,178	483,736	490,678	501,752
Households	218,447	222,763	223,231	223,058	229,381	237,474
Dwellings	233,627	238,244	238,754	238,575	245,338	254,002
Annualised Dwelling Requirement		2,308	255	-89	3,382	4,332
Average Annualised Dwelling Requirement	2,038					
Migration Led, Labour Force Impact						
Population	496,151	498,598	501,576	504,704	507,786	510,864
Households	218,447	222,474	227,058	231,773	236,707	241,507
Dwellings	233,627	237,930	242,835	247,877	253,155	258,289
Annualised Dwelling Requirement		2,152	2,452	2,521	2,639	2,567
Average Annualised Dwelling Requirement	2,466					

Stage 3: Future affordability

Table 4.17 below shows a range of scenarios based on a +/- increase or decrease in house prices of up to 50% compared to incomes. This shows that should property prices decrease by 10% to 2016 and incomes rise by 5% this would still give a house price to income ratio of 7.27 which is still above Government guidelines. In the present housing market the trend is for decreases with most estate agents reporting drops in market value of properties for sale. The Land Registry shows a 4.7% drop over the last quarter to December 2008. However, annually there has been a slight rise of 0.5% across the District. It is noticeable that certain property types have had more significant drops in prices with flats experiencing a significant rise in price. However, it should be noted that if there has been a high value scheme developed in the District that this could skew the results.

Table 4.16 % Change in Market Value

Property Type	Qtr to Dec 08	Annual	No of Sales
Detached	+0.9	-6.2	85
Semi	-12.4	-3.0	70
Terrace	-14.4	-4.6	89
Flat	+13.2	+21.7	48

As properties have not sold over the last year a number have transferred to the rental market and this may result in reducing rents over 2009-2010. The lack of availability of mortgages without a sizeable deposit, e.g. 20% has no doubt impacted on the number of properties sold over the last 12 months.

Buyers for low cost home ownership products are likely to be affected by the lack of mortgage finance and with 9955 unsold shared ownership properties nationally there is likely to be a local impact (Figure source: Housing Corporation Housing Association Financial Health report). It is therefore, likely that in the short term housing associations will need to use low cost home

ownership stock for social and intermediate rent in future. The majority of local parish needs survey undertaken reveal that the majority of need is for rent with a minority of households being able to afford low cost home ownership such as shared equity/ownership.

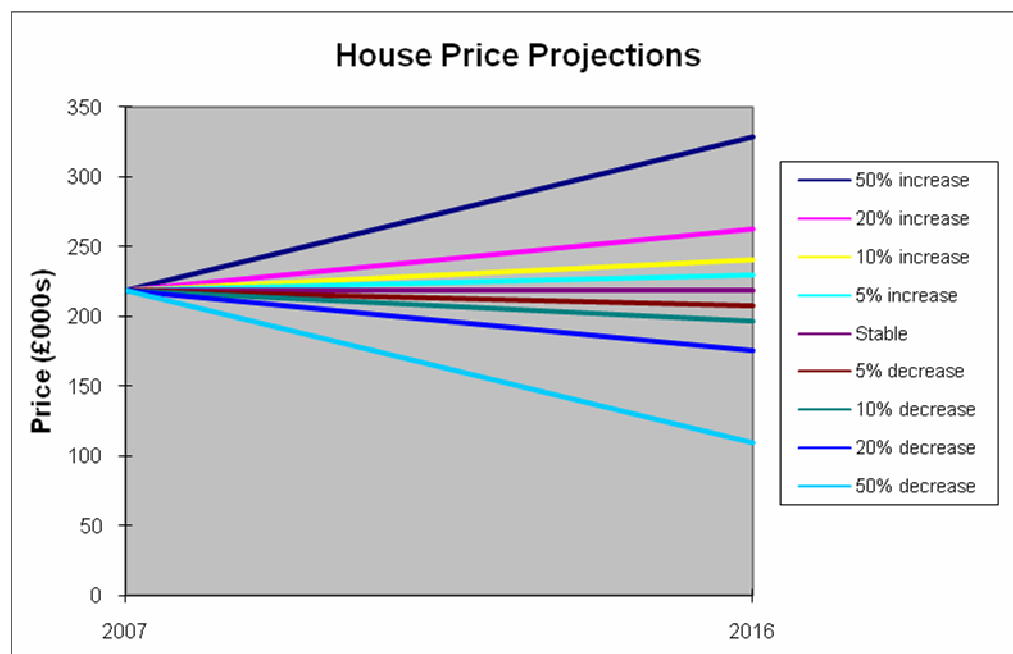
Table 4.17 Rural Kendal

Change in House Prices	Lower Quartile House Prices	
	2007	2016
50% increase	219000	328500
20% increase	219000	262800
10% increase	219000	240900
5% increase	219000	229950
Stable	219000	219000
5% decrease	219000	208050
10% decrease	219000	197100
20% decrease	219000	175200
50% decrease	219000	109500

Annual % Income Increase	Lower Quartile Household Income									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1%	17481	17656	17832	18011	18191	18373	18556	18742	18929	19119
2%	17481	17831	18187	18551	18922	19300	19686	20080	20482	20891
3%	17481	18005	18546	19102	19675	20265	20873	21499	22144	22809
4%	17481	18180	18907	19664	20450	21268	22119	23004	23924	24881
5%	17481	18355	19273	20236	21248	22311	23426	24598	25827	27119

Affordability Matrix

Change in House Prices	2007 Baseline	Annual Income Increase to 2016				
		1%	2%	3%	4%	5%
50% increase	12.53	17.18	15.72	14.40	13.20	12.11
20% increase	12.53	13.75	12.58	11.52	10.56	9.69
10% increase	12.53	12.60	11.53	10.56	9.68	8.88
5% increase	12.53	12.03	11.01	10.08	9.24	8.48
Stable	12.53	11.45	10.48	9.60	8.80	8.08
5% decrease	12.53	10.88	9.96	9.12	8.36	7.67
10% decrease	12.53	10.31	9.43	8.64	7.92	7.27
20% decrease	12.53	9.16	8.39	7.68	7.04	6.46
50% decrease	12.53	5.73	5.24	4.80	4.40	4.04



The third quarter of 2008 compared to the same period of 2007 shows a 1.7% decrease in house prices which is much less than predicted during the current economic crisis. Should prices continue to fall then affordability may be improved, though the tighter lending criteria is also impacting on the ability of particularly, newly forming households to obtain mortgages without a sizeable deposit as mentioned above.

Stage 4: Bringing the evidence together

- The substantial increase in the older age groups driven by in-migration and wealthy retirees, particularly in the 75+ age group and significant decrease in younger age groups has massive implications on the available working age population and therefore economic growth and stability, including the ability to recruit and an impact on the reliance of migrant workers described in section 1.3.
- This increase impacting on house prices affecting the scale of affordable housing need.
- A loss of young people from the area due to absence of job opportunity and prohibitive house prices.
- Cumbria prices have fallen by 4.7%. However this is not likely to have an impact on affordability. First time buyers are likely to have problems obtaining mortgages.
- Housing Associations may need to use low cost home ownership stock for social and intermediate rent. Parish surveys indicate that the majority of need is going to be for social rent.
- Recent economic performance and the effects of the 'credit crunch' will effect the willingness to pay for housing and place further pressure on affordable housing supply. There is also expected to be a weakened GVA growth in construction at least in the short term.
- The 'aspirational' growth scenario which forecasts 3800 additional jobs across the District (2006-2016) paints a positive picture. It is based on a number of opportunities and assumptions that need to be met before this employment forecast can be realised.
- However there are a number of issues that may undermine this – supply of business and housing sites, an aging population, dependence of agriculture on external forces, and pockets of rural deprivation etc. Supply of labour is an important issue and under Section 3 we found evidence that a skilled workforce may already live here but prefer to commute out of the area. If they were encouraged to work here for better pay rewards this might mitigate the undersupply of labour, but the evidence in Section 4 also highlights the acute decline in the working age population. Affordable housing for younger families is therefore vital to prevent out-migration and achieve sustainable economic growth.

5. Housing Need (affordable housing)

The requirement for affordable housing is based on the 2006 Housing Needs Survey. This presents data at Housing Market Area level. For Planning and development purposes further evidence may be required at a lower area level, for example based on parish or settlement needs. This data may be available for local authorities or from Cumbria Rural Housing Trust.

5.1 Stage 1 & 2: Updated housing requirements

The 2006 Housing Needs Survey gave housing requirements for the next 5 years. Government Guidance suggests that a comprehensive assessment exercise should not be required within this period, but that updating should be undertaken 'regularly'. The table below uses the past trends on household increases derived from the PopGroup analysis to update previous estimates of affordable housing need. The percentage increase in households from 2006 – 2016 based on the '5 year migration led run' has been used to give an average annual increase. This has also been applied to the figures for overall demand which will later be used to up date market led housing.

The 'overall demand' figure shows how many respondents to the original 2006 Housing Needs Survey said that they wished to move within five years. Within this a proportion were deemed to be in 'unsuitable housing' (overcrowded, requiring disabled access etc.) Analysis shows that a total of 4,876 or 9.9% of existing households in South Lakeland were in housing need (as at February 2006) of which some could afford their own housing solution on the open market while others required affordable housing. This stage of the analysis does not include supply side figures as the purpose here is to give an overall gross annual needs figure that can be worked towards before deductions are made for new build or social relets to give a net housing requirement. The update includes new figures for homeless households from 2006 to 2008.

The analysis shows the updated gross requirement for affordable housing in the District as a whole as **799 per annum**. This represents 24% of total housing demand.

Overall of all those wishing to move 49% are deemed to be in unsuitable housing, of which 50% are in need of affordable housing. This mirrors the 2006 District Wide Survey which showed that 54.7% of those in unsuitable housing required affordable housing.

Table 5.1 Gross Annual Market and Affordable Housing

Table Updated housing demand, unsuitable housed and affordable housing need					
	Total (Existing, emerging and h'holds falling into need)	Popgroup migration run: add 1% annual household increase (2006-2011)	Sub-total	Plus Homeless based on 3 year average acceptances	Annual total requirements
Overall housing demand (gross)					
Central Lakes	880	8.8	889	22	911
Kendal	580	5.8	586	32	618
Rural Kendal	839	8.4	847	11	858
Ulverston and Furness	482	4.8	487	32	519
Dales	84	0.8	85	5	90
Cartmel Peninsula	282	2.8	285	5	290
District Total	3147	31.4	3179	107	3286
Of which those in unsuitable housing (gross)					
Central Lakes	395	3.9	399	22	421
Kendal	367	3.7	371	32	403
Rural kendal	310	3.1	313	11	324
Ulverston and Furness	241	2.4	243	32	275
Dales	41	0.4	41	5	46
Cartmel Peninsula	121	1.2	122	5	127
District Total	1475	14.7	1489	107	1596
Of which require affordable housing need (gross)					
Central Lakes	206	2.1	208.1	22	230
Kendal	91	0.9	91.9	32	124
Rural kendal	219	2.2	221.2	11	232
Ulverston and Furness	81	0.8	81.8	32	114
Dales	16	0.2	16.2	5	21
Cartmel Peninsula	72	0.7	72.7	5	78
District Total (gross)	685	6.9	691.9	107	799

The above analysis uses the original 2006 Survey as a starting point and applies a percentage increase in households to update housing requirements. By comparison the data contained in Chapter 4 stages 1 and 4 used PopGroup and Experian uses data on actual household formation trends and the effects of job levels as a starting point. It then used modelling techniques to estimate the number of dwellings required as a result of, for example, in-migration, to derive an average annualised total dwelling requirement (gross). This does not therefore include those in unsuitable housing 'in-situ'. However the PopGroup and Experian analysis gives an alternative methodology, gauging the effects of household formation and employment growth on gross dwelling requirements.

This does not include a split between market led and affordable housing but an estimate can be made by applying the percentages derived from the updated 2006 Housing Need Survey results above to the additional household formation from Chapter 4, stage 4, as follows:

Table 5.2 Affordable and Unsuitable Housing as a % of Overall Demand

Table Percent split of total new requirements	District Total	District %	Central Lakes	Kendal	Rural Kendal	Ulverston & Furness	Dales	Cartmel Peninsula
Total demand	3286	100.0	100.0	100.0	100.0	100.0	100.0	100.0
- Of which in unsuitable housing	1596	46.8	46.2	65.2	37.8	53	51.1	43.8
- Affordable housing as % of unsuitable housing	50.1	50.1	54.6	30.8	71.6	41.5	45.6	61.4
Affordable housing as % of overall demand	24.3	24.3	25.2	20.1	27.0	21.9	23.3	26.9
Affordable housing number	799	799	230	124	232	114	21	78
Market led (demand minus affordable)	2487	75.7	74.8	79.9	73	78.1	76.7	73.1

Table 5.3 Labour Force Scenarios – Split between Market and Affordable

Table Requirements based on population growth, household formation, and economic forecasts	Average annualised dwelling requirement 2006 - 2016	Market led estimate based on updated 2006 HNS	Affordable housing estimate based on updated 2006 HNS
Scenario 1: Labour force led – no change (control)	599	453	146
Scenario 2: Labour force led – using Experian baseline job levels	676	512	164
Scenario 3: Labour force led – Aspirational growth	878	665	213
Scenario 4: Labour force led – worst case scenario	535	405	130
Scenario 5: Migration led, labour force impact	547	414	133

This shows, for example, that in the worst case scenario, taking account of the economic downturn, 535 dwellings will be required; 599 dwellings will be required to satisfy household growth if no additional jobs are formed, while at the other end of the scale 878 dwellings will be required to satisfy household growth if the District is able to fulfil all its proposed economic developments.

Popgroup and Experian data are not available at housing market level. Therefore in order to estimate the breakdown into housing market level and estimate the market led housing requirement, percentage increases and splits from the up dated housing needs

survey figures above have been applied. The figures have been proportioned according to the percentage split of households in each HMA.

Table 5.4 – Labour Force Led Scenarios Apportioned to HMA

	PopGroup migration run/	Labour force led run - control - no job increases	Labour force led run: aspirational Growth	Labour force led run: worst Case scenario	Labour force led run: Experian baseline
Overall housing demand HMA					
Central Lakes	113.8	128.4	166.8	101.6	103.9
Kendal	161.7	182.5	237	144.4	147.6
Rural Kendal	131.7	148.7	193.1	117.7	120.3
Ulverston and Furness	113.8	128.4	166.8	101.6	103.9
Dales	17.9	20.2	26.3	16	16.4
Cartmel Peninsula	59.9	67.6	87.8	53.5	54.7
District Total	599	676	878	535	547

5.2 Relationship between LDF

The information above has then been split between the three local planning authorities within South Lakeland. The relationship between the respective planning authorities is described in more detail in Stage 5. The figures show that the Regional Spatial Strategy figures of 400 per annum for SLDC and 60 for the LDNPA could be increased. However, this will have to be considered along with the deliverability of increasing the allowance in the RSS and environmental capacity.

Table 5.5 – Labour Force Led Scenarios Apportioned to LDF

	PopGroup migration run/	Labour force led run - control - no job increases	Labour force led run: aspirational Growth	Labour force led run: worst Case scenario	Labour force led run: Experian baseline
LDF					
SLDC	421.4	476	618	365.5	385
LDNPA	160	180	234.0	153.5	146
YDNPA	17.6	20.0	26.0	16.0	16.0
District Total	599	676	878	535	547

5.3 Local Occupancy Housing

Data suggests that there is a need for local occupancy provision in some HMAs based on the number of existing and newly forming households who intend to move within a five year period, though not in need of affordable housing. This is primarily in the rural areas as opposed to key service centres. This has been contrasted with the available supply over the previous five year period and demand from in-migrants which is taken from NHS registrations.

In particular localities demand from generally affluent in-migrants limits the availability of housing and drives prices upwards. As can be seen in the Dales HMA Section 3, there is a significant 'affluent grey' population and in-migration from areas such as Manchester evidenced by CACI data and the District Wide Housing Needs Survey 2006. Available supply is further restricted by the instances of second homes and holiday homes outlined in Chapter 3. Table 5.6a outlines those people who have moved away from the District due to being unable to find suitable accommodation. There is evidence detailed below that supports local occupancy housing in Rural Kendal, however, this should be reviewed when the next District Wide Housing Needs Survey is undertaken in 2010-11. Table 5.6 details shortfall and/or surplus in each HMA including information on Key Service Centres. The figures are over a 5 year period. Detailed below is an explanation relating to each line of Table 5.6:-

- **Total in-migrant demand** – this relates to in-migrant data from NHS registrations over the period from July 2000 – June 2004.
- **Total existing household demand** – this information has been extracted from the 2006 District wide Needs Survey. Section 4 of the household survey asks households' intentions to move within the next 5 years from 2006. This data does not include those people who are unsuitably housed, an element of which would need affordable housing
- **Total newly forming household demand** – this information has been extracted from the 2006 District wide Needs Survey. Section 4 of the household survey asks if any members of the household wish to move to separate accommodation within a 5 year period from 2006. This data does not include affordable housing need
- **Total demand from households unsuitably housed** – this information relates to Table 5.1 showing those households who are deemed unsuitably housed but excluding those households in need of affordable housing, i.e. the unsuitably housed that can afford open market solutions. The unsuitably housed includes households who are homeless or threatened with homelessness, overcrowded, too expensive, difficult to maintain, households sharing facilities, mobility impairment/special need, lacking a bathroom/kitchen/wc, major disrepair, harassment/threat of harassment. This covers the 5 year period from 2006
- **Total demand** – is a sum of the four previous columns
- **Total supply** – this data relates to those households from the District Wide Housing Needs Survey who moved within the 5 year period to February 2006. Section 3 of the household survey asks households if they moved in the last 5 years.
- **Minus demand** – reiterates the total demand figure
- **Shortfall/surplus** – the resultant sum taking the demand figure away from the supply figure

Table 5.6 – Total Demand Versus Supply over 5 years

Total Demand versus supply over 5 years	CENTRAL LAKES HMA				KENDAL HMA	RURAL KENDAL HMA				ULVERSTON & FURNESS HMA			DALES HMA	CARTMEL PENINSULA HMA			South Lakes Total
	Ambleside	Windermere	Central Lakes	Total HMA	Kendal Total HMA	Milnthorpe	Kirkby Lonsdale	Rural kendal	Total HMA	Ulverston	Ulv & Furness Rural	Total HMA	Sedbergh Total HMA	Grange over Sands	Cartmel Rural	Total HMA	
	Total in-migrant demand	141	391	248	780	1492	61	91	1026	1178	475	456	931	205	357	214	
Total existing household demand	551	550	1069	2170	922	123	258	2089	2470	418	690	1108	198	389	369	758	7626
Total newly forming household demand	85	49	119	254	147	12	16	146	173	61	34	95	14	12	32	44	728
Total unsuitably housed	200	555	200	955	1395	55	45	360	460	445	360	805	125	195	50	245	3985
Total demand	977	1545	1636	4159	3956	251	410	3621	4281	1399	1540	2939	542	953	665	1618	17495
Total supply	532	1224	837	2593	4300	278	283	2500	3061	1348	931	2279	477	886	646	1532	14242
Minus demand	977	1545	1636	4159	3956	251	410	3621	4281	1399	1540	2939	542	953	665	1618	17495
Shortfall(-)/ surplus	-445	-321	-799	-1566	344	27	-127	-1121	-1220	-51	-609	-660	-65	-67	-19	-86	-3253

The District survey identifies how many people have moved away due to difficulties in finding a home locally and this is broken down to HMA in Table 5.6a below. As can be seen the evidence further correlates with Table 5.6 above in so far as the majority of people that have moved away are more prevalent in rural areas.

Table 5.6a Number of people moving away due to difficulties in finding a suitable home locally

Q18 Number of people moving away due to difficulties in finding a suitable home locally							
	MarketArea						Total
	Cartmel Peninsula	Central Lakes	Dales	Kendal	Rural Kendal	Ulverston & Furness	
Count	154	559	43	357	435	392	1940
	121	201	40	133	205	97	797
	10	61	8	45	32	0	156
	0	36	0	45	32	0	113
	0	5	0	0	0	0	5
	0	5	0	0	0	0	5
	0	5	0	0	0	0	5
Total	285	872	91	580	704	489	3021

The draft South Lakeland and Lake District National Park Core Strategies identify the projected supply from 2003 – 2025 and this could go some way to address the imbalance between supply and demand. This only covers the HMAs of Kendal, Rural Kendal, Ulverston and Furness, Central Lakes and Cartmel Peninsula. Table 5.7 identifies projected supply over 5 years as opposed to the 22 years of the draft Core Strategy. The Yorkshire Dales National Park Authority will be in a better position in 2010 to estimate the amount of land that could be released through proposed allocations. There is currently no strategic requirement set within the Regional Spatial Strategy for the YDNPA.

Table 5.7 Projected Supply over 5 Years

Projected supply over 5 years	
Central Lakes	300
Kendal	700
Rural Kendal	455
Ulverston and Furness	625
Dales	n/available
Cartmel Peninsula	220

(Source: South Lakeland Submission Core Strategy, draft LDNPA Core Strategy)

5.4 Housing Demand and Need Update (gross) based on District Wide Survey

The table below updates the District Wide Housing Needs Survey using percentage growth in households from Popgroup. Each scenario starts with the assumption of slightly differing household increases and therefore for each scenario the relevant household percentage increase has been applied to the 2006 housing demand figure for each HMA (the above analysis used the 5 year migration led run which is the same as scenario 5).

Based on this analysis the affordable housing requirement from the number of houses required to satisfy trends in household formation and job trends under the 'worst case' scenario' is 798 per annum for the District rising to 802 under the 'aspirational growth scenario'.

Table 5.8 Updated Gross Affordable Housing Requirements

	PopGroup migration run/	Labour force led run 1.1% growth per annum - control - no job increases	Labour force led run: 1.2% growth per annum - Experian baseline	Labour force led run: 1.5% growth per annum - aspirational Growth	Labour force led run: 0.9% growth per annum - worst Case scenario
Overall housing demand					
Central Lakes	911	912	913	915	910
Kendal	618	618	619	621	617
Rural Kendal	858	859	860	863	858
Ulverston and Furness	519	519	520	521	518
Dales	90	90	90	90	90
Cartmel Peninsula	290	290	290	291	290
District Total	3286	3288	3292	3301	3283
Those in unsuitable housing					
Central Lakes	421	421	422	423	421
Kendal	403	403	403	405	402
Rural Kendal	324	324	325	326	324
Ulverston and Furness	275	276	276	277	275
Dales	46	47	47	47	46
Cartmel Peninsula	127	127	128	128	127
District Total	1596	1598	1601	1606	1595
Affordable housing need					
Central Lakes	230	230.3	230.5	231.1	229.9
Kendal	124	124.0	124.1	124.4	123.8
Rural Kendal	232	232.4	232.6	233.3	231.9
Ulverston and Furness	114	113.9	113.9	114.2	113.7
Dales	21	21.2	21.2	21.2	21.1
Cartmel Peninsula	78	77.8	77.9	78.1	77.6

District Total	799	799.6	800.2	802.3	798.0
----------------	-----	-------	-------	-------	-------

The stages below outline the current housing need from the 2006 District Survey and then apply the household increases and homelessness from the tables above. Then housing completions are deducted and Right to Buys added to arrive at net annual affordable housing figures across each HMA.

Stage 3: Affordable housing supply

Permissions and Completions

Tables 5.9 and 5.10 below give completions and permissions for all housing tenures including affordable housing. The last table looks specifically at affordable housing only.

Table 5.9 Total District Completions

Total Housing Completions	2007-08 @ March 08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	Total	Annual Rate
Rural Kendal	47	72	85	99	81	116	7	507	72.4
Ulverston and Furness	71	106	121	68	52	124	16	558	79.7
Kendal	43	54	86	70	72	226	N/k	551	91.8
Cartmel Peninsula	27	29	47	42	40	54	13	252	36
Dales	4	4	6	2	5	4	5	30	4
Central Lakes	60	106	76	57	33	43	32	407	58.1
TOTAL	252	371	421	338	283	567	73	2305	329

Source: SLDC Development Plans Team, AMR and Housing Land Position Report 31 March 2007(appendix 3), LDNPA, YDNPA

Affordable Completions 2006-2009				HMA Total
	2008-09	2007-08	2006 - 07	
Cartmel Peninsula	11	5	2	18
Central Lakes	9	31	54	94
Dales	2	0	0	2
Kendal	37	54	20	111
Rural Kendal	21	34	5	60
Ulverston & Furness	9	21	45	75
District Total	89	145	126	360

Table 5.10 - Affordable Housing only - permissions and completions

Development of affordable housing units Rural Kendal	2007-08 @ March 08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	Total	Annual Rate
Total number of affordable housing units granted planning permission	7	21	N/k	N/k	N/k	N/k	N/k		
Affordable Housing as % of total new dwellings granted planning permission	(37) 18.9	(53) 39.6	N/k	N/k	N/k	N/k	N/k		
Total number of affordable housing units completed	34	5	21	3	8	0	0		
Affordable Housing as % of total new dwellings completed	72	6	25.9	4.2	10.5	0			

Source: SLDC District Planning Department, LDNPA

Table 5.11 - 2006-08 Market led and affordable housing delivery

Housing delivery							Total
District requirement identified through 2006 Housing Needs Survey (Five Year)							3425
District Targets - Net additional homes (NI 154) - Number of Affordable homes (NI 155)							
HMA Delivery (Completions) April 06 – present						HMA total	District Total
Tenure & size		1	2	3	4	5+	
Open Market	39 beds n/k	2	14	36	9		61
Affordable housing	Rent						37
	LCHO						23
Total Affordable							60
Total Market		2	14	36	9		61
							983

Source: SLDC Planning Department, LDNPA, YDNPA

NB District wide affordable housing figures are not split between rent and LCHO

Units taken out of management 2006-2008

	Right to buy	Demolitions	Conversions	Total loss
Dales	4			
Rural Kendal	3			
Kendal	7			
Central Lakes	8			
Cartmel Peninsula	3			
Ulverston & Furness	6			
Total	30			

Stage 4: Housing requirements of households in need

Whilst the South Lakeland District Housing Needs survey identifies a need for predominantly smaller up to 2 bedroom properties, the Council should take into account future needs and demand. Developing solely smaller dwellings is unlikely to account for changes to the household, such as starting a family. Therefore, it is advisable to develop a range of properties to suit current and future needs, e.g. in a development primarily of houses a range of 2 and 3 bed+ properties should be developed. One bedroom properties, generally flats are generally deemed to be suitable for single people and/or couples, whilst two bedrooms would also be suitable for single people, couples and smaller families, e.g. couple with one child. Three and more bedrooms would be suitable for families with two or more children or co-habiting couples.

Popgroup is unable to break down requirements to property type and size, however, it is possible to apply the same % split between property type and size from the 2006 District Wide Survey (including older people's requirements) and then apply this to the additional net annual affordable requirement shown in Table 5.14 (Migration Led) as follows:-

Table 5.13 Property Type/Size Breakdown

HMA	Total Annual Need	General % smaller	Total	General % larger	Total	Older Persons % 1 bed	Total	Older Persons % 2 bed	Total
Central Lakes	213	84%	179	12%	26	2.5%	4	2.5%	4
Kendal	103	65%	67	24%	26	5.5%	5	5.5%	5
Rural Kendal	221	70%	155	17%	38	3%	7	7%	21
Ulverston and Furness	100	77%	77	14%	14	5%	4	5%	5
Dales	21	63%	13	13%	3	19%	4	6%	1
Cartmel Peninsula	75	63%	47	23%	17	8%	6	7%	5
Total	733		538		124		30		41

Stage 5: Bringing the evidence together

The table below gives an updated Affordable Housing Need figure for each HMA contrasting population growth figures from each scenario from Chapter 5, Stages 1 and 2. This gives a range from 733 to 735 per annum.

Table 5.13 Updated Net 5 Year and Annual Affordable Housing Requirements

	PopGroup migration run/	Labour force led run - control - no job increases	Labour force led run: Experian baseline	Labour force led run: aspirational Growth	Labour force led run: worst Case scenario
Gross Affordable housing need					
Central Lakes	1150	1150	1155	1155	1150
Kendal	620	620	620	620	620
Rural Kendal	1160	1160	1165	1165	1160
Ulverston and Furness	570	570	570	570	570
Dales	105	105	105	105	105
Cartmel Peninsula	390	390	390	390	390
District Total	3995	3995	4005	4005	3995
Minus New Supply 2006-1 April 2009					
Central Lakes	94	94	94	94	94
Kendal	111	111	111	111	111
Rural Kendal	60	60	60	60	60
Ulverston and Furness	75	75	75	75	75
Dales	2	2	2	2	2
Cartmel Peninsula	18	18	18	18	18
District Total	360	360	360	360	360
Add Net Loss 2006-2008					
Central Lakes	8	8	8	8	8
Kendal	7	7	7	7	7
Rural Kendal	3	3	3	3	3
Ulverston and Furness	6	6	6	6	6
Dales	4	4	4	4	4
Cartmel Peninsula	3	3	3	3	3
District Total	30	30	30	30	30
Net 5 Year Requirement 2009-2014					
Central Lakes	1064	1064	1069	1069	1064
Kendal	516	516	516	516	516
Rural Kendal	1103	1103	1108	1108	1103

Ulverston and Furness	501	501	501	501	501
Dales	107	107	107	107	107
Cartmel Peninsula	375	375	375	375	375
District Total	3665	3665	3675	3675	3665
Net Annual Requirement 2009-2014					
Central Lakes	213	213	214	214	213
Kendal	103	103	103	103	103
Rural Kendal	221	221	222	222	221
Ulverston and Furness	100	100	100	100	100
Dales	21	21	21	21	21
Cartmel Peninsula	75	75	75	75	75
District Total	733	733	735	735	733

It should be noted that should supply increase the figures will change and therefore the figures should be reviewed regularly as recommended in Government Guidance. A revised District wide Needs Survey is due to be undertaken in 2010-11 which will further update the figures projecting the need over a 5 year period. As we are in the midst of economic downturn the aspirational scenario is unlikely to occur in the short to medium term. Therefore, the tables below take the migration led scenario figures which mirror two of the labour led affordable housing figures and further analysis is carried out to identify the split between Local Development Framework and tenure.

5.7.1 Relationship with Local Development Framework

Table 5.15 below shows the relationship between each HMA and respective planning authority. This has then be used to proportion the net annual affordable housing need figures between planning authorities shown in Table 5.16.

Table 5.15 Proportionate Split between LDF

	<i>SLDC</i>	<i>LDNPA</i>	<i>YDNPA</i>
Rural Kendal	84.4	15.6	0
Ulverston & Furness	91.7	8.3	0
Dales	1.4	0	98.6
Central Lakes	0	100	0
Cartmel Peninsula	74.1	25.9	0
Kendal	100	0	0

Table 5.16 Affordable Housing

	Popgroup Migration Run
SLDC	437
LDNPA	275
YDNPA	21
District Total	733

5.7.2 Tenure

Popgroup does not provide detail of tenure, however, it is possible to break down the figures above by applying the same % split as per the 2006 District Wide Survey as detailed in Table 5.17. It should be noted that due to the increased size of deposits now required and general lending caution the figures for social rented should be regarded as a minimum. Information available at District levels suggests that applicants for shared ownership or equity products are struggling to obtain mortgages and in a number of cases are refused.

Table 5.17 Percent Tenure split

HMA	Intermediate %	Social Rented %	Total %
Central Lakes	43.6	56.4	100
Kendal	37.3	62.7	100
Rural Kendal	45.2	54.8	100
Ulverston & Furness	38.2	61.8	100
Dales	62.5	37.5	100
Cartmel	43.0	57.0	100

Table 5.18 Tenure split

	Intermediate	Social Rented	Total
Central lakes	93	120	213
Kendal	38	65	103
Rural kendal	100	121	221
Ulverston	38	62	100
Dales	13	8	21
Cartmel	32	43	75
Total	314	419	733

5.8 Key issues for future policy/strategy

The affordable housing need figure above does not take into account the need for increased deposits required in the present housing market (e.g. 20%) and general reluctance of lenders to lend for shared ownership products. It is likely therefore, that the figure for rent is likely to be proportionately higher than for low cost home ownership. Therefore, the percentage tenure split for social rented identified in Table 5.17 should be considered as a minimum percentage. The Government is at present considering allowing local authorities to provide mortgages for those people who have difficulty obtaining 90%+ mortgages. The detail of these proposals is not yet known.

Local occupancy – evidence supports local occupancy housing in the rural areas primarily and does not support local occupancy in the Key Service Centres of Kendal, Ulverston, Milnthorpe and Grange over Sands. The scale of need for affordable housing and those unsuitably housed would suggest that the thresholds identified within the draft South Lakeland Core Strategy and Lake District National Park Authority are justifiable. The scale of second and holiday home ownership further restricts supply in the Dales. The balance in the housing market will need to be reconsidered when the next District wide housing needs survey is completed in 2010-11. The economic climate must be taken into account and development may be unviable if the thresholds were increased much further at the present time, therefore this should be kept under review. The recently produced South Lakeland Viability Impact Study 2009 acknowledges that local occupancy restrictions are likely to have an impact on price, although the full extent of this is unknown. Local occupancy restrictions that are very limiting, i.e. restricted to the Parish, particularly in rural areas are deemed to have a greater impact on the economic viability of developments and this should therefore be borne in mind.

As recommended in Government Guidance, the affordable housing needs figure should be reviewed regularly to take account of the number of new completions. The number of completions has clearly fallen during 2008-2009 and is symptomatic of the general slowdown in the housing market and economic downturn. As a result the Council has considered lowering the thresholds for affordable housing set out within the Interim Planning Approach to Housing to encourage development. As such this will need to be kept under review given the acute affordable housing need detailed within this document depending on the speed of the economic recovery.

6. Housing Requirements of Specific Household Groups

6.1 Homelessness

Table 6.1 Homeless presentations and acceptances

Homeless Cases	Presentations	Acceptances
2006-07		
January - March	63	26
April - June	68	27
July - September	84	34
October - December	46	29
Total	261	116
2007-08		
January - March	89	32
April - June	76	39
July - September	77	35
October - December	46	29
Total	288	135
2008-09		
January - March	51	25
April - June	46	20
July - September	28	16
October - December	34	11
Total	159	72

(Source: District Council.)

Causes of homelessness among those accepted as in priority need 2007-08

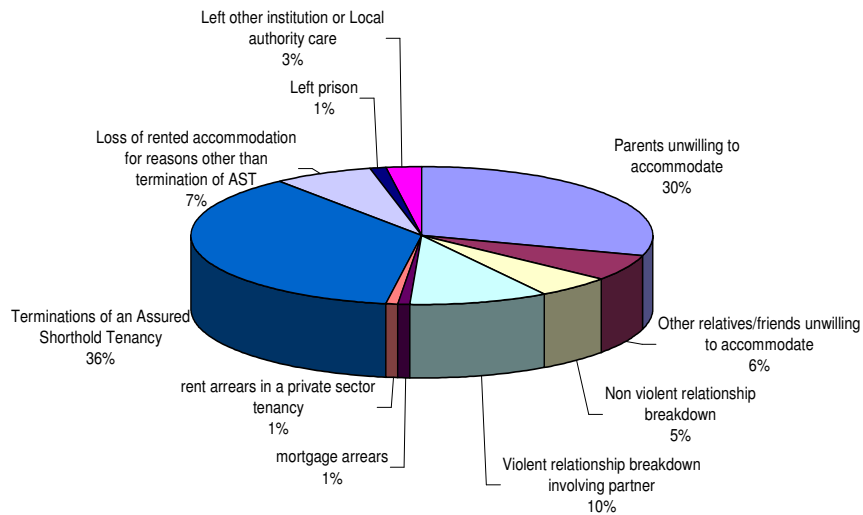


Table 6.2 Causes of homelessness

Causes of Homelessness for applicant households found to be eligible, unintentionally homeless in priority need	2006-07		2007-08		2008-09	
	Count	%of total acceptances	Count	%of total acceptances	Count	%of total acceptances
Parents no longer willing or able to accommodate	28	11%	30	10%	15	9%
Other relatives or friends no longer willing or able to accommodate	7	3%	5	2%	7	4%
Non violent breakdown of relationship with partner	13	5%	10	3%	5	3%
Violence	16	6%	12	4%	6	4%
Harassment, threats or intimidation	0	0	1	0.5%	1	1%
Mortgage arrears (repossession or other loss of home)	2	1%	3	1%	3	2%
Rent arrears	2	1%	1	0.5%	1	1%
Loss of rented or tied accommodation	40	15%	51	18%	27	17%
Required to leave National Asylum Support Service accommodation	0	0	0	0	0	0
In institution or care	2	1%	4	1%	2	1%
Other (e.g. homeless in emergency, ex-HM forces, returned from abroad, sleeping rough or in hostel)	6	2%	5	2%	5	3%

(Source: District Council Homelessness Service)

Homeless presentations fell between 2006/07 to 2007/08 though the number of acceptances has remained reasonably consistent since 2005. However, in 2008/09 homeless presentations show a significant decrease. This is primarily due to the

emphasis being placed on preventing homeless. Consequently the number of people in housing difficulties receiving advice and assistance has risen dramatically and the figures do not reflect an absence of homelessness, rather a change in how cases are dealt with. The Council's Housing Register has shown a steady rise in applicants reflecting the lack of affordable housing available and number in housing need.

The predominant reason for becoming homeless is the loss of an assured shorthold tenancy, followed by parents unwilling to accommodate. The Council's Homeless Strategy aims to work with the private sector with a view to reducing homelessness as a result of loss of an assured shorthold tenancy.

6.2 Families, older people, minority and hard to reach households and households with specific needs

This section identifies specific needs of a range of different households, including supported housing, migrant workers and other minority groups.

6.2.1 Older People

The degree of aging and projected growth in the older age groups has significant implications for housing services and support. The District Wide survey identified that most older people (80.5%) prefer to live independently and stay in their own homes, however, sometimes they lack the support to be able to do so successfully. A proportion of older people would consider options such as sheltered housing (20.9%) or buying a property in a specific development for older people (19.9%). A proportion (7.9%) would also consider extra care housing.

The Council's Older Persons' Housing Strategy details the priorities for older people in terms of helping people to live independently and development of extra care housing.

Issues around older in-migrants who are fit and healthy now but lack the support of family networks should their health deteriorate also needs consideration by Adult Social Care, Support People and the District in the development of services such as floating/visiting support. Most new developments have elements of the Lifetime Homes standard so that people can remain in their own homes but the extent to which a property can be adapted if a person becomes disabled remains an issue for new and existing homes. Most older people are forced to downsize if they wish to move a scheme that is specifically designed for older people, however, older people's wishes borne out in national and local consultation work are for more two bedroom accommodation with a bit more space and storage. Given the higher proportion of homes owned outright in the District as a whole it is possible people will be able to afford additional space but discussions with housing providers should begin to explore options perhaps including equity release.

6.2.2 Migrant Workers

Cumbria Constabulary undertook a Social/Demographic Trend Analysis of the EU Immigrant Population in Cumbria 2003-2007. It is acknowledged that the availability of statistics on immigration is limited and generally relates to new migrants rather than existing migrants who may have relocated since first registering. The statistics available highlighted the following trends:

- There has been no change in the Cumbrian population with regards to pre 2004 EU member nationalities, but there has been a large increase in the number of post 2004 EU members in Cumbria; increasing eightfold between 2003/04 and 2004/05 and resulting in approximately 4500 Eastern Europeans arriving in Cumbria over the last 5 years, 3000 of whom were Polish.
- Based on the last 5 years data, the number of new Eastern Europeans arriving in Cumbria will reach over 3500 in 3 years time. However, the last 2 years has shown a steadying in the rate of new Eastern European arrivals, suggesting there will be 2000 new arrivals in 3 years time. Future. Analysis will be required to monitor this.
- South Lakeland has had the highest influx of Eastern Europeans in Cumbria. The migrants are employed primarily in short term tourism employment, suggesting that South Lakes Eastern European population is on a short term, transient basis.
- Carlisle is where the majority of Eastern Europeans in Cumbria are likely to settle on a long term basis, but only half of them are likely to work in the district, with the others commuting to work in neighbouring districts.
- Copeland and Barrow have the lowest numbers of Eastern Europeans residing or working there, due to limited job opportunities. If employment increases, these areas could see a large influx of migrant workers.
- Poles are the largest Eastern European group in Cumbria. They reside all over the county, but the largest Polish communities are in South Lakeland and Carlisle.
- Lithuanians mainly reside and work in factories in Allerdale, especially Maryport.
- Romanians are located in South Lakeland, but they only joined the EU in 2007, so it is difficult to tell if South Lakes will remain the only part of Cumbria where Romanians go to, or if a larger geographical spread will occur as time goes on. The arrival and movement of Romanians will have to be monitored over time.
- Influences upon immigration previously centred on family grounds, whereas the main influence upon Eastern European immigrants is now employment. Therefore any future change in employment opportunities in Cumbria is likely to impact on the constitution and location of our migrant population.
- Limited data suggests that summer sees an increase in Eastern Europeans coming to Cumbria in the summer and being employed in the tourism sector. This deduction will have to be tested further when more data is available.

Table 6.3 GP Registrations from 2004-2007

South Lakes	Windermere	59
South Lakes	Kendal	43
South Lakes	Sedbergh	5
South Lakes	Ambleside	16
South Lakes	Ulverston	13

South Lakes	Grange over Sands	10
Total		1504

Table 6.4 Workers Registration Scheme registrations from May 2004 to September 2007 per district.

South Lakeland	1315
Allerdale	925
Eden	645
Carlisle	535
Barrow-in-Furness	185
Copeland	165
Cumbria	3770

By far the greatest number of registrations were in the South Lakeland district followed by Allerdale. The majority (87%) of Cumbria's Eastern European WRS applicants were in the 18-34 age range reflecting the main driver for locating in the area being employment. The table below shows the employment industry.

Table 6.5 Industry of employment

District	Tourism (catering)	Process Worker (factory)	Cleaner, Handyman	Sales, Retail	Food Processing	Medical	Agriculture	Total
South Lakeland	730		115	50		55		950
Total	730		115	50		55		950

- Cumbria is following the national trend of the majority of Eastern European immigrants taking on lower-skilled jobs, mainly because these are easier to find and do not require advanced language skills. For Cumbria, the majority are employed in tourism and processing in factories.
- A large number of migrant workers take jobs below their education, qualification and work experience level from their home country, as they can earn more in a low skilled position in the UK than they can in a professional position in their own country.
- Cumbria is an area of relatively little unemployment, with the rate falling 2% on what it was a year ago and remaining below the UK rate. Therefore, many employers rely on migrant workers to fill any vacant positions.
- As discussed below, the nature of jobs taken by Eastern Europeans in Cumbria generally reflects the economy of the area and its demands.

The major sectors of employment in South Lakeland are hospitality and tourism, with a large number of hotels including tied accommodation, which is very appealing to the Eastern Europeans, as it means that getting a job in the area can often solve the problem of housing too.

- 56% of those employed in tourism were in South Lakeland, with it making up 77% of all South Lakeland Eastern European employment.

- The main employers for the area are generally hotels and guest houses, but there are a considerable amount of Eastern Europeans employed at Killington Motorway services and at Sunlight Laundry in Kendal.

Housing

The key housing issues affecting migrant workers are:-

- Most of the migrant workers in the service industry are in tied accommodation. Although this has advantages, such as minimising travel costs, it may mean that workers are reliant on their employer for providing meals, and they could be paying higher rates for the type of accommodation they are in.
- Some migrant workers live on poor quality or overcrowded accommodation. This may be provided by their employer and rent deducted direct from pay, making the migrant worker likely to become homeless should their employment cease.
- Some interviewees are interested in purchasing their own property and settling in Cumbria.
- Housing is more affordable in Carlisle than it is in Eden, which could have influenced the fact that more Eastern Europeans have located in Carlisle than in Eden.

The above information reflects the findings from the Cumbria Equality and Diversity Partnership and Cumbria County Council study into the needs of migrant workers in Cumbria.

(Sources: Social/Demographic Trend Analysis of the EU Immigrant Population in Cumbria 2003-2007 (Cumbria Constabulary), Cumbria Equality and Diversity Partnership Needs of Migrant Workers in Cumbria)

6.2.3 Gypsy and Travellers

The 2008 Gypsy and Traveller Accommodation Assessment (GTAA) highlights the need for 8 residential pitches in South Lakeland and 5 transit pitches. There is currently no provision for Gypsy and Travellers and evidence suggests that there are unauthorised encampments in the District. This includes unauthorised encampments for Appleby Fair and outside of the Appleby Fair. The review of the Regional Spatial Strategy is currently underway and this is suggesting a figure of 10 residential pitches with some rounding up of the figure based on undercounting and site viability issues.

6.2.4 Supported housing

The Supporting People Strategy 2008-2011 outlines the support needs of a range of different client groups. In 2008 some work was undertaken by the North West to identify accommodation based (ABS) and non-accommodation based (NABS) needs across each District. Supported housing needs that have been identified through this exercise are detailed below to 2011. This model summarises the needs by 'super client groups' including socially excluded, support and social care and older people. It should be noted however, that the figures shown below are subject to a moderation process and could change.

Table 6.6 Supported housing needs

South Lakeland	Local Summary			
	Locally Amended Values			
Selected Year: 2011	Local People in Need number	Units needed in this Year	Net Supply	Net Additional Units Required
SUPER CLIENT GROUPS (ABS)				
Socially Excluded	271	198	97	101
Support and Social Care	50	50	50	0
Older People	472	486	660	-174
	793	733	806	-73
SUPER CLIENT GROUPS (NABS)				
Socially Excluded	190	146	62	84
Support and Social Care	63	57	12	45
Older People	665	599	169	429
	919	801	242	559
Client Group totals - ABS				
Older people with support needs	291	300	598	-298
Older people with dementia/mental health problems	49	50	0	50
Frail elderly	132	136	62	74
Single homeless with support needs	30	22	15	7
Rough sleepers	6	4	0	4
People with mental health issues	31	23	28	-6
People with learning disabilities	38	38	50	-12
People with physical or sensory disability	12	12	0	12
People with HIV/AIDS	1	0	0	0
Drug misuse	75	55	7	47
Alcohol misuse	15	11	0	10
Women escaping domestic violence	13	9	6	3
Refugees and asylum seekers	1	1	0	1
Travellers	1	1	0	1
Teenage parents	10	7	0	7
Young people leaving care	5	4	0	4
Young people at risk	37	27	21	6
Offenders and those at risk	24	18	0	17
Mentally disordered offenders	1	0	0	0

Homeless families with support needs	22	16	18	-1
TOTAL	793	733	806	-73
Client Group totals - NABS				
Older people with support needs	541	487	169	318
Older people with dementia/mental health problems	91	82	0	82
Frail elderly	33	30	0	30
Single homeless with support needs	4	3	5	-1
Rough sleepers	0	0	0	0
People with mental health issues	46	35	14	21
People with learning disabilities	34	30	8	23
People with physical or sensory disability	30	27	4	23
People with HIV/AIDS	1	1	0	1
Drug misuse	46	34	5	30
Alcohol misuse	13	10	5	5
Women escaping domestic violence	5	4	6	-2
Refugees and asylum seekers	3	2	0	2
Travellers	7	5	0	6
Teenage parents	20	15	4	11
Young people leaving care	3	3	0	3
Young people at risk	9	9	12	-2
Offenders and those at risk	22	16	12	5
Mentally disordered offenders	2	2	0	2
Homeless families with support needs	9	7	2	5
TOTAL	919	801	242	559

One of the key findings of the model is that there is an oversupply of accommodation based units for older people such as sheltered housing and an undersupply of non accommodation based units, for example, floating/visiting support. There is some correlation here with the reduction in demand for sheltered housing across the District. However, there is still a need for extra care schemes across the District and the Older Persons' Housing Strategy identifies the need for schemes in Ulverston (28 units), Kendal (20 units), Grange over Sands (18 units) and Arnside (15 units). One scheme has already been developed in Kendal and a further scheme is planned. It is likely that the figures for extra care schemes will be reviewed when Adult Social Care revise their Extra Care Housing Strategy. This is likely to take into account the move away from residential care to a more enabling and independent environment such as extra care housing.

The Council is working with Impact Housing Association to develop a Foyer for young people in Kendal in recognition for the needs of this group.

Floating/visiting support services are to be expanded for those people with complex needs and in particular alcohol dependency issues. Supporting People have carried out a review of older people's services and this could lead to an increase in floating/visiting support. In addition, Local Area Co-Ordinators are to be appointed to provide services for complex needs.

6.3 Low Cost Market Housing

It is possible that some of the supported need may be addressed through market and intermediate affordable housing, particularly in the case of elderly people who are often asset rich but income poor. Many older people already own their own homes and may wish to have retirement solution that they can buy and own. Indeed, the 2006 District Wide Survey identified that 88.3% of those aged 60 and over were owner occupiers, the majority of which own their home outright. In addition, 80.5% of respondents wished to continue living in their own homes, with a significant number 37.6% interested in buying a property in either a specific development for older people or retirement village.

7. Report Conclusions – Bringing the evidence together

The Rural Kendal Strategic Housing Market Assessment details the developments in the current and future housing market and places this within the context of South Lakeland and Cumbria. From this information a revised estimate of housing requirements has been made broken down by HMA, tenure and type. The relationship between local development framework has been examined and housing need figures have been broken down to LDF. The extent to which markets are balanced has been investigated and Further examination of specific groups has also been made. The following brings together the evidence in preceding chapters to draw overall conclusions regarding housing needs that will influence the direction of future policy and strategy.

Cumbria is often seen as an affluent area but the local housing market assessments highlight pockets of deprivation, though this is particularly the case when it comes to access to services in the rural areas. While property prices are high and there are high wage earners living here this masks problems of affordability for local resident's dependant on local wages. Looking at Table 1.15 on wages by place of work demonstrates the true picture that is masked by median incomes.

The Regional study points to factors including drivers pushing migration out from larger centres and factors pulling people to more rural areas and it is the most affluent who are moving out. Historically this has certainly been felt within the South Lakeland District housing markets with the in-immigration of more affluent households and retirees choosing to relocate here.

The study further characterises the housing markets in Cumbria as follows:

- Generally weak local economies expressed through low incomes, except for those people not dependant on the local labour market for resources
- An aging population fuelled by out-migration of younger people (caused by lack of higher education institutions, graduate employment opportunities, and affordable housing) and continuing in migration of older retirees/people seeking a high quality lifestyle.
- High proportions of second and holiday homes, reducing the size of the effectively available housing stock.
- Large social housing waiting lists, and high proportions of concealed households, brought about not only by high demand from those on low incomes but by a very limited supply.
- A significant degree of difference between the core and the periphery of the sub-region. The central area has a function based around tourism and retirement migration. The western coastal strip from Barrow, Dalton and Askham to Carlisle is struggling to establish a new economic function following the decline of older mining and manufacturing industries, and contains some areas of intense deprivation. The eastern periphery has high demand from tourism and in migration, but also a significant agricultural sector.

Current trends across the North West point to a continuing fall in house prices which may continue for the next two to three years. In some areas in the South Lakeland District there is clear evidence of some falling house prices. However even with a 10% reduction entry level prices remain unaffordable to people on lower incomes. Furthermore in areas where the property market has been strong and stable in the past,

people are reluctant to sell at a reduced value and are tending to 'sit out' the current economic climate – the picture here is one of a static rather than falling housing market. This may change if people need to sell urgently to move for employment opportunities, but this is unlikely to impact sufficiently on the supply of affordable housing and in the short term the effects of the 'credit crunch' will impact negatively on people unable to access finance and therefore increase the immediate pressure on the social and private rented stock.

The extent of the current economic climate on investors and property developers in the District is uncertain but it is possible that speculative investors may take advantage of reduced prices. This makes it harder for those on lower incomes to enter home ownership, and therefore face longer period in private and social rented sectors or intermediate housing if this is an option.

In the long term there are clear linkages between housing supply and economic development. The economy needs a sufficient workforce in order to grow which in turn needs suitable accommodation. In this sense economic development and housing are mutually supportive. This has the most direct effect in Kendal and Ulverston but its effects and implications are felt throughout the District.

Evidence supports the need for more employment land to be made available as detailed within the Employers Survey and subsequently recognised in the draft Core Strategy. The development of affordable housing underpins economic development by assisting in the recruitment issues already highlighted by employers and helping to reverse the trend for working age population, particularly young people, moving away. This has to be supported by sufficient training opportunities and the development of Kendal College and the University of Cumbria is very positive provided that the type of courses offered matches the skills sought by employers.

Given the evidence on incomes the majority of affordable housing needs to be social rented and the breakdown in tenure provided in Chapter 5, Table 5.17 needs to be considered a minimum. This is particularly important given the tighter lending criteria that people applying for low cost home ownership products such as shared ownership/equity face. The need for affordable housing has increased since the 2006 survey was undertaken due to the population growth and rise in house prices. However, the annual need figure of 733 would have been much greater had it not been for the 360 affordable homes that have been developed since 2006. From the need consideration will need to be given to developing targets to meet a proportion of the need taking into account Regional Spatial Strategy limits and Core Strategy development.

Evidence supports local occupancy housing in the rural areas primarily and does not support local occupancy in the Key Service Centres of Kendal, Ulverston and Grange over Sands. The scale of need for affordable housing would suggest that the thresholds identified within the draft South Lakeland Core Strategy are justifiable and could even be increased. However, the economic climate must be taken into account and development may be unviable if the thresholds were increased much further at the present time. This should be kept under review depending on the speed of economic recovery.

The degree of aging and projected growth in the older age groups has significant implications for housing services and support. Most older prefer to live independently

and stay in their own homes, however, sometimes they lack the support to be able to do so successfully. Issues around older in-migrants who are fit and healthy now but lack the support of family networks should their health deteriorate also needs consideration by Adult Social Care, Support People and the District in the development of services such as floating/visiting support. Most new developments have elements of the Lifetime Homes standard so that people can remain in their own homes but the extent to which a property can be adapted if a person becomes disabled remains an issue for new and existing homes. Most older people are forced to downsize if they wish to move a scheme that is specifically designed for older people, however, older people's wishes borne out in national and local consultation work are for more two bedroom accommodation with a bit more space and storage. Given the higher proportion of homes owned outright in the District as a whole it is possible people will be able to afford additional space but discussions with housing providers should begin to explore options perhaps including equity release.

The trends show a move towards smaller households for one and two bedroom properties, however, developing one bedroom flats does not reflect changes that households may encounter such as starting a family. Estate agent interviews point to the fact that one bedroom properties are less popular and offer less flexibility to any purchaser. Therefore, thought needs to be given to more two to three bedroom properties.

Monitoring and updating of the assessment

The SHMA Guidance recommends that partnerships undertake a comprehensive assessment no more than every five years but that trends and activities in the market areas should be monitored regularly against policy aims. In addition the information contained in the SHMAs should be updated. This will be carried out in conjunction with Planning departments/authorities. To achieve this aim and provide a framework for updating SHMAs a set of indicators have been developed listed in appendix 3. A comprehensive assessment and updated housing needs survey is planned for 2010/11.

Bibliography

Cumbria Economic Bulletin, Sep 2006, & Information & Intelligence, Policy & Performance Unit, Cumbria County Council).

Northwest Regional Economic Forecasting Panel, Spring 2008

South Lakeland Housing Needs and Market Assessment 2006

South Lakeland Core Strategy (draft) 2009

Lake District National Park Authority Core Strategy (draft) 2009

The Cumbria Business Survey (Cumbria Economic Intelligence Partnership: 2007)

North West Regional Strategic Housing Assessment, (Philip Leather Associates) 4NW, 2008.

Cumbria Economic Bulletin, 2007

Stephen Hincks, *Cumbria Economic Bulletin, 2008*

Cumbria Economic Bulletin, 2009

Annual Business Inquiry, 1998-2006

South Lakeland District Council Viability Impact Study 2009, NPS

Gypsy & Traveller Accommodation Assessment 2008

Social/Demographic Trend Analysis of the EU Immigrant Population in Cumbria 2003-2007 (Cumbria Constabulary),

Cumbria Equality and Diversity Partnership Needs of Migrant Workers in Cumbria

South Lakeland District Council Older Persons' Housing Strategy

Key Aspirational Scenario Assumptions

- Growth in the agricultural and forestry sector due to significant potential for improvements in the management of woodland areas. In turn, this would lead to significant potential for biomass production helping to fuel a low carbon economy in the future.
- Linked to growth in agriculture there is potential to grow the size of the food and drink sector both in terms of jobs and profitability due to focus on good quality, local, higher added value produce. Cumbrian branding will help streamline the marketing of local produce.
- Off the back of developments in West Cumbria relating to energy and environmental technologies, the area will become a desirable location for businesses related to this sphere of work but who do not want to locate themselves in the relatively more isolated areas of West Cumbria or Barrow.
- Assuming provision of decent land and premises there is significant potential for growth along the M6 corridor.
- The area is particularly reliant on the retail and hospitality industry which exhibit significant growth potential despite being traditionally low value sectors. Nevertheless higher added value will be achieved in the future, particularly in the hospitality sector, through improvements to customer service and widespread take-up a recognised scheme of accreditation.
- K Village development in Kendal will sustain a number of construction jobs in the near term and significant levels of employment once it is completed. The vision for the development is for a 47,100 sq feet of retail and 20,000 sq feet of office space along with 90 apartments and 40 sheltered affordable flats
- Canal Head redevelopment in Kendal with aspirations to create 900 jobs and a 'cultural quarter' with a mix of residential, shops, bars and hotel in the town.
- Windermere waterfront development includes a number of projects including: transformation of the Glebe; redevelopment of Windermere steamboat museum; development of a new conference centre at the Low Wood hotel: the Waterfront Masterplan at Ambleside and Lakeside and Haverthwaite development – including the relocation of the motor museum and work at the Lakeside and Haverthwaite steam railway.
- South Lakeland, and particularly Kendal, has seen a significant fall in employment in the financial and business services sector over the last 10 years mainly due to company restructuring and the closure of the Provincial and Scottish Providence offices in the town. Under the baseline scenario these job losses are projected forward resulting in a baseline trend showing further large scale decline in this sector in South Lakeland. However given the discrete nature of these job losses this forecast is somewhat unrealistic and, as a result, the aspirational forecast over inflates employment growth in this sector in order to offset the losses in the baseline figures.
- Regeneration of the Berners site and promenade in Grange over Sands.

4.2.10 Key Worst Case Scenario Assumptions

- Due to constant demand for food and a shifting emphasis on buying local produce it is expected that job losses will be minimal within the agriculture,

- forestry and fishing sector; nevertheless, the sector will fail to live up to its potential for growth. The worst case scenario is only marginally worse than the baseline.
- Manufacturing was already expected to decline even under the aspirational scenario, so it is not surprising that this will be one of the hardest hit sectors. Particular pressure will come from rising cost of imports, although some firms dealing mainly in exports may be more fortunate. However the vast majority of small-medium sized firms operating mainly within localised markets will come under pressure from all sides as both upper tier companies and retailers attempt to retain their profit margins. Declining consumer spending and lack of buyer confidence will lead to falls in output and pressure on managers to either reduce the number of working hours or, where this fails, reduce the size of the workforce.
 - As in other forms of manufacturing, the food and drink sector will be squeezed as a result of the downturn albeit to a more limited extent due to the size of the sector. Demand for food will not decline as markedly as other products although there may be a move from luxury products to shops own brands with farm shops and higher added value produce likely to be worst hit.
 - The extent of any change in the retail and hospitality sector is difficult to predict, however it is expected that job losses in retail will be widespread due to a decrease in consumer confidence/spending and a number of national stores going into administration. Within hospitality, any job losses may be absorbed by the migrant workforce returning to their country of origin due to the fall in the value of sterling. However there is a counter-argument which suggests tourism based revenue may actually increase in the Lake District as more people decide to holiday in the UK rather than abroad.
 - The construction industry has been severely hit due to the stalling of new housing and commercial projects, falling land prices and difficulty in accessing finance. The knock-on effects are now taking hold with many smaller businesses in the supply chain facing difficult times. The coming years are predicted to be especially difficult for the construction industry until confidence returns to the housing market and credit conditions improve.
 - Financial and business services are under-represented across Cumbria as a whole, so any potential job losses within the sector as a proportion of total job losses within Cumbria are likely to be less pronounced than for across the UK. However, a number of high profile job losses have been announced by global firms in recent months and it is very possible that rationalisation of services and associated downsizing will affect businesses operating in Cumbria.
 - As a result of contraction elsewhere, it is possible that employment in the public sector may actually increase rather than decline in an attempt to stem rising unemployment. However it is still expected that any increase will be at a slower rate than that of the baseline trend. Investment in skills and education infrastructure is likely to remain strong, as is expenditure in the health sector.

Appendix 2 SHMA Report Methodology

The Housing Needs Survey and consequent 2006 estimates of housing need followed the draft Housing Market Assessment Manual available at the time. This was followed by the Strategic Housing Market Assessment Guidance Version published in 2007.

Figure 1.1: Strategic Housing Market Assessment core outputs

(further details are set out in Table 2.1, Chapter 2)

1	Estimates of current dwellings in terms of size, type, condition, tenure
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market
3	Estimate of total future number of households, broken down by age and type where possible
4	Estimate of current number of households in housing need
5	Estimate of future households that will require affordable housing
6	Estimate of future households requiring market housing
7	Estimate of the size of affordable housing required
8	Estimate of household groups who have particular housing requirements eg families, older people, key workers, black and minority ethnic groups, disabled people, young people, etc.

NB. Estimates of household numbers (3, 4, 5 and 6) may be expressed as a number or a range.

Figure 1.2: Strategic Housing Market Assessment process checklist

1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region
2	Housing market conditions are assessed within the context of the housing market area
3	Involves key stakeholders, including house builders
4	Contains a full technical explanation of the methods employed, with any limitations noted
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner
6	Uses and reports upon effective quality control mechanisms
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken

In order to provide a robust methodology and consistent research basis for the Cumbria Housing Strategy, a Data Collection Task Group was formed consisting of representatives from each District, members of the Northern Housing Consortium and the Cumbria Rural Housing Trust.

This Group was tasked with the following:

- 1) Agree common methodology and data sources to enable following surveys to be undertaken:
 - Local Housing Assessments to include
 - local Housing Needs (affordable, general and special needs clients in a form that also provides evidence for Section 106 agreements)
 - Housing Market and Affordability Assessment
 - Interventions to balance housing market
- 2) Review information required and carry out countywide assessments of
 - Household projections
 - Demographic Structure and projections
 - Economic Activity and working patterns
 - Travel to work patterns
- 3) Produce and agree terms and definitions (glossary)
- 4) Any other work to underpin Cumbria Sub Regional Housing Requirement or other themed working groups as advised

The assessment began in April 2005, at which point the ODPM issued the Local Housing Assessment: A Practice Guide (Draft). Since the assessment began, a further refined, but still draft Housing Market Assessments: Draft Practice Guidance was issued in December, 2005, and as far as possible this has been incorporated into the methodology.

Following Guidance, Housing Market Areas were identified with regard to functioning housing markets defined as 'the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.' (Maclennan et al, 1998 Cited in LHA, ODPM 2005). A number of considerations were taken into account including:

- Patterns of relocation within local areas and the degree of self-containment
- Travel to work patterns and commuting to centres of employment
- Areas of high and low demand
- Other information such as recent structure plans and local plans
- Group discussion on the appropriate boundaries

Having established Housing Market Areas an assessment of the local housing system was then undertaken, by analysing secondary and primary information within the following stages:

- A. Analysis of local housing system (secondary data)
- B. Assessing future change in household numbers (secondary data)
- C. Assessing housing need, including the Housing Needs Survey (secondary & primary data, see below)
- D. Bringing together a robust evidence base

Secondary data was collated to feed into the first two levels of the assessment. To assess housing need (C) the Data Collection Group worked with the Northern Housing Consortium to develop the Housing Needs Questionnaire to be utilised by Eden DC, Barrow BC, Allerdale BC and Carlisle CC. South Lakes and Barrow commissioned consultants to carry out surveys using the same methodology. However to ensure consistency all districts used similar formats with corresponding questions and referred to the March and December updated Guidance when analysing the results (see **Appendix**)

These stages are outlined briefly below:

A. Analysis of local housing system

Stage 1: Factors affecting the current housing system

- Impact of national and regional economic policy
- Demographic structure
- Size and structure of local labour force
- Local incomes
- The cost of buying and renting a property and how this has changed

Output

- *Trends in employment and occupational structure in the local economy over last 10 years*
- *Population and household numbers and household characteristics in their local housing market and how these have changed over the last 10 years*
- *The main trends in local incomes; and*
- *Recent changes in the relative costs of housing in different tenures*

Stage 2: Assessing the current stock of housing

- Total number of dwellings
- Tenure
- House size/type
- Condition of stock by tenure
- Levels of shared housing and communal establishments

Output

- *the nature of the current stock of housing, by size, type, location and tenure*

- *the location of current housing stock; and*
- *how the stock has adjusted over the last decade*

Stage 3 Indicators of housing demand, pressure and potential housing supply

- relative house prices and rents
- affordability of housing
- occupancy by tenure
- vacancy rates by tenure
- turnover or churn
- assessing available housing supply

Stage 4 Bringing evidence together

- understand the balance of the overall stock of dwellings and households and how this has changed in recent years
- provide evidence of the existing housing stock by size, type, tenure and location
- provide evidence of changing house prices and housing demand by size type and location
- indicate the extent to which some areas within the local housing market are less popular and/or raise issues of low demand/over supply and why
- indicate the extent of demand pressure in terms of market and social housing stock
- estimate current affordability by tenure and household incomes; and
- identify other issues including stick condition, churn and over crowding

B. Assessing future change in household numbers

Stage 1: projecting the future change in household numbers: basic method or other methods

Output

An estimate of the projected household change in terms of age, gender, ethnicity and type

A more sophisticated projection that takes account of local differences

C. Assessing housing need

Stage 1 Defining housing need

- what is affordable?
- defining unsuitable
- measuring affordability
- assessing household income
- assessing whether a household can afford to buy a home *Add in example*
- assessing whether a household can afford to rent a home
- assessing whether a household can afford a shared equity property

- assessing where should a household be able to live
- the needs assessment table (quantitative assessment of housing need for affordable housing)

Stage 2 using secondary and survey data

Output

- *estimates of the levels of household need; and*
- *estimates of the shortages or surplus of affordable housing needed in terms of different sized units*

Stage 3 Considering the requirements of particular household groups

- special needs housing
- role of intermediate housing in meeting need

D. Bringing together a robust evidence base

analysis and summary of the evidence collected above:

Stage 1 key drivers of the housing market

- future economic performance
- future employment structure
- future affordability

Stage 2 Housing aspirations and choice

- assessing future demand for market housing
- assessing demand for affordable housing
- assessing demand for intermediate housing
- analysis and presentation

Stage 3 Updating Local Housing assessments

- Based on Key variables and data sources

**ASSESSING HOUSING NEED USING SECONDARY & SURVEY DATA:
NEEDS ASSESSMENT TABLE (SURVEY DATA AND SECONDARY DATA):
STEPS AND SOURCES**

The 2006 Housing Needs Survey used the following proforma taken from the Governments' Housing Market Assessments Draft, December 2005.

Step	Stage 1: CURRENT NEED	
1.1	Current occupiers of affordable housing in need	Local Housing survey
1.2	<i>plus</i> Households from other tenures in need	Local housing survey; Housing register, homeless agencies etc
1.3	<i>plus</i> Households without self-contained accommodation	Priority homeless in temporary accommodation;
1.4	<i>equals</i> Total current housing need (gross)	1.1 + 1.2 + 1.3
	<i>Number who cannot afford market prices</i>	
	Stage 2: AVAILABLE STOCK TO OFFSET NEED	
2.1	Current occupiers of affordable housing in need	Local housing survey
2.2	<i>plus</i> Surplus stock	LA and RSL records
2.3	<i>plus</i> Committed supply of new affordable units	LA, RSL, Pathfinder Development programmes
2.4	<i>minus</i> Units to be taken out of management	LA, RSL, Pathfinder conversions/demolition
2.5	<i>equals</i> Total stock available to meet current need	2.1 + 2.2 + 2.3 – 2.4
2.6	<i>equals</i> Total current unmet housing need	1.4 – 2.5
2.7	<i>Times</i> annual quota for the reduction of current need	Policy Judgment
2.8	<i>Equals</i> annual requirement of units to reduce current need	2.6 x 2.7
	Stage 3: NEWLY ARISING NEED	
3.1	New household formation (gross per year)	Local housing survey
3.2	<i>Times</i> Proportion of new households unable to buy or rent in the market	Local housing survey
3.3	<i>plus</i> Existing households falling into need	Local housing survey
3.4	<i>equals</i> Total newly arising housing need	(3.1 x 3.2) + 3.3
	Stage 4: FUTURE SUPPLY OF AFFORDABLE UNITS	
4.1	Annual supply of social re-lets (net)	Lettings/ voids
4.2	<i>plus</i> Annual supply of intermediate housing available for re-let or resale at sub-market levels	CORE
4.3	<i>equals</i> Annual supply of affordable units	4.1 + 4.2
	NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS	2.8 + 3.6 – 4.3

Appendix 3 Draft Local Housing Market Indicators 2009/10

Further discussion is required on the appropriate measures for Housing Market indicators.

HOUSING MARKET AREA	HMAs		TOTAL		Base	Target
					line	
Key Indicator						
Measure 1: Provision of affordable housing to buy as a % of overall LCHO need						
Number of LCHO required (housing need figure)	99					
Number of affordable houses to buy completed						
Percentage						
Measure 2: Provision of affordable housing to rent as % of overall affordable rental need.						
Number of affordable housing to rent required (housing need figure)	120					
Number of affordable housing to rent completed						
Percentage						
Measure 3: Provision of local occupancy housing as a % of net housing required						
Number of homes required (all tenures)						
Number of local occupancy housing provided						
Percentage						
Measure 4: Number of long-term empty homes returned to use						
Number of long-term empty homes - Total	173					
Number of long-term empty homes returned to use via LA assistance	0					
Percentage	0					
Measure 5: % of homeless presentations						
Total households						
Total presentations						
Percentage						
Measure 6: % of homeless acceptances						
Total households						
Total acceptances						
Percentage						
Measure 7: % Private sector decent properties						
Number of private sector properties						
Number of private sector properties made decent by the local authority						
Percentage						
Measure 8: % RSL decent properties						
Number of RSL Properties						
Number of decent RSL properties						
Percentage						
Measure 9: Fuel poverty (NI 187).						
Number of households on income based benefits						
Properties with low energy efficiency rating						
Measure 10: % Second homes						
Number of properties	11385					
Number of Second and holiday homes	808					
Percentage	7.1					

Appendix 4 Definition and types of affordable housing

Excerpt from Delivering Affordable Housing, Annex B: Definition and types of affordable housing, Communities and Local Government, November 2006

Definitions

30. **Affordable housing** includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
- meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices; and
 - include provisions for:
 - (i) the home to be retained for future eligible households; *or*
 - (ii) if these restrictions are lifted, for any subsidy to be recycled for alternative affordable housing provision.
31. **Social rented** housing is rented housing owned and managed by local authorities and RSLs, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.
32. **Intermediate affordable** housing is housing at prices and rents above those of social rent but below market price or rents, and which meet the criteria set out above. These can include shared equity (e.g. HomeBuy) and other low cost homes for sale, and intermediate rent.

Context of the definitions

33. The definitions above replace the guidance given in *PPG 3 Housing* (2000) and *Circular 6/98 Planning and Affordable Housing*. They are set out in Annex B of *Planning Policy Statement 3 (PPS3): Housing*.
34. The Government has adopted this definition of affordable housing because it wishes to ensure that developer contributions are used to help provide genuinely affordable housing for households in need over the long term. The definition includes homes owned or managed by private sector bodies and provided without Government grant, and new models of affordable housing. It is not essential that all affordable homes are offered under identical conditions.

Social rented housing

35. Normally, only households on local authority and RSL registers are eligible for social rented housing. Target rents are set under a national rent regime; are well below market levels; and, are normally based on relative property values, local earning levels and property size. When a household ceases to occupy a social rented home, it is normally made available to other households eligible for social rented housing. Social rented homes are normally owned and/or managed by a RSL (or other body agreed by the Housing Corporation), and will be required by regulation or contract to meet the criteria.
36. Some tenants have the legal right to purchase at a discount the social rented home in which they live, e.g. RSL tenants with a Right to Acquire and local authority tenants with Right to Buy. Where these rights are exercised the home itself ceases to be affordable, but procedures are in place to reuse receipts. Receipts from Right to Acquire sales are recycled to provide more social rented

housing to help other eligible households. Receipts from Right to Buy are partly (25 per cent) retained by the local authority for use however the authority chooses; the remaining 75 per cent is kept by Government to be reinvested in new supply.

37. Local authority homes which are let in connection with the tenant's employment, or are particularly suitable for occupation by disabled or elderly persons are exempted from Right to Buy. Publicly funded housing in small rural settlements² is exempt from Right to Acquire, as replacing them with other affordable homes would be extremely difficult. (It is not exempt from the Right to Buy, but the landlord may require that properties sold under that scheme can only be resold to people who live or work locally). Landlords will also usually have a right of first refusal to buy back any homes sold under the Right to Acquire and Right to Buy, if they are resold within ten years.

Intermediate affordable housing

38. Types of housing between market and social rented housing include:
- **Intermediate rented** homes are provided at rent levels above those of social rented but below private rented. The Government offers these to some key workers who do not wish to buy.
 - **Discounted sale** homes have a simple discount for the purchaser on its market price, so the purchaser buys the whole home at a reduced rate.
 - **Shared equity** is where more than one party has an interest in the value of the home e.g. an equity loan arrangement or a shared ownership lease. There may be a charge on the loan, and restrictions on price, access and resale.
 - **Shared ownership** is a form of shared equity under which the purchaser buys an initial share in a home from a housing provider, who retains the remainder and may charge a rent. The purchaser may buy additional shares ('staircasing'), and this payment should be 'recycled' for more affordable housing. In most cases, a purchaser may buy the final share ('staircase out') and own the whole home, though this may be restricted in some rural areas.
39. Homes of any of these types should only be considered intermediate **affordable** housing if they meet the criteria in the definition. If they do not, even if offered at less than market price, they should be considered 'low cost market housing', outside the definition of affordable housing.
40. For example, a shared ownership home is likely to be affordable if access is restricted to households from a target group at a price they can afford. The purchaser may staircase out, but there should be secure arrangements for subsidy to be recycled to provide more affordable homes or buy back the home if needed.
41. Low cost market housing is not part of the Government's definition of affordable housing although it can play an important role in meeting housing demand. Local authorities should consider the potential to provide low cost market housing as part of their approach to achieving a mix of housing (PPS3, paragraph 26).

² Small rural settlements have been designated for enfranchisement and right to acquire purposes (under Section 17 of the *Housing Act 1996*) by SI 1997/620-25 inclusive and 1999/1307).