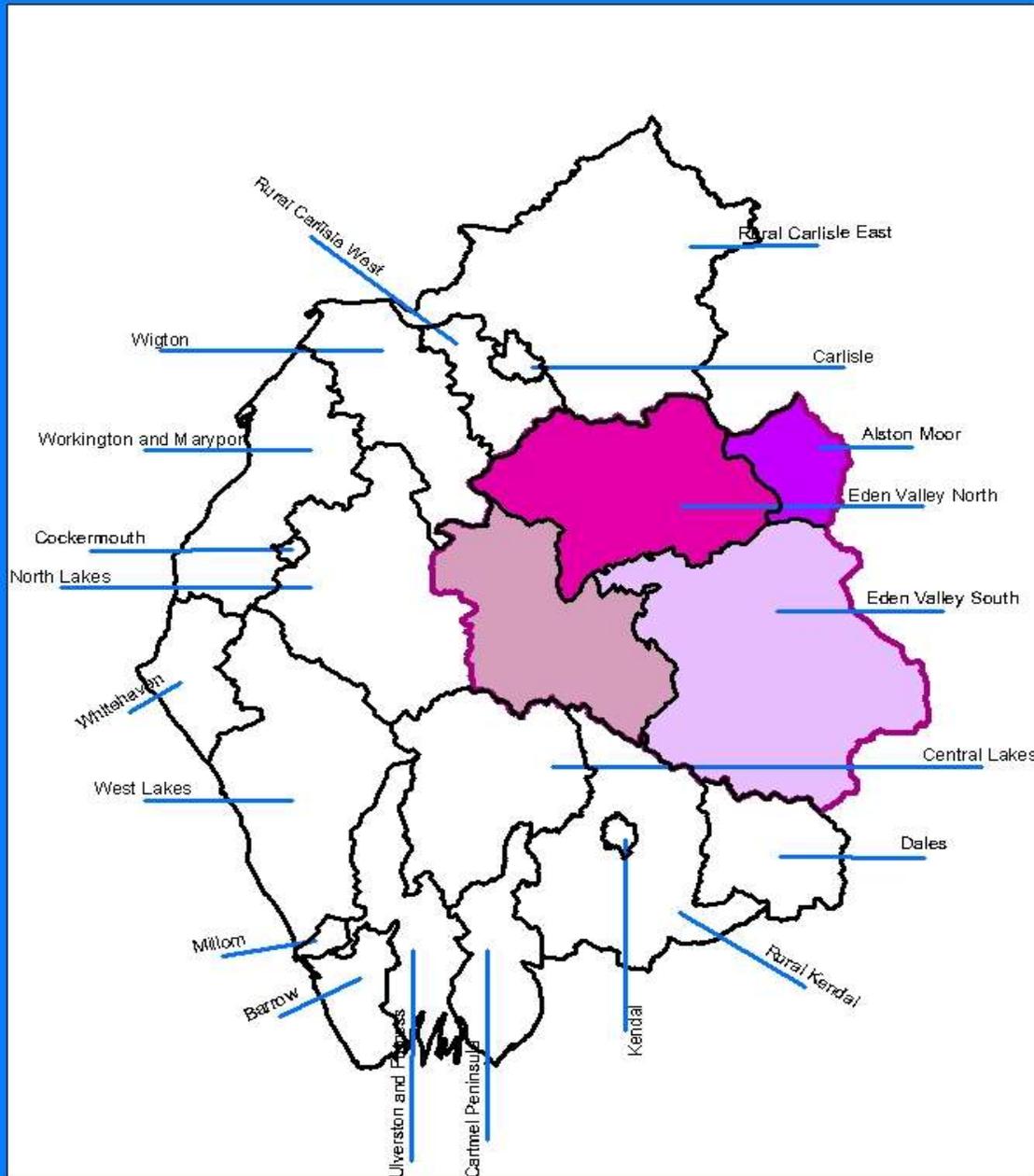


Eden District Council Strategic Housing Market Assessment 2009

Executive Summary



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Introduction

This document provides a summary of the housing markets that operate across the Eden District. The Strategic Housing Market Assessments (SHMAs) provide a valuable insight to the council on affordable and market housing as well as market drivers that can affect the type of housing required and future needs. The overall aim of the SHMAs are to provide an evidence base from which future housing and planning policies can be developed. The issue of the lack of affordable housing prevalent across the whole District can have far reaching implications both in terms of the balance of the demographics to economic sustainability if employers are unable to recruit a suitable workforce. The last assessment was completed in 2006 and the current work provides a more comprehensive picture into the state of the current and future market.

Through a common methodology developed by the Cumbria Housing Group the Council now has a robust evidence base and an update on the affordable housing need across each housing market area and the District as a whole. Each SHMA covers a geographical area known as Housing Market Areas (HMAs), based on groupings of wards listed at the beginning of each assessment. In the Eden District there are 4 HMAs:

- Alston
- Eden Valley North
- Eden Valley South
- North Lakes (East)

The methodology for choosing the above was largely based on topography, travel to work areas and the extend to which wards were linked. The 2009 SHMAs are produced in accordance with Government Guidance Version 2, August 2007. The 2006 Housing Needs Survey, valid for five years and consequently used as a current source, was produced in accordance with the Governments' Housing Market Assessments Draft, December 2005.

Key Issues

Affordability - house prices are substantially higher than County and National prices and yet the incomes are at similar levels. This means that affordability ratios are higher. Even in relatively cheaper locations such as Alston, affordability ratios are well beyond Government Guidelines, making prices out of reach for first time buyers or people wishing to move up the property ladder. This situation has been fuelled by second home owners or those on higher incomes able to commute longer distances.

Economic impact - the housing market appears to operate on a dual level: on the one hand it serves affluent households who can match and fuel higher house prices yet commute out of the local area for work or be self employed; and on the other there are existing and newly forming households on lower incomes who are reliant on affordable housing within easy reach of employment hubs. The issue of affordable housing impacts on economic viability in a number of key ways:

- Firstly a lack of affordable homes acts as a barrier for attracting staff by local employers. This impacts on the desirability of EDC as an area to invest in.

- Secondly a lack of suitable housing forces existing young people and the working age population away from the local area to find housing and employment. This causes a further drain on recruitment and skills.

Aging population - we are set to see a massive increase in the relative and absolute age of our population in the District, particularly in the 75+ age group, matched by a decrease in younger age groups. This will have implications on the working age population, (and therefore economic growth), and services required to meet needs. The lack of affordable housing is one factor that has driven this increase by its impact on retaining younger people in the District.

Housing Markets in the Eden Valley

Alston

Including the market town of Alston and its surrounding rural hinterland this Market Area is geographically isolated, forming a self-contained area almost directly between the north east and west. Whilst isolated there is a strong focus on community projects. Alston grew up as a led mining community over four centuries ago, with the town serving the mining families. This has given way to a level of tourism and small businesses. In the surrounding hinterland there are small picturesque villages popular as second home destinations. There is evidence of employment sectors with a high level of skilled workers in Alston. However it's geographic location raises issues of access and those wishing to live but work elsewhere experience problems associated with transport, increased commuting time, the need for car ownership, increased childcare costs etc. Coupled with lack of suitable low cost housing there is anecdotal evidence that this has caused local people to relocate to more accessible areas with well paid jobs in the north east and west. Conversely those living outside Alston are unlikely to commute there for work. While there is a large proportion of skilled occupations in Alston the majority are employed in manufacturing, vehicle retail/repair sectors, health care and service industries; the insufficient number of qualified residents and transport issues have consequently prevented diverse and larger businesses from locating in Alston.

- Recognised as a 'Community In Need' under the District Economic Development Strategy.
- High level of skilled trades occupations but a net exporter of labour. Recent closure of some small businesses.
- Self containment under threat from out-migration, commuting, second home ownership, and lack of affordable housing.
- Local incomes and the need from newly forming house holds also indicates a need for affordable smaller homes ('bottom-rung'). However this requires careful consideration given that flats appear unpopular.
- The aging population means accommodation and support for the elderly is increasingly an issue.

Housing

- Lowest median and lower quartile income and lowest median house prices in the District. Low prices have attracted investment and the area has seen the biggest

increase in prices and incomes. However affordability ratios are 10:1 for lower quartile income and prices, causing affordability issues and local people to be out priced.

- There is a mismatch or 'blockage' between supply and demand: larger property exists but is not readily available to local residents who require it. Middle-rung property is not affordable. The high cost to local residents traps people on the bottom of the housing ladder and meanwhile those in larger properties wishing to downsize sell to people outside the area or stay where they are for lack of suitable smaller accommodation.
- Higher than Eden District and County average of one person households, matched by higher average number of flats.
- However evidence from estate agents indicates that flats are unpopular and have a higher turnover, suggesting the focus needs to be on affordable housing suitable and sustainable for first time buyers - the market is not balanced and residents require the next 'rung up'.
- Over all requirement for low-cost family homes for local people to aid sustainability.
- As this would not necessarily free up affordable smaller accommodation a balance needs to be ensured to support newly forming households requiring affordable 1-2 bed rental.
- The effects of the aging population on affordable housing needs careful consideration.

Employment

- Economic activity is the lowest in the District. However there is a very high level of self-employment which needs support. Recently a number of small businesses have closed.
- Lack of well-paid employment risks continuing out migration.
- Skilled work force but majority of sectors are lower paid public administration/education/health, hotels/restaurants and manufacturing.

Isolation and Lack of Facilities

- Alston has developed a range of facilities necessary for an isolated community. However it is the 5th most deprived ward in the District (out of 35) and although Alston has schools and doctors and it's own local shops residents report that facilities are one of the reasons they wish to move.

Eden Valley North

This diverse Housing Market Area is strongly influenced both by Carlisle, lying at its northern boundary and the Lake District National Park to the south west, in addition to the Districts main service centre of Penrith in the south of the HMA.

There are strong commuting and migration connections within the radius of Penrith with many who live in the town and its hinterland also working there, and it has been noted that Penrith is a sustainable market town with a high degree of self-containment¹. Penrith is both a base for industry and commuters with road and rail links running directly through it. A high proportion of Service industries are based in the area, with distribution, hotels and restaurants making up 28% of all industries in addition to the high proportion of public administration, education and health services. There are a number of attractive rural settlements within commuter distance from Penrith and Carlisle, and with comparatively lower house prices to the Lakes National Park this has made it a popular location for home owners. However house price to income ratios are generally high and affordability remains a problem for many local people.

- Penrith is a sustainable market town with the majority of migration and travel to work patterns falling within a 30km radius of the town.
- There is a skilled workforce but in poorly paid jobs within the District and also professional people who can afford to live here but choose to commute to work.
- To ensure continued sustainability and economic development there is a requirement for social housing and intermediate housing, particularly 'family' homes for current residents, to support a balance housing market.
- Housing Needs Survey indicates a decline in demand for large properties in outlying villages and an affordable need for smaller 2-3 bed houses.

Housing

Higher number of flats, terraces and right-to-buy properties in Penrith than outlying rural areas. Therefore:

- Lowest entry level house price to income ratio for the District but wide variations in outlying rural settlements.
- The overall ratio for this Housing Market Area remains high at 7x median income and 8x lower quartile income (2007) and unaffordable to those wishing to move up the property ladder.
- Lack of affordable social rented and intermediate housing particularly 'family' housing.

¹ Penrith Housing Study, Land Use Consultants and Jacqueline Blenkinship, March 2006

- Additional bottom rung affordable housing is required to support people in lower level jobs but affordable starter and move up accommodation is required for those living here and trapped on the bottom rung of the housing ladder.

Employment Needs

- The market area (and District as a whole) has low unemployment and is a net exporter of labour.
- Predominance of skilled trades and distribution/hotels/restaurant and public administration industries.
- High demand for skilled and elementary occupations.
- There are fewer 'transport and communications' employers (6.5%) than would be expected given the main commuter routes running through the area.

Regeneration

New Squares/Southend Road development in Penrith town center is currently under discussion. Currently 12 flats for social rent are due to begin February 2009 and further talks area underway regarding the rest of the site.

Eden Valley South

With the second largest population in the District, the southern end of the Eden Valley contains two of the Districts key service centers, Appleby-in-Westmorland and Kirkby Stephen. Three busy commuter routes cross the area, placing it within easy reach of Kendal and the south, Penrith and the north and across into the Northeast. Despite this the area is characterised by a number of often sparsely populated and remote villages. Those lying to the east of the area are within reach of the M6 and Lakes National Park and until recently house prices in these areas were comparatively cheaper than the National Park, making them desirable as second and holiday home locations. Other areas, however, while experiencing low house prices, are characterised by isolation, low incomes, and pockets of slow or static growth.

- Wider commuting patterns than the North HMA but a level of self-containment around the market towns.
- High levels of self-employment and good level of economic activity. However dependence on lower paid industries.
- Risk of out-migration and increased commuting for better pay.
- House prices in some areas are comparable to the Lake District National Park and unaffordable to local people. There is a high level of homes owned outright and low proportion of social rented housing.
- There is a mixture of people wishing to downsize and others requiring larger properties. The lack of affordable housing is hindering the flow of supply and demand.
- The effects of the aging population on the supply of housing needs careful consideration.

Housing

- Popular town and village locations and pockets of highly priced housing and second/holiday homes.
- However this is matched by low incomes making these unaffordable to local people - the lower quartile house price to lower quartile income ratio is 9.6x.
- Whilst containing the second highest number of social rented properties, this is also disproportionately low to the population.
- Mixture of people wishing to downsize and others requiring larger properties - affordability issues are preventing flow of demand and supply.
- Starter homes and move-up family housing is required for those trapped on the bottom rung of the housing ladder. Additional bottom rung affordable housing is also required to support those in low paid sectors.

Employment

- The area is characterised by a high proportion of skilled trades, distribution/hotel/restaurant, public administration industries and agriculture.
- Notably the area contains the greatest number of people in the Eden District employed in agriculture/hunting/forestry.
- The number of construction companies has doubled since 2003.
- There is an ongoing demand from skilled and elementary occupations. Evidence points to posts not being filled.
- There is a high level of self-employment. Further research is required on the extent of home working: parish members comment that this may be 'significant'.
- Increasing commuting patterns threaten the areas self-containment.

North Lakes East

The North Lakes Housing Market Area was split into two sections for collection purposes, North Lakes East and North Lakes West and the two should be read in conjunction with each other. The majority of the North Lakes East Area is located within the Lake District National Park while Greystoke, Askham and Ullswater all have the Lake District National Park boundary running through them, and Shap town falls outside. The area contains some of the most scenic landscape in England and as a consequence is in high demand as both a tourist attraction and second and holiday home location. It area contains one of the counties main commuter routes along the A66 linking both Penrith and Keswick and beyond to the east coast, as well providing a major access point to the Lake District from the north, north-east and south of England. There are a number of vibrant villages where tourism is the main industry, together with water sports and outdoor pursuits. Here problems of affordability are perhaps the acutest as people who live/work locally struggle to afford housing and are forced to relocate, with the knock on effect on the economy. Other areas away from the main tourist

locations are reliant on agriculture and manufacturing. While property is often lower in value, local people also have low incomes.

- Acute affordability issues and lack of affordable housing to buy or rent.
- Local economies are hindered as local people relocate or qualified people are unable to move to support economic growth.
- The area is dominated by the hotel/restaurant industry and seasonal occupations leaving people employed there vulnerable.
- High proportion of property owned outright.
- Many unable to afford a mortgage and are dependent on renting.
- High land values and cost of building are hindering development of affordable housing.
- The impact of the aging population on housing needs requires consideration.

Housing

- Very high levels of larger properties and property owned outright.
- High house price to income ratios compounded by very high levels of second/holiday home ownership.
- Implication is that the area experiences two extremes - those who can afford to own large properties out right and those who are unable to afford a mortgage for the mainly highly priced property and (if they need to live in the area) remain in social or private rented tenures.
- Lack of affordable housing necessitates high levels of commuting as young people who work locally may be forced to buy elsewhere and commute back. In addition, those who live here and wish to move up the property ladder may have to travel further field to find better paid work.
- This area of high tourism requires affordable housing for local people to sustain and boost the economy further.
- The area also has several more isolated villages such as Shap rural and Barton, with remote farmsteads, generally away from the tourist spots.
- These areas have substantially lower house prices and incomes bringing the ratio down to 6:1. This is however still above the affordability ratio.
- Problem of affordable housing provision due to increased costs for land and specifications.
- Affordable family accommodation for rent and ownership is required to support those currently living there. Accommodation available for single people is also required. The housing situation for those in communal housing needs further research.
- Accommodation for the elderly is required particularly given the aging population that will particularly effect the District.

Employment

- The area is reliant on the hotel/restaurant industry and farming. Those in managerial roles are likely to be in lower paid industries.
- There is a high level of out-commuting and Penrith is a significant influence in terms of providing employment.
- Local incomes are low and indications are that they have achieved very little growth over the last years.
- Geographical features may particularly affect in peoples housing choices in this area with winter conditions making some areas inaccessible and the link to South Lakeland often be impassable.

All HMAs: Generally

Employment:

- Evidence of higher paid professional commuting out of the District.

Homelessness:

- Some evidence of homelessness but more evidence required for the Eden District on last settled addresses. Rural homelessness may be hidden by dependence on friends and relatives in isolated areas. There is thought to be a general need for increased floating support.

Supported Housing:

- Support and lack of services within walking distance may become an increasing issue for the elderly within rural areas. With younger people finding it increasingly difficult to remain in villages the elderly may become more isolated.
- Eden District wide issues include need for move-on accommodation to enable people to live independently and free up space in supported housing schemes across various client groups such as mental health.
- General need for increased floating support.
- Increased costs involved in providing services to rural areas - a particular concern due to the sparse rural nature of many areas in the Eden District.

Decent Homes:

- Plans in place to make 70% social housing decent by 2010

Updated Net Annual Affordable Housing Requirements

The 2006 Survey gave a gross annual affordable housing requirement of 409 units for the District. Taking into account supply this gave a net requirement of 265 per annum. The 2009 SHMAs update this figure by taking into account population increases and updated homeless figures. This gives a gross requirement of 434. Taking into account supply the net affordable housing requirement is 227 with the fall in homeless acceptances playing a large part in this reduction. The overall split between gross affordable need and market led housing demand for the District is 40.5% affordable and 59.5% market led.

These figures can be compared to the District wide Regional Spatial Strategy target of 239 per year minimum housing completions for all tenures which will therefore fall short of meeting need and demand.

Table 1: Net housing requirements

Affordable housing need (gross)		Average affordable housing supply - social re-lets and intermediate housing	Current occupiers of affordable housing in need	Total annual supply of affordable housing	Net annual requirement
Alston	16	11	0	11	6
Eden Valley North	221.4	114	25	139	83
Eden Valley South	107.6	40	7	47	60
North Lakes East	89.1	7	3	10	79
District Total (gross)	434.1	172	35	207	227

The table below shows the net affordable housing requirement under the various different labour force scenarios. This shows a range for the district of between 227 and 231 with little or no variation at housing market area level.

Table 2: Net affordable housing requirements under different labour force scenarios

Net affordable housing requirements under different labour force scenarios	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
Alston	6	6	6	6
EVN	82	83	84	82
EVS	60	61	61	60
NLE	79	79	80	79
District Total (gross)	227	229	231	227

Affordable housing: backlog of need

Looking at the backlog of need, the net housing requirement for both market and affordable housing has been adjusted to allow for a backlog of requirements. The supply of housing completions since 2006 has then been deducted to give a net backlog figure.

Over three years this gives a backlog requirement of 682. Since April 2006, 120 affordable homes have been completed. This leaves a net backlog of 562 affordable homes required up until April 2009 in addition to the annual requirement of 227. The table shows the backlog for each HMA.

Table 3: Affordable housing need (Net)

Affordable housing need (Net)		Requirement 06-09	Housing completions* 06-09	Backlog of requirements
Alston	6	17	0	17
Eden Valley North	83	248	66	182
Eden Valley South	60	181	35	146
North Lakes East	79	237	19	218
District Total (gross)	227	682	120	562

*Source: EDC Planning Department records

The table below gives the affordable housing backlog based on the different labour force scenarios. This gives a range of between 561 and 572 for the District with again little variation at housing market area level.

Table 4: Backlog of affordable housing requirements under different labour force scenarios

Backlog of affordable housing requirements under different labour force scenarios	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
Alston	17	17	17	17
EVN	181	184	186	181
EVS	146	147	149	146
NLE	218	219	220	218
District Total (gross)	562	567	572	561

Housing requirements of households in need

Requirements for affordable housing of different sizes and tenures are contained in the table below. This was based on the standard bedroom allowance and therefore does not necessarily reflect aspirational demand. Decisions regarding the size of future properties also need to bear in mind the likely household formation patterns and the occupational sustainability of, for example, smaller one bed properties for couples who may wish to have a family. The following table looks at the size and tenure of affordable housing for the District.

Table 5: Size and affordable tenure requirements based on 2006 Housing Needs Survey (District)

Household type	Beds %		Affordable housing split %	
One individual; couples	1	59	Intermediate	26
Two 'other' adults; Small families	2	19		
Larger families	3	18	Social rented	74
	4+	4		

The table below gives bedroom and affordable housing tenure at housing market level.

Table 6: Size and tenure breakdown

Size and tenure breakdown	% bedroom need	Total number of units required	Count bed need	% Intermediate/social rented	Count Tenure
Alston					
1	64.1	6	4	18	1
2	20.4		1	82	5
3	14.2		1		
4+	1.3		0		
Eden Valley North					
1	58.5	83	49	17	14
2	19		16	83	69
3	19.3		16		
4+	3.2		3		
Eden Valley South					
1	56.3	60	34	33	20
2	20.5		12	67	40
3	20.3		12		
4+	2.9		2		
North Lakes East					
1	63.6	79	50	40	32
2	16.1		13	60	47
3	14.7		12		
4+	5.6		4		

Market led housing

The gross requirement for market led housing has been calculated by deducting the gross need for affordable housing from overall gross housing demand. However information on the supply of market led housing can only give a rough estimate and does not give information on local occupancy supply. It cannot therefore be used to calculate a comparative percentage for affordable/market led purposes, and therefore remains a gross figure (i.e. 40.5% affordable and 59.5% market led).

Table 7: Market led housing (gross)

Market led housing (gross)		Total private re-lets	Total market led sales	Market led housing (gross)
Alston	21.1	-	-	21.1
Eden Valley North	336.5	-	-	336.5
Eden Valley South	203.9	-	-	203.9
North Lakes East	76.4	-	-	76.4
District Total (gross)	638	-	-	638

Looking at market led housing 335 new market houses have been completed leaving a backlog figure of 1579 gross for the District. An estimate of total sales to local residents should be deducted from this to give the net backlog figure when data is available. Greater intelligence on market data is required.

Table 8: Market led housing: gross and back-log

Market led housing: gross and back-log		Requirement 06-09	Housing completions* 06-09	Back-log of requirements
Alston	21.1	63.3	10	53.3
Eden Valley North	336.5	1009.5	165	844.5
Eden Valley South	203.9	611.7	137	474.7
North Lakes East	76.4	229.2	23	206.2
District Total (gross)	638	1914	335	1579

*Source: EDC Planning Department records

Looking at the bedroom requirements of those who could afford to meet their own housing needs on the open market the bulk of the requirement was for single person or couple households. Note: this is based on standard bedroom allowances rather than aspiration:

Table 9: Size of market led housing based on 2006 Housing Needs Survey and bedroom allowances (HMA)

Household type	Beds	Alston	Eden Valley North	Eden Valley South	North Lakes East
One individual; couples	1	76	67	69	68
Two 'other' adults; Small families	2	0	13	10	11
Larger families	3	0	12	16	14
	4+	24	8	4	7

Key issues for future policy strategy and joining up across the assessment

Based on the issues presented in the SHMA documents, housing policy responses will need to address issues:

- High need for affordable housing.
- Requirement mainly for rental but also middle rung affordable housing for starter homes and to enable 'move up'.
- Aspirational housing demand for 3 bed accommodation as opposed to standard bedroom allowance need.
- The above to be balance with increase in single person households and the need for younger persons accommodation to retain them in the area.
- Rise in elderly population and likely accommodation required.

General conclusions

The following gives an overview of the general conclusions for the Eden District. Please see SHMA documents for specific market area conclusions.

House prices: In some areas in the Eden District there is clear evidence of some falling house prices due to the 'credit crunch'. However even with a 10% reduction entry level prices remain unaffordable to people on lower incomes. 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. There will be greater pressure on the social and private rented stock in the immediate future.

Economic impacts: Clear linkages exist between housing supply and economic development. The economy needs a sufficient workforce in order to grow which in term needs suitable accommodation. In this sense economic development and housing are mutually supportive. This has the most direct effect on the Penrith area which has the largest workforce, but its effects and implications are felt throughout the District.

Workforce: Certain areas are particularly vulnerable to economic changes, given their dependence on small local industries, low incomes, and property speculation. Lack of low cost housing, further education, employment opportunities and attractions mean that younger people have moved out, joined by families for whom commuting is impractical. At the same time people in professional occupations can afford to live here but commute for better pay rewards. An insufficient workforce in turn limits the potential for economic growth and (especially under current economic conditions) this impacts the most on the lowest income groups who are least able to 'ride out' any decline.

Turnover: This effectively traps local residents on low incomes on the bottom rung of the housing ladder. Meanwhile those in larger properties wishing to downsize or move away sell to people outside the area. Some may choose to remain where they are for lack of available smaller accommodation. This highlights both a mismatch and blockage in the housing market - larger property exists but it is not readily available to the local residents who require it.

Housing supply: The evidence presented in this report points to a need for middle rung low cost family homes. This direction needs to be balanced with the increasing propensity to form smaller, one person households, a nation-wide trend. However while there is a high proportion of one person households this does not necessarily reflect an increase in new households choosing to remain in the area given the levels of single pensioner households. Also indications are that there is an out migration of younger households. Should those already in bottom rung housing move up or out this may free up sufficient housing to cater for newly forming households. The effects of increasing supply of middle rung housing therefore need considering before any new development of smaller one bed units.

Lifestyle: Furthermore, the increasing propensity towards co-habiting households (and presumably later families) needs consideration. Longer term sustainability is more likely to be achieved by the concentration on two bedroom accommodation that would be more appealing, have greater flexibility for changing life styles and a longer occupation expectancy.

Aging population: Perhaps most significantly the population will age over the next two decades with crucial implications for specialised housing and services. Property that is or can be adapted to enable independent living is required in locations that are accessible.

Future expectations: Assumptions regarding the size of units for the elderly needs further evidence as expectations may be for larger two bed properties to accommodate carers and visitors. 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.

Sustainability: Affordable housing is required to support economic growth measures by enabling people to remain in the area, maintaining the workforce, and which in turn benefits those residents. However younger people and families can only be encouraged to stay if there is accessible employment. It is therefore particularly important to align housing with economic development policies.