

Ipswich Housing Market Area



**Strategic Housing
Market Assessment**

November 2008

Key Findings Report

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Executive summary

Introduction

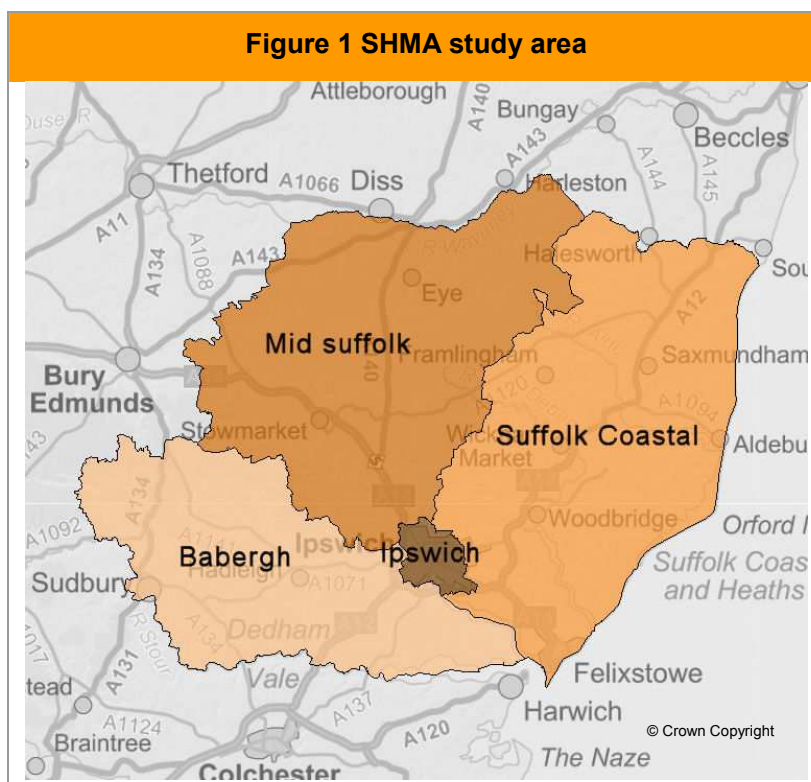
1. In September 2007 the four study area Councils of Ipswich Borough Council, Babergh District Council, Mid Suffolk District Council and Suffolk Coastal District Council entered into partnership to undertake a Strategic Housing Market Assessment (SHMA). The main aim of this work is to not only inform future housing policy and strategic work, but to provide an essential part of the evidence base for the Councils' emerging Local Development Frameworks (LDF).
2. The four Councils appointed Fordham Research to produce a robust study report to help them understand the housing market in which the partner Councils operate and to better influence supply issues in order to help produce a balanced housing market.
3. The main research methodology utilised within the SHMA was the collection and analysis of secondary data (i.e. data that has been collected by someone else), rather than primary data (i.e. data collected by the researcher). Further, Guidance states that one of the key aims of the new planning system is to involve local communities and stakeholders from the earliest stages of plan preparation, which includes evidence base work like Strategic Housing Market Assessments.
4. The self-containment of the Ipswich SHMA area is confirmed by an analysis of migration and commuting patterns drawn from 2001 Census data. This suggests that there is a high level of self-containment with 88.3% of working people resident in the study area also working in the study area and 90.4% of those who work in the study area also living in the area. However, interviews with stakeholders suggest that the level of self-containment varies greatly across the study area.
5. The East of England Plan (May 2008) Regional Spatial Strategy housing provisions suggest that between 2006 and 2021 there is the potential for 12,520 new dwellings in Ipswich (an average of 830 new dwellings per annum); 4,260 in Babergh (280 pa), 6,400 in Mid Suffolk (430 pa) and 7,640 in Suffolk Coastal (510 pa).

6. A significant proportion of the growth in households and population will be as a consequence of indigenous or natural growth within the existing population: 59% of household growth will come from the formation of new households within the existing population, particularly by young people as they grow to adulthood, and 18% of the population growth will come from the continued excess of births over deaths in the region as a whole. The remaining growth is projected to come from the balance of net migration into the region¹.
7. Between April 2008 and June 2008 house prices within the study area averaged £203,714 compared with the regional average of £198,200 and national average of £216,272. However, the average price in Ipswich of £157,048 is almost £60,000 less than the next lowest area (Mid Suffolk at £216,832). The highest prices were found in Suffolk Coastal at £229,675 whilst the average house price in Babergh stood at £223,804.
8. An important issue identified both by quantitative (data on incomes and local house prices) and qualitative data (interviews with stakeholders) is that of affordable housing. The East of England Plan recommends that, at the regional level, some 35% of housing is affordable although councils should aspire to attain around 40%. However, the Examination in Public (EiP) suggests that considering past levels of affordability and current backlogs it is unlikely that a 40% target will be met.
9. In terms of affordable housing within the study area, Ipswich currently proposes 25% on brownfield sites and 30% on greenfield sites², Babergh and Mid Suffolk up to 35% and for sites in Suffolk Coastal one in three units for villages and one in three over six units for certain towns. Since most new development is in the Ipswich Policy Area (i.e. Ipswich plus selected parishes drawn from the three adjacent study area Councils), it is likely to yield most affordable housing.
10. Analysis of housing needs within the study area suggest that there is an annual net need of affordable housing of 1,577 new dwellings. This compares with an annual provision of between 2001 and 2021 of 1,975 new dwellings, suggesting that 79.9% of all new housing supply needs to be affordable housing.

¹ East of England Plan, May 2008 p.7

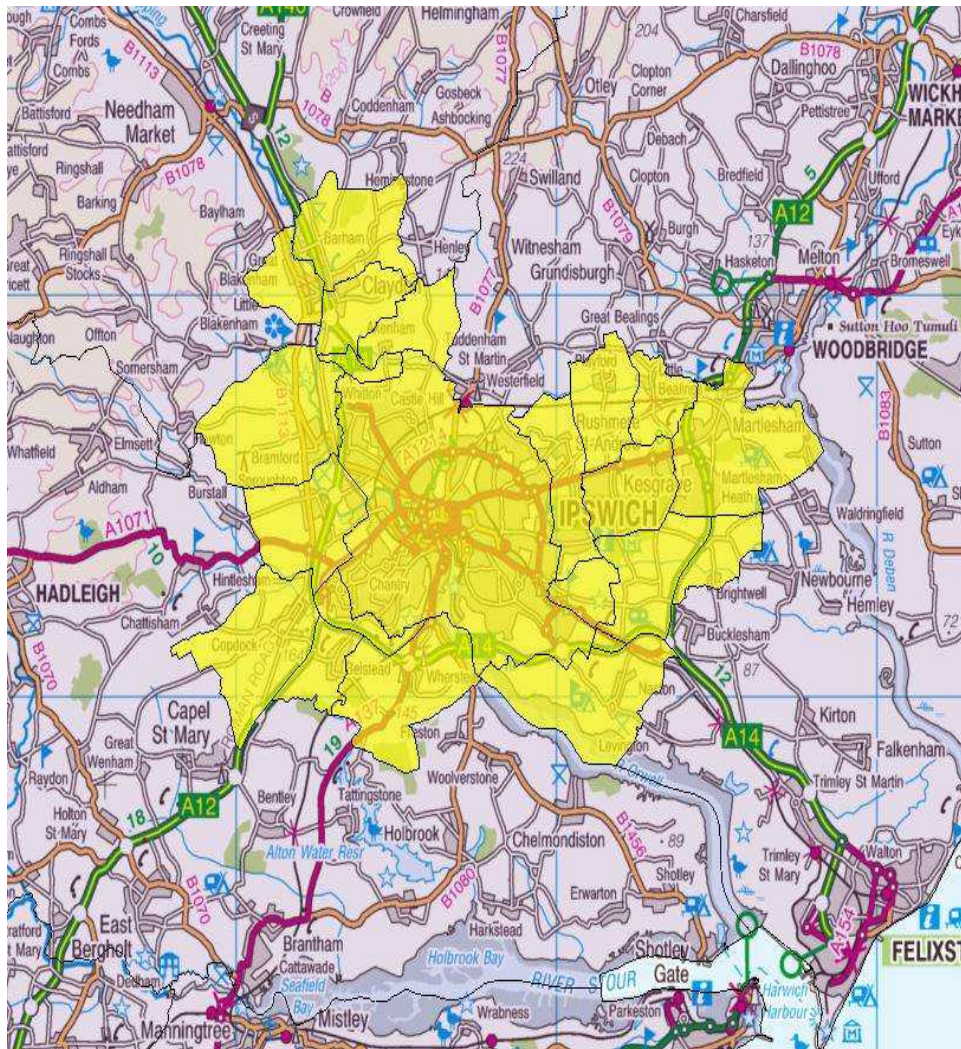
² Ipswich's affordable housing policies are being reviewed in the emerging LDF in the light of evidenced housing need and RSS targets.

11. An analysis of demographic and economic data within the study area suggests some interesting characteristics. Compared with regional averages, the study area has a relatively small Black and Minority Ethnic (non-BME) population. 4.6% of people living in the study area, and 5.8% of people living in Ipswich belonged to a BME group at the time of the last census. However, stakeholders suggest that this underestimates the current position due to EU migrant workers and foreign nationals being employed in Ipswich's NHS Trust hospital and its technology park. Also, the study area's BME population is growing, tends to live in specific areas and is more likely to experience certain housing problems such as overcrowding.
12. Finally, the study area contains a larger than average proportion of adult only households whilst Suffolk Coastal contains a higher than average proportion of pensioner households. The latter is likely to mean that there is a greater demand for age-related health and support services. The housing needs of older people was one of the main issues discussed as part of the stakeholder process. The main conclusions being that older people are increasingly finding it difficult to access suitable housing whilst many older households desire to maintain their independence.



Source: Figure 1.2 Ipswich SHMA Main Report 2008

Figure 2 Ipswich Policy Area



Source: Figure 2.4 Ipswich SHMA Main Report 2008

1. Policy context, methodology and the housing market area

Context, methodology and background to the SHMA

- 1.1 This concise report is based on the Ipswich Strategic Housing Market Assessment (SHMA) that was undertaken by Fordham Research on behalf of Ipswich Borough Council, Babergh District Council, Mid Suffolk District Council and Suffolk Coastal District Council between winter 2007 and summer 2008. It provides an overview of the research process and summarises the main findings of the Ipswich SHMA.
- 1.2 The CLG document 'Strategic Housing Market Assessment (Practice Guidance)' (August 2007, amended), sets out the key objectives, steps and processes noted below.
- 1.3 The value of Strategic Housing Market Assessments (SHMAs) is in assisting policy development, decision-making and resource-allocation processes by:
 - Enabling regional bodies to develop long-term strategic views of housing need and demand to inform regional spatial strategies and regional housing strategies
 - Enabling local authorities to think spatially about the nature and influence of the housing markets in respect to their local area
 - Providing robust evidence to inform policies aimed at providing the right mix of housing across the whole housing market – both market and affordable housing
 - Providing evidence to inform policies about the level of affordable housing required, including the need for different sizes of affordable housing
 - Supporting authorities to develop a strategic approach to housing through consideration of housing need and demand in all housing sectors – owner-occupied, private rented and affordable – and assessment of the key drivers and relationships within the housing market
 - Drawing together the bulk of the evidence required for local authorities to appraise strategic housing options including social housing allocation priorities, the role of intermediate housing products, stock renewal, conversion, demolition and transfer
 - Ensuring the most appropriate and cost-effective use of public funds
- 1.4 It also encourages local authorities to assess housing need and demand in terms of housing market areas. This might involve working with other local authorities in a sub-regional housing market area through a housing market partnership.
- 1.5 The Guidance describes a series of steps and processes. This report adheres to these guidelines although in most instances it also provides additional analysis.

Why the study area Councils undertook the work

- 1.6 In September 2007 the four study area Councils of Ipswich Borough Council, Babergh District Council, Mid Suffolk District Council and Suffolk Coastal District Council entered into partnership to undertake a Strategic Housing Market Assessment (SHMA). The main aim of this work is to not only inform future housing policy and strategic work but to provide an essential part of the evidence base for the Councils' emerging Local Development Frameworks (LDF).
- 1.7 The four Councils appointed Fordham Research to produce a robust study report to help them understand the housing market in which the partner Councils operate and to better influence supply issues in order to help produce a balanced housing market.

What methodology was employed?

- 1.8 The main research methodology utilised within this SHMA was the collection and analysis of secondary data (i.e. data that has been collected by someone else), rather than primary data (i.e. data collected by the researcher). Although SHMA Guidance acknowledges that no one methodological approach or use of a particular dataset(s) will provide a definitive assessment of housing need, and demand and market conditions, it recognises that SHMAs based on secondary data have distinct advantages as they:

- Encourage consistency of approach between different authorities and housing market areas
- Reflect actual behaviour and events rather than aspirations
- Are often cheaper to obtain than primary data
- Allow the monitoring of trends, usually on an annual basis
- Can provide a picture of market conditions based upon small areas, which identifies locational differences within housing market areas
- Are less affected by methodological problems of bias than surveys

(CLG, 2007 p. 17)

- 1.9 The range of secondary sources used within this SHMA included:

- Census 1991 and 2001
- ONS mid-year population estimates
- ONS 2004-based sub-national population projections
- ODPM/DCLG 2004-based sub-national household projections
- Land Registry data
- CLG website

- Regional and sub-regional economic strategies
- Regional housing statements and sub-regional housing strategies
- Regional spatial strategies and sub-regional strategies
- Regional transport statements and specific sub-regional studies
- Local housing strategies
- Local HMAs
- Draft local development frameworks
- Adopted local plan policies
- Sustainable community strategies
- Neighbourhood renewal strategies
- Economic development strategies
- Local transport plans
- Area based regeneration strategies and initiatives
- Miscellaneous policy documents and research

1.10 However, Guidance suggests that there are occasions where primary data could be used. Examples include:

- For key indicators that are not available from secondary sources (e.g. interviews with letting agents are required to obtain information about private rent levels)
- Where local administrative systems are not fit for purpose and authorities need to undertake an assessment sooner than they can improve or amend those systems
- To assess the requirements of specific household groups of local interest or importance relating to particular affordable housing products.

1.11 Further, Guidance states that one of the key aims of the new planning system is to involve local communities and stakeholders from the earliest stages of plan preparation, which includes evidence based work like Strategic Housing Market Assessments. This will help to minimise any potential objections to policies proposed, as stakeholders will have had the opportunity to express their concerns during the preparation of the strategic housing market assessment. Any concerns or technical matters that stakeholders or others may have regarding the approach or findings should be raised with housing market partnerships during the assessment process, preferably at an early stage.

1.12 Consequently, interviews were undertaken with local estate agents, letting agents and newbuild on-site sales teams in order to determine their views on the key characteristics of local housing markets such as price changes, migration patterns and housing market drivers. As this work was undertaken on a face-to-face basis, a fuller understanding of the character of the area, the local geography and the relationship between neighbouring districts outside the study area was also achieved.

1.13 Additionally, events were attended and interviews were achieved in order to more fully understand:

- The role of the private rented sector
 - The impact of the new university campus
 - Problems associated with the perceived over-supply of apartments
 - Problems associated with shared ownership sales in Ipswich
 - The extent to which Black and Minority Ethnic (BME) households were adversely affected by the housing market.
- 1.14 Lastly, the research process could be described as consisting of both ‘top down’ and ‘bottom up’ approaches. ‘Top down’ can be defined as those components of the research process that are required by Government Guidance on undertaking SHMAs (CLG, *Strategic Housing Market Assessments Practice Guidance (Version 2)*, August 2007). For example, the Guidance determines the type and sources of information that should be contained in every SHMA.
- 1.15 ‘Bottom up’ can be defined as those components of the research that involve either the use of secondary data or, more importantly, stakeholders including estate agents, landlords, house builders, elected members, local people and members of the SHMA Steering Group. As noted above, the SHMA draws extensively on the experience, knowledge and opinions of local stakeholders.
- 1.16 There were two main reasons for involving stakeholders within the research process: first, they are able to provide contextual and qualitative information on topics e.g. the state of local housing markets or problems associated with shared ownership that is not discernable from quantitative data (i.e. the data provided in the tables throughout the report). Secondly, stakeholders are able to ‘reality check’ report findings i.e. to determine whether or not the findings derived from secondary sources accord with their own knowledge and experience. In this latter sense, the stakeholders acted as an important component of the report’s assessment quality control process.

The notion of Housing Market Areas (HMAs)

- 1.17 Government guidance Planning Policy Statement 3 (PPS3) stresses the need to study housing markets in their context. It points out that housing markets do not obey administrative boundaries and may include several districts or parts of districts.
- 1.18 After the publication of PPS3, CLG issued the Guidance, ‘*Identifying sub-regional housing market areas – an advice note*’ (April 2007). This sets out various alternative bases for Housing Market Area definition: house prices, home moves and commuting flows. The general aim is to suggest HMAs that have internal consistency and are distinct from neighbouring ones. This is quite difficult to do in a crowded country such as England.

1.19 For example, the general principle of 70% self-containment (of home moves and travel to work) is in practice hardly ever achieved in England; most places are more open than this rule would require. A pragmatic approach is required.

1.20 Indeed the Advice Note emphasises this:

'For these reasons, regional and local authorities will want to consider, for the purpose of developing evidence bases and policy, using a pragmatic approach that groups local authority administrative areas together as an approximation for functional sub-regional housing market areas (para 9).'

1.21 This seems sensible advice. In some parts of the country attempts have been made to partition local authority areas, and the results have been that a given local authority may be in several HMAs (for example, the Peterborough HMA contains three small parts of districts as well as four whole districts). This makes for confusion, and so the latest Guidance is welcome. The study area Steering Group has used four districts in the County as the basis for its commission for the same sort of pragmatic reasons.

Determining the Housing Market Area

1.22 In order to maximise resources and encourage cooperation between local authorities the first East of England Regional Housing Strategy (2003) identified housing sub-regions within the East of England. Based on local authority boundaries, it listed nine in total, varying in size from one authority (Peterborough City Council, a unitary authority) to 15 authorities (London Commuter Belt).

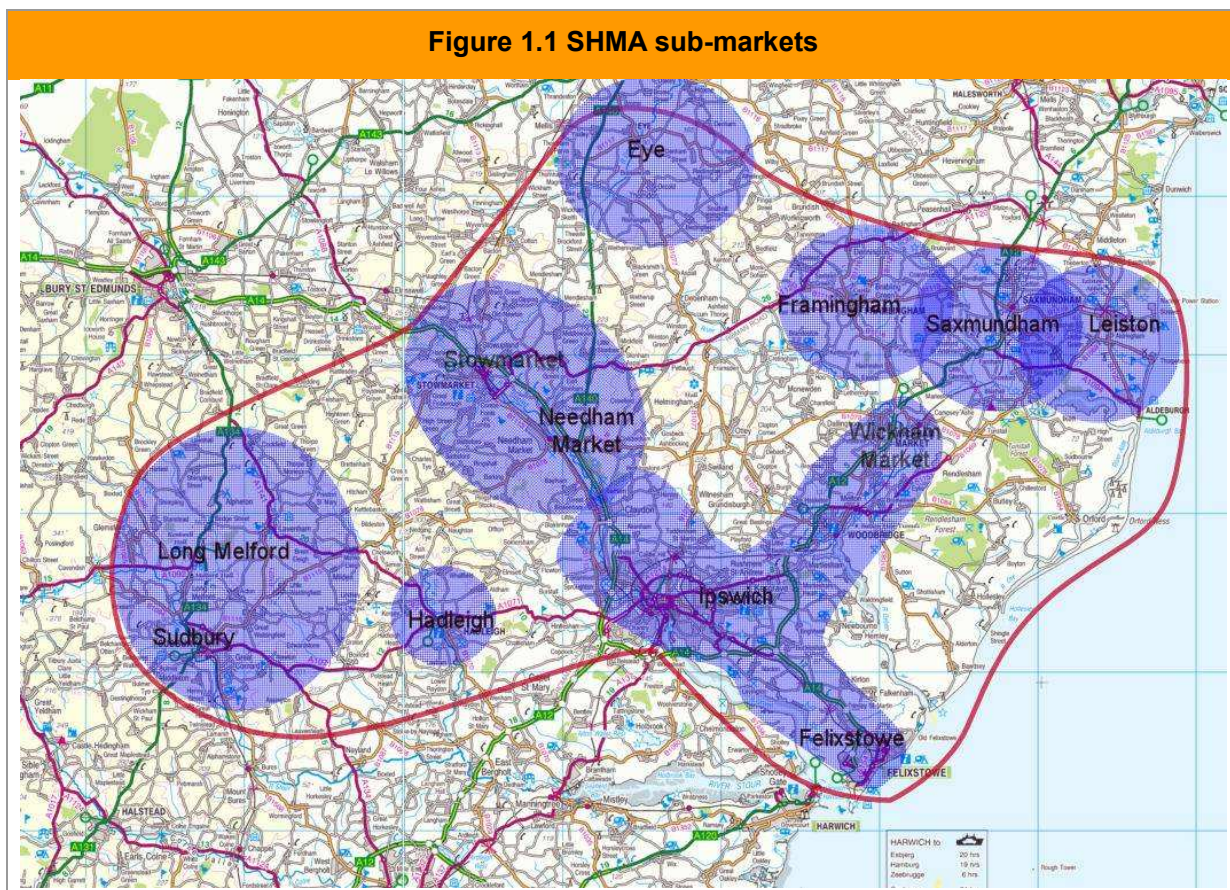
1.23 The Ipswich SHMA local authority areas are situated within the Greater Haven Gateway Housing Market Sub-Region, which incorporates parts of the counties of Suffolk and Essex. The Greater Haven Gateway Housing Sub-Region is one of nine housing sub-regions in the East of England, and includes Babergh, Braintree, Colchester, Ipswich, Maldon, Mid Suffolk, Suffolk Coastal and Tendring Borough and District Councils.

1.24 However, the regional strategy's definition of sub-regional housing market boundaries was not uncritically accepted and led to further discussion. At a conference held during the early days of developing the sub-regions, Members from across the region expressed the view that new sub-regional boundaries should not cut across district boundaries.

1.25 Furthermore, where there was a question as to which sub-region was the most appropriate, local authorities had the option to choose. While development of the sub-regions has been variable across the region, the process has helped to foster stronger partnership working leading to the sharing of ideas/good practice and joint projects such as housing needs assessments. This highlights the important role that the current strategic housing market assessment has in helping to define the sub-regional housing market boundary.

- 1.26 It is worth noting that the study area, as well as being within the county of Suffolk, is also part of the wider Greater Haven Gateway Housing Sub Region. It shares some common areas with the Haven Gateway Sub-Partnership and contains what has commonly been referred to as the 'Ipswich Policy Area' i.e. Ipswich plus selected parishes drawn from the three adjacent study area Councils.
- 1.27 According to the East of England Regional Assembly (EERA, 2008), the Greater Haven Gateway Housing Sub-Region has been separated into two SHMA areas in order to better understand where housing markets lie and to reflect historic relationships:
- Ipswich SHMA: Ipswich, Babergh, Mid Suffolk and Suffolk Coastal (essentially the Suffolk local authorities in Greater Haven Gateway) have formed an SHMA Group to consider the strategic housing market centred upon Ipswich
 - Chelmsford, Braintree and Colchester: Braintree and Colchester (the Essex authorities in Greater Haven Gateway Housing Sub Region) have created an SHMA Group with Chelmsford (from London Commuter Belt) focussed on the strategic housing market around the A12 trunk road
 - In addition, Maldon and Tendring Councils are each currently undertaking their own individual SHMA and aim to link up with the Greater Haven Gateway SHMA Group at a later date given their particular circumstances.
- 1.28 The long term aim for the Greater Haven Gateway Housing Sub Region is to link the various SHMA activities together at a later date (EERA, 2008 p.23).
- 1.29 The four districts of Babergh, Ipswich, Mid-Suffolk and Suffolk Coastal form a coherent group within that sub-market as much of their mutual interaction in the form of home moves and commuting occurs within the study area set of Councils. Importantly, the self-containment of the Ipswich SHMA area is confirmed by an analysis of migration and commuting patterns drawn from 2001 Census data. This suggests that there is a high level of self-containment, with 88.3% of working people resident in the study area also working in the study area and 90.4% of those who work in the study area also living in the area. As such, the study area can be considered to comprise a self-contained housing market area.
- 1.30 However, interviews with stakeholders suggest that the level of self-containment varies greatly across the study area. It is high in most parts but lower in parts of Ipswich, Babergh and Mid Suffolk that are more accessible to London commuters. Also, stakeholders suggest that in-migration comes mostly from London and Essex. With the exclusion of Sudbury (in Babergh District), agents do not see a major link with Colchester; prices are higher there and it is nearer to London. The housing market area for the study area is more self-contained.

- 1.31 Figure 1.1 shows the character of the area by drawing on interviews with estate agents. The main finding derived from the estate agent interviews is that the study area consists of a number of distinct sub-areas based upon Ipswich and the surrounding market towns.
- 1.32 The largest housing market within the study area consists of Ipswich, Felixstowe and Wickham market. The study area also contains a number of smaller housing markets consisting of either – a single area such as Eye – or more than one area combined such as Long Melford, Sudbury and Great Cornard. There is some overlap between housing markets, especially between Framingham, Saxmundham and Leiston. The map does not exactly follow the four district Council boundaries suggesting that the housing market boundaries are more vague i.e. there may be some overlap between housing market boundaries.
- 1.33 Many towns and large villages, even individual residential areas, have considerable character that is not reflected in current prices when compared to other parts of the country. Many transactions in the large villages are by older people seeking quiet retirement locations.



Source: Figure 3.1 Ipswich SHMA, 2008

- 1.34 It is also evident that in terms of its social and housing characteristics, Ipswich, as the study area's main urban centre, differs significantly from the more rural study area Councils. In terms of commuting, Ipswich has the largest inflow and outflow of the four study area Councils. Over half or 54.9% of all moves derive from inside Ipswich whilst the remainder derive from Council areas adjacent or close to Ipswich.
- 1.35 In terms of migration patterns, Ipswich shows the most self-containment which suggests that there is a smaller proportion of people moving into Ipswich compared with the other three study area districts. One reason for this self-containment may be that, as average house prices in Ipswich are relatively low, some households may lack sufficient equity enable them to buy outside the area. Similarly, low average house prices mean that Ipswich is a desirable destination for young households with limited incomes and equity.
- 1.36 Although the Black Minority and Ethnic (BME) population of the study area as a whole is relatively small at 4.25% compared with the England and Wales average of 11.8%, Ipswich contains the study area's highest proportion at 8.50% (the housing needs of BME households are discussed in more detail in Chapter 3 of the main report). The town also contains a relatively low skills base. Compared with regional and national averages, Ipswich has a higher proportion of residents without any qualifications. This is a factor that may impact on the households earnings and, as such, housing affordability.
- 1.37 To summarise, it is apparent that the social and housing characteristics of Ipswich differs markedly from its more rural SHMA partner Council.

Policy and strategic context

- 1.38 One of the main strategies that will drive the supply of housing within the study area over next 15 years is the East of England Plan. This makes provision for an average 23,900 homes per annum in the region over the period 2006 to 2021 including an annual provision of 2,050 properties in the study area. However, the Examination in Public (EiP) Panel Report that suggests that these levels of newbuild may fall short of what is needed based on evidence concerning housing pressure, affordability and housing projections. As such, it recommends that these targets are regarded as minimums rather than ceilings. It also suggests that the Haven Gateway growth area will provide the opportunity for a significant increase in newbuild provision and recognises that the lack of affordable housing is a predominately rural issue.
- 1.39 The housing provisions between 2001-2021 for the study area are outlined in the table below:

Table 1.1 Study area annual housing provision 2001-2021

	Total to build April 2001 to March 2021	Of which already built April 2001-March 06	Minimum still to build April 2006 to March 2021
Ipswich	15,400	2,880 (580)	12,520 (830)
Babergh	5,600	1,340 (270)	4,260 (280)
Mid Suffolk	8,300	1,900 (380)	6,400 (430)
Suffolk Coastal	10,200	2,560 (510)	7,640 (510)
Total	39,500	8,680 (1,740)	30,780 (2,050)

Source: East of England Plan in May 2008

- 1.40 A significant proportion of the growth in households and population will be as a consequence of indigenous or natural growth within the existing population: 59% of household growth will come from the formation of new households within the existing population, particularly by young people as they grow to adulthood, while 18% of the population growth will come from the continued excess of births over deaths in the region as a whole. The remaining growth is projected to come from the balance of net migration into the region³.
- 1.41 However, it is important to note that the 'total' figures for Ipswich include new housing provision as part of the wider Ipswich Policy Area (IPA) as defined in Chapter 2 of the main report, whilst the figures for Babergh, Mid Suffolk and Suffolk Coastal exclude new housing provision as part of the wider IPA. It may therefore be useful to examine the EiP's Panel's suggested modifications in relation to district council areas:

Table 1.2 Study area annual housing provision 2001-2021 (including IPA)

District	RSS pa	Percentage of overall planned growth
Ipswich Policy Area (1)	20,000	39.0%
Babergh (2)	5,000	14.2%
Mid Suffolk (2)	7,500	21.0%
Suffolk Coastal (2)	7,000	25.8%
Study area	39,500	100.0%

Source: Ipswich SHMA Fordham Research, 2008

(1) Figures are for Ipswich Policy Area (IPA) and include provision of 15,400 dwellings within Ipswich, as well as provision in the IPA within Babergh (600), Suffolk Coastal (3,200) and Mid Suffolk (800)

(2) Figures exclude provision on the edge of Ipswich as part of the Ipswich Policy Area

³ East of England Plan, May 2008, p.7

- 1.42 An important issue identified both by quantitative (data on incomes and local house prices) and qualitative data (interviews with stakeholders) is that of affordable housing. The East of England Plan recommends that, at the regional level, some 35% of housing is affordable although councils should aspire to attain around 40%. However, the EiP suggests that considering past levels of affordability and current backlogs it is unlikely that a 40% target will be met.
- 1.43 In terms of affordable housing within the study area, Ipswich currently proposes 25% on brownfield sites and 30% on greenfield sites⁴, Babergh and Mid Suffolk up to 35% and for sites in Suffolk Coastal one in three units for villages and one in three over six units for certain towns. Since most new development is in the Ipswich Policy Area, it is likely to yield most affordable housing. However, higher proportions might be proposed in emerging Local Development Framework Documents, in part as a result of the Strategic Housing Market Assessment of which the present study forms a part. Further, the Councils have recently undertaken a separate affordable housing viability study as a wider part of the SHMA which will help inform their respective affordability policies.
- 1.44 In more economic terms, the Regional Economic Strategy (2004) argues that affordability has a significant economic impact affecting the recruitment and retention of workers in essential public services such as health and education and across the private sector.
- 1.45 One further policy issue impacting on housing is that of transport. Regional and local transport policies acknowledge the 'regional interchange centre' status of Ipswich and seek to balance the need to improve accessibility within rural areas with sustainable transport policies.
- 1.46 According to the RSS, within the region's growth areas, there is a need for considerable transport improvement if the proposed growth is to be delivered. Growth is being located and designed to reduce the need to travel, but, given the existing infrastructure deficit, this will not obviate the need for additional infrastructure, improved public transport services and better management of demand.
- 1.47 This will require some revenue funding (partly developer funding) to ensure bus and rail services are in place in advance of development. It will also require a significant increase in local transport investment. The development and delivery of the package of transport policies at the sub-regional level suggests the need for local authorities to work together to prepare common Local Transport Plan (LTP) sections or even joint LTPs.

⁴ Subject to review in LDF

- 1.48 Importantly, the Suffolk provisional Local Transport Plan (LTP) acknowledges the need to balance resolving the County's transport issues whilst maintaining the unique character of its rural areas. Car ownership in the rural parts of Suffolk is relatively high, with only 20% (27% nationally) of households having no access to a car. Accessibility to facilities and services is a key issue for rural residents, particularly for those who do not have a car.
- 1.49 One issue in Suffolk is that only a relatively small proportion of taxis and private hire vehicles which are wheelchair accessible. As such, the County Council aims to prioritise improvements to areas most severely affected by accessibility issues. They will be focusing resources on areas most affected by traffic congestion, whilst protecting the County's rural areas where traffic impacts upon people's quality of life and the natural and built environment.
- 1.50 Finally, the Suffolk Community Strategy identifies four key ambitions for the County:
- A prosperous and vibrant economy: which inspires people and communities to succeed
 - Learning skills for the future: a high quality, education and training system across the whole county that will enable each person to achieve their potential and bring prosperity to them, their families and communities
 - The greenest county: Suffolk wants to be an exemplar in tackling climate change and protecting and enhancing its natural and historic environment
 - Safe, healthy and inclusive communities: Suffolk needs all people to be kept safe from harm, to be able to live healthy lifestyles and to be valued in the communities in which they live, work, grow up and grow old
- 1.51 The strategy also states that consultation processes with local people in the County highlighted links between housing and the economy and the health and well-being of individuals. There are also strong links between poor housing and crime levels. Affordable housing will play a part in achieving other Community Strategy outcomes, particularly in relation to 'Safe, Healthy and Inclusive Communities'.
- 1.52 Lastly, the report highlights the links between housing and the economy and the health and well-being of individuals. This indicates the need for a 'holistic' approach to housing policy which highlights the need for its integration with economic and health policies.

2. Key findings

Demographic and economic data

- 2.1 An analysis of demographic and economic data within the study area suggests some interesting characteristics. The population of the study area has grown steadily since 1981 increasing by 16% with an estimated population of 423,306. Most of the population increase has occurred in the rural council areas of Babergh, Mid Suffolk and Suffolk Coastal whilst Ipswich's population has only just recovered its 1981 size. Whereas Ipswich's depopulation during the 1980s and 1990s may be associated with de-industrialisation and loss of employment opportunities, its recent repopulation may be associated with its characteristic as an area with relatively low house prices and as a growing economic centre.
- 2.2 As mentioned in paragraph 11 above, compared with regional averages, the study area has a relatively small non-BME population; 4.6% of people living in the study area, and 8.6% of people living in Ipswich belonged to a BME group at the time of the last census.. However stakeholders suggest that this underestimates the current position due to EU migrant workers and foreign nationals being employed in the hospital and the technology park. Also, the study area's BME population is growing, tends to live in specific areas and is more likely to experience certain housing problems such as overcrowding.
- 2.3 Also, the study area contains a larger than average proportion of adult only households whilst Suffolk Coastal contains a higher than average proportion of pensioner households. The latter is likely to mean that there is a greater demand for age-related health and support services. The housing needs of older people was one of the main issues discussed as part of the stakeholder process. The main conclusions being that older people are increasingly finding it difficult to access suitable housing whilst many older households desire to maintain their independence.
- 2.4 One important demographic characteristic is that compared with averages for Great Britain and Eastern England, residents of the study area are slightly less well qualified (although average levels of qualifications in Ipswich tend to be lower compared with the three remaining Council areas). However, there are plans to increase the number of students studying at the University College Campus Suffolk campus on Ipswich Waterfront. Also, technology business sites such as Adastral Park situated close to Ipswich are likely to attract highly qualified graduates into the study area.
- 2.5 Perhaps reflecting the lower than average rates of qualification, on average, incomes in the study area remain below both regional and national average incomes at £23,595 pa compared with £24,913 pa for the East of England region and £23,868 nationally. This characteristic is likely to exacerbate issues around housing affordability (discussed below).

- 2.6 In terms of demographic change, CLG (2004-based) figures suggest that the study area's population is projected to increase by around 7.2% over the next 15 years from an estimated 413,300 people in 2006 to 443,000 people by the year 2021. As the local population grows in the next two decades, the structure of the population will change due to falling birth rates, longer life expectancy and the effect of migration. Policies for housing provisions will therefore have to adapt accordingly to meet the needs of a population that will have a different demographic profile.
- 2.7 For example, it is likely that by 2026, the number of people aged 65+ in the study area will increase substantially. Correspondingly, this will greatly increase the number of pensioner and lone-pensioner households in the housing market. In contrast, the numbers of young adults (16-24) and people aged 25-44, the key age groups where new households are likely to arise, is likely to decrease over the same period. Similarly, the number of one-person and cohabiting households is projected to increase over the next 20 years.
- 2.8 Although no long-term projections exist, over the short-term i.e. 2001-2005, it was projected by the Office for National Statistics (ONS) that there was significant growth in all ethnic groups in the study area other than the White (British/Irish) group. Overall, the study area population is projected to have increased by 3.8% although the increase in the Asian or Asian British group was 129.0%, Chinese or other group (88.9%), Black (59.3%) with other BME groups also showing increases well above the overall study area average. This trend is likely to occur over the longer-term. However, it is important to note that although the percentage increase in BME households is large, absolute numbers of BME households remain relatively small.
- 2.9 Significantly, due to reasons discussed above (e.g. more single people), the number of households in the study area is projected to increase at a faster rate than the population at 22.5% between 2006 and 2026 from a total of 178,000 to 218,000 households. This is equivalent to an annual increase of 2,000 households each year over the next 20 years. Such an increase is likely to increase demand for housing within the study area.

Study area employment futures

- 2.10 In terms of employment growth, Ipswich is one of the sub-region's three main economic drivers. Along with Colchester, Felixstowe and Harwich, Ipswich is a Strategic Employment Location. However, according to the EiP Panel Report, it is important not to ignore the sub-region's other towns and smaller settlements and their potential and need, for a certain level of employment growth⁵.

⁵ EiP V1 p.46

- 2.11 It is projected that between 2001 and 2021 around 30,000 jobs will be created in the Ipswich, Suffolk Coastal and Babergh areas whilst around 18,000 jobs will be created in the Mid Suffolk, St Edmundsbury and Forest Heath area. However, the targets are to be adopted as reference values for monitoring purposes and as guidance for regional and local authorities.

Table 2.1 Suffolk: Indicative net growth in jobs 2001-2021	
Area	New jobs
Suffolk Haven Gateway-Suffolk [Ipswich/Suffolk Coastal/ Babergh]	30,000
Waveney	5,000
Rest of Suffolk [Mid Suffolk/St Edmundsbury/ Forest Heath]	18,000
Total	53,000
Regional Total	440,000

Source: Table 8.6 Ipswich SHMA, 2008

- 2.12 One example of a major project that will attract a substantial number of jobs is the proposed 'SnOasis' indoor ski slope that is due to open in 2012. Located close to Ipswich and costing £350 million, this winter sports venue is likely to create 5,000 jobs during its construction stage and 1,800 jobs when opened. Further, regional educational establishments and national sports bodies are instigating strategies to develop vocational courses at all levels in order to prepare students for future employment at SnOasis.

Current housing stock

- 2.13 It is clear from data on housing stock that there are distinct differences between the more urban area of Ipswich and the more rural areas of Babergh, Mid Suffolk and Suffolk Coastal. Ipswich contains the highest proportion of properties in Council Tax Band A (30.9%) i.e. the lowest valued properties – this is higher than the average for England & Wales (24.7%) and probably reflects its relatively higher proportion of terraced and social rented properties. However, the remaining three study area Councils have a lower than average proportion of properties in Band A.
- 2.14 The rural character of much of the study area is also reflected in its relatively low housing density. Overall housing density in the study area, at 1.7 people per hectare, is below the national average of 3.5 people. However, reflecting its more urban character, the population density of Ipswich is much higher at 29.7 persons per hectare.

- 2.15 However, the average size of housing in the study area (5.7 rooms) is higher than both the regional (5.4) and national (5.2) averages. The average number of rooms is highest in Mid Suffolk and Suffolk Coastal where the average was 5.7 rooms per household (although Suffolk Coastal has a relatively low household size). Combined with decreasing average household size, this suggests both that some properties within the study area may be under-occupied and that some households residing in larger properties may experience unsustainable maintenance costs.
- 2.16 There are also some relatively minor differences between national and study area housing stock. By 2001 the level of owner-occupation in the study area was at 72.7 % compared to the national average of 68.9%, whilst the proportion of social rented properties within the study area was much lower than the national average at 15.1% compared with 19.2% nationally.
- 2.17 Again, there were substantial differences between Ipswich which contains around the national average of social rented housing at 22% while the three rural Council areas contain much lower proportions. This suggests that Ipswich has a higher proportion of properties suitable for households in housing need although such a large social rented sector means that it incurs a greater responsibility to ensure that its properties meet the Decent Homes standard.
- 2.18 In relation to the condition of housing stock within the study area, around 10% of all private sector properties would fail the government standard for energy performance. Similarly, over 6,500 households in the study area were considered as overcrowded, i.e. eight out of ten had too few rooms for the size of the household. This represents 3.9 % of all households. Wards with the highest proportions of overcrowded households were in Ipswich. Eight of the top ten wards with the largest proportions of households in overcrowded conditions were located in the borough.
- 2.19 Finally, there were just 6,389 people in the study area living in 303 communal establishments, representing 1.5% of all residents in the study area. The largest proportions of communal residents live in either nursing or residential homes.

Overcrowding and under-occupation

- 2.20 One key feature emerging of overcrowding in the study area was the wide variations between districts, with the proportions reaching 6.2 % in Ipswich. The other areas did not experience the problem to any similar degree, with Mid Suffolk ranking among the best in the region on this measure. In total, over 6,540 households in the study area were considered as overcrowded, i.e. they had too few rooms for the size of the household. This represents 3.9 % of all households.

- 2.21 In contrast, one of the main issues regarding older people identified by this SHMA is that of under-occupation. For example, Babergh's 2004 Housing Needs Survey indicated that around 65% of the 100 older persons households surveyed were under-occupying their homes i.e. with more than one spare bedroom and allowing for one shared bedroom. This is confirmed by data derived from the 2008 Housing Needs Survey which estimates that the Borough contains around 931 social rented properties which are under-occupied by two or more bedrooms.

The active housing market

- 2.22 One of the most informative chapters of the main report is that dealing with the active housing market within the study area. It shows that within the study area it is clear that there is some variation in prices with Ipswich standing out as having an average price much lower than any of the other areas. By between April 2007 and June 2007 house prices within the study area averaged £203,714 compared with the regional average of £198,200 and national average of £216,272.
- 2.23 However, the average price in Ipswich of £157,048 is almost £60,000 less than the next lowest area (Mid Suffolk at £216,832). The highest prices were found in Suffolk Coastal at £229,675 whilst the average house price in Babergh stood at £223,804. This correlates with information provided by stakeholders and the market survey. Also, one factor explaining the lower average house price in Ipswich may be, as noted earlier, that its dwelling stock is distinctly different to its more rural neighbours.
- 2.24 One difference is that Ipswich contains a higher proportion of apartments (built especially within the town centre and around the Waterfront). According to stakeholders, the apartment for sale market in Ipswich is demonstrating considerable weakness at this time. Even significant incentives are not attracting sufficient demand to maintain prices of new apartments.
- 2.25 Some developers were offering discounts of around £15,000 on properties valued at around £125,000. This discount reduces the value of the new apartments to around their second-hand value. This view is confirmed by the Savills⁶ report '(March 2008) which suggests that the high levels of apartment supply currently in the town centre has led to significant questions being raised about the viability of further apartments schemes being brought forwards within the town.

⁶ Savills, Representations to the Local Development Framework Report, May 2008

- 2.26 Similarly, the buy-to let market in Ipswich has been adversely affected by the over- supply of apartments. Again, the Savills (2008) report argues that whilst the sale of apartment schemes has historically been led by at least 50% of market sales to the 'buy to let' market, that this market has virtually evaporated nationally. Supply issues in Ipswich indicate this market will not return during the foreseeable future. They envisage 750 apartments being empty and available 'to let' in the Ipswich market by the end of 2008. Current market supply of 500 units is recognised by local agents as representing a vast over-supply.
- 2.27 Nonetheless, house prices within the study area between 2002 and 2007 increased substantially. Overall between 2002 and 2007, the average property price in the study area rose by 57.3%, this is slightly lower than the increase experienced in East Anglia (62.4%) and England and Wales as a whole (62.3%).
- 2.28 The highest rises have been in Mid Suffolk (70.8%) and Suffolk Coastal (58.6%) with the lowest rises in Babergh (48.5%) and Ipswich (56.3%). In absolute terms the average property price in the study area rose by around £74,000; this is lower than the comparable figure for England & Wales (£83,000) and East Anglia (£76,000). Price rises in absolute terms within the study area vary considerably, ranging from £57,000 in Ipswich to £90,000 in Mid Suffolk.
- 2.29 One of the key issues noted throughout the stakeholder process has been that of housing affordability. Identifying the cost of entry-level market housing is crucial for assessing the ability of households to afford in the study area. The Guidance indicates that entry-level prices should be approximated by lowest quartile prices. The most recent lower quartile property prices available from the Land Registry are from 2006.
- 2.30 Affordability across the study area has worsened over the last four years. By 2006, the average lower quartile within the district study area was £133,218, ranging from £116,850 in Ipswich to £142,950 in Suffolk Coastal. In absolute terms the lower quartile property price in the study area between 1996 and 2006 rose by around £92,000; this is higher than the comparable figure for England and Wales (£83,000), but lower than that for the East (£95,000). Lower quartile price rises in absolute terms within the study area vary from £82,000 in Ipswich to £99,000 in Suffolk Coastal. Worsening affordability may be further exacerbated by rising fuel costs which disproportionately impact on households living in rural areas.
- 2.31 One alternative method to determine affordability is the comparison of households' incomes and lower quartile property prices. The Practice Guidance defines households as being able to afford to buy a home if it costs up to 3.5 times the gross household income for a single earner household or up to 2.9 times the gross household income for dual-income households. The only local information available on income levels is from the Annual Survey of Hours and Earnings (ASHE), which records the earned incomes of full-time employees resident in each local authority area. As the information is about the earnings of individuals, the appropriate ratio to test for affordability is therefore 3.5.

- 2.32 The data suggests that individuals earning the lower quartile income within the study area would not be able to afford entry-level owner-occupation costs without significant savings or equity, with entry-level prices almost eight times higher than lower quartile incomes in the study area. Affordability of owner-occupation in the study area for those on lower quartile incomes is slightly worse than that recorded for the East and noticeably worse than for England and Wales. Within the study area, Suffolk Coastal records the highest price/income ratio at 8.59, and is therefore the least affordable authority, whilst Ipswich has the lowest ratio and is the most affordable with a price /income ratio of 7.45.
- 2.33 In relation to the private rented sector, information on the cost of housing in this tenure was collected from letting agents and the rent service, in line with Guidance. Information from the rent service was used to understand trends in the local private rental market, whilst letting agent information was used to establish the current cost of renting privately in the study area and the cost of entry-level rents.
- 2.34 The information collected suggests that the costs of renting within the private rented sector vary less between districts compared with the costs of buying a property. By winter 2007 average rental costs were highest in Suffolk Coastal at £603 per calendar month compared with £599 in Babergh, £571 in Mid Suffolk and £560 in Ipswich. Entry-level and mean private rents were identified via an online survey of estate and letting agents. Suffolk Coastal recorded the highest average private rental costs and Ipswich the lowest. For entry-level costs Suffolk Coastal is again the most expensive area, but Mid Suffolk is the cheapest. Although in the short-term it is difficult to assess, the present 'credit crunch' (and relative lack of access to credit to buy) is likely to mean that the private rented sector remains buoyant within the area.
- 2.35 Another means of determining housing affordability is to examine the cost differences between the different tenures i.e. social rented housing, private rented housing and owner-occupation. There are substantial housing market gaps in all districts of the study area, which means that the local housing 'ladder' is not an easy one to climb. This is the case even though the gaps are smaller in relative terms than in many parts of the country.
- 2.36 At the two-bed level the overall gap from social rent to newbuild purchase ranges from £153 per week in Ipswich to £208 per week in Suffolk Coastal: clearly this is too big a step to be easily negotiated by anyone starting at the bottom of this particular ladder.
- 2.37 Newbuild housing is mainly available for sale or as social rent i.e, that is at both ends of the range whilst there is little newbuild housing for other tenures. Shared ownership (e.g. Newbuild HomeBuy) is the main option. However, this type of shared ownership is problematic in that it is sometimes more expensive than market rental due to the cost of building. As such, it does not constitute what is defined as 'affordable housing'.

- 2.38 Also, shared ownership schemes are not always successful because: its perceived association with social housing is not always attractive to prospective customers. Some customers who have bought shared ownership properties have experienced financial problems; and present economic circumstances mean that some developers are offering more attractive incentives to buy in comparison to shared ownership schemes.
- 2.39 There is a substantial need for social rented housing and also for intermediate housing. The rent/buy gap is large, and so some form of low cost market housing also has a role to play.
- 2.40 Finally, an examination of trends in social rents suggest that the rate of increase in RSL rents for the years between 1997 and 2007 is 57.1% in Suffolk Coastal, 50.5% in Ipswich, 44.7% in Mid Suffolk and 32.1% in Babergh. By 2006, the average RSL rent was £62 per week in Ipswich, £67 per week in Babergh, £68 per week in Mid Suffolk and £64 per week in Suffolk Coastal. Similarly, between 1996 and 2006, the rate of increase in LA Local Authority rents for the years between 1996 and 2006 is 44.1% in Babergh, 42.8% in Ipswich and 35.4% in Mid Suffolk (Suffolk Coastal transferred its social housing stock to RSLs in 1997). By 2006, the average social housing rent was £55 per week in Ipswich, £61 per week in Babergh and £56 per week in Mid Suffolk.

Private sector housing market findings

Planning Policy Statement 3 (PPS3)

- 2.41 Before examining private sector housing market findings it may be useful to consider the influence of national housing policy. One of the most significant policies of recent years was the government's Planning Policy Statement 3 (PPS3). This was published in November 2006 partly in response to the recommendations contained in the Barker Review of Housing Supply (March 2004).
- 2.42 PPS3 set out the national planning policy framework for delivering the Government's housing objectives. It reflected the Government's commitment to improving the affordability and supply of housing in all communities, including rural areas, informed by the findings of the Affordable Rural Housing Commission. It argued that the delivery of housing in rural areas should respect the key principles underpinning this PPS, providing high quality housing that contributes to the creation and maintenance of sustainable rural communities in market towns and villages.
- 2.43 There were two main aims underlying PPS3 relating to strategic housing policy objectives and planning for housing policy objectives. In terms of the former the Government's key housing policy goal is to ensure that everyone has the opportunity of living in a decent home, which they can afford, in a community where they want to live.

- 2.44 Importantly, the full outputs envisaged in PPS3 cannot be met by an SHMA following the secondary data approach approved by the subsequent practice guidance. For example, it is impossible to determine the amount, size, type and location of all dwellings needed to balance the private housing market (sale and rent) without primary research. Although full and robust conformity to PPS3 is not possible, this SHMA fully conforms to the Practice Guidance and Table 1.3 of the main report shows where in the study, the various requirements are met.
- 2.45 As a result, the analysis rests on two key indicators, which it is believed will do the best job possible:
- i) Current structure of housing stock (based on analysis of the 2001 Census)
 - ii) Costs of various housing tenures (as updated)

The private sector housing market

- 2.46 Similar to national trends, house prices within the study area have increased substantially over the last ten years. However, there is some variation within the study area with house prices in Ipswich standing out as having an average price much lower than any of the other areas. Between April and June 2007, the average price in Ipswich of £157,048 was almost £60,000 less than the next lowest area of £218,632 in Mid Suffolk. The highest prices were found in Suffolk Coastal at £229,675. This correlates with information provided by stakeholders and the market survey. House prices in Babergh stood slightly above the average for the study area at £223,804.

Table 2.4 Land Registry average prices (2nd quarter 2007)		
Area	Average price	As % of England & Wales
Ipswich	£157,048	72.6%
Babergh	£223,804	103.5%
Mid Suffolk	£216,832	100.3%
Suffolk Coastal	£229,675	106.2%
Study area	£203,714	94.2%
Colchester	£202,473	93.62%
Chelmsford	£259,451	119.97%
East Anglia	£198,200	91.6%
England & Wales	£216,272	100.0%

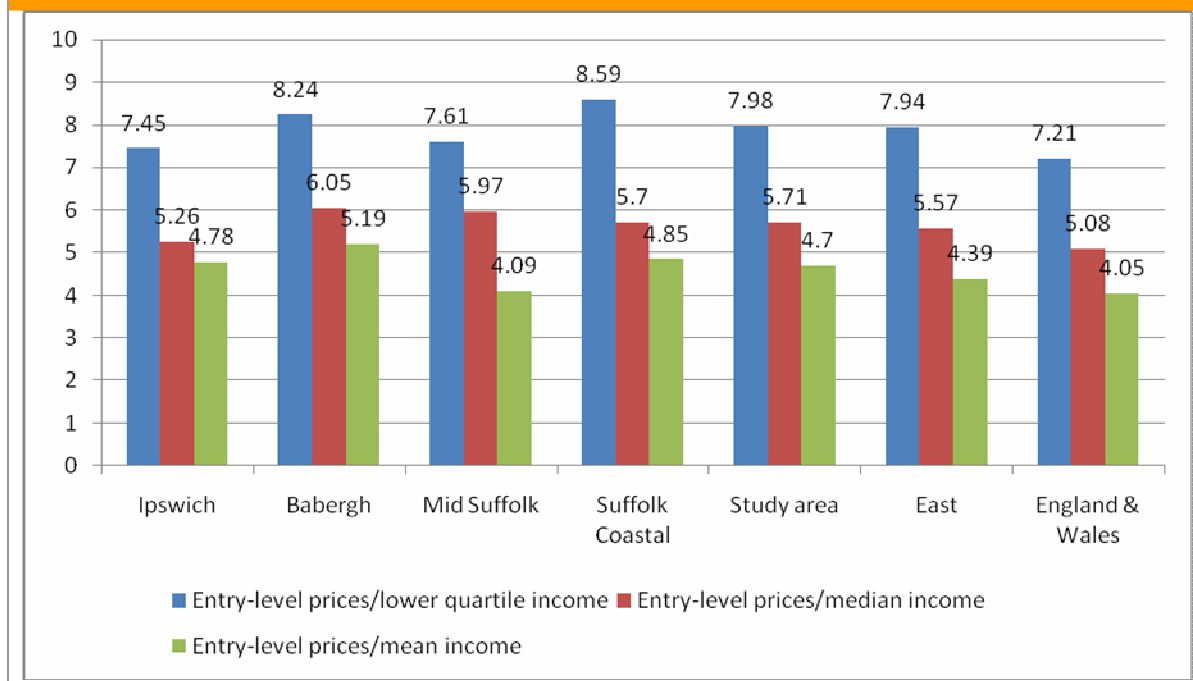
Source: Table 7.1 Ipswich SHMA, 2008

2.47 Recent economic problems and associated ‘credit crunch’ have meant that house prices are likely to fall (at least in the short-term). According to the Nationwide⁷ house price survey, house prices in East Anglia fell by an average of 5.1% between July 2008 and September 2008, a trend that is likely to have been repeated within the study area. Nonetheless, housing affordability remains an important issue.

2.48 Figure 2.1 below provides a comparison of the price/income ratios for the different points in the income distribution in each of the featured areas. It shows that there is a lack of housing affordability throughout the study area. Ipswich has the smallest difference between the affordability of those with a lower quartile income and those with a mean income, which means that this district has the most even income distribution.

2.49 Similarly, Figure 2.2 provides a comparison of the cost/income ratios for the different points in the income distribution in each of the four authorities. It shows that people with low incomes will find it particularly difficult to access the housing market in the study area.

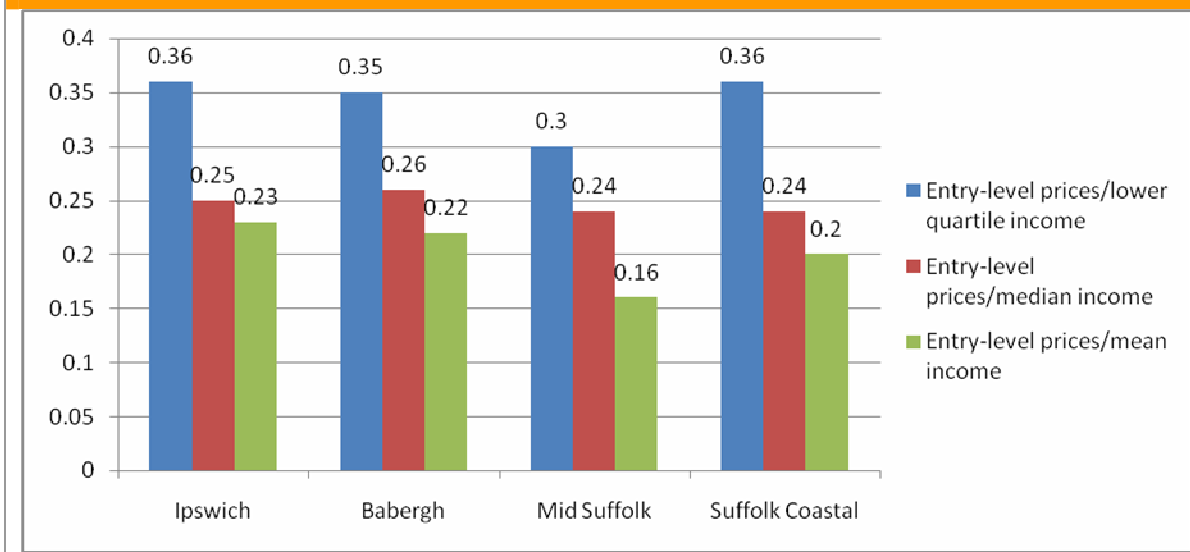
Figure 2.1 Affordability ratios of entry-level owner-occupation for different points in the income distribution



Source: Figure 7.13 Ipswich SHMA, 2008

⁷ Nationwide House Price Survey Q3 2008 located at: http://www.nationwide.co.uk/hpi/historical/Q3_2008.pdf

Figure 2.2 Affordability ratios of entry-level private rented accommodation for different points in the income distribution



Source: Figure 7.17 Ipswich SHMA, 2008

2.50 The findings regarding a relative lack of housing affordability are confirmed by Figures 2.3 to 2.6 and Tables 2.5 to 2.9 which look at the differences in entry-level costs for each tenure. Housing market gaps analysis has been developed by Fordham Research to allow easy comparisons of the costs of the tenure range, in order to facilitate the testing of different newbuild proposals, and to show generally the nature of the housing ladder in a particular locality.

2.51 The figures below show a stylized graph designed to illustrate the nature of the housing market gaps in each local authority. The figures are based on:

- i) Plotting the weekly cost of housing for each tenure group (on the y-axis), against the notional numbers of households (illustrated only figuratively by the orange curve) along the horizontal x-axis
- ii) This is done for two-bed dwellings only (the weekly costs for the full range of dwelling sizes is shown in the tables below).
- iii) The bars on the gap graphs show key tenure distinctions:
 - Newbuild to buy
 - Second-hand to buy
 - Private rental
 - Inferred mid-point of intermediate band
 - Social rent

- iv) Between each of the bars is a gap. The main two gaps of interest are:
- The rent/buy gap: households in this gap can afford market rent without the need for Housing Benefit, but cannot afford to buy outright
 - The intermediate gap: intermediate housing is defined in PPS3 as housing at between a social rent and market rent.
- v) To enable comparisons, the capital cost of buying new and second-hand housing is expressed as a weekly cost (by analogy like a mortgage payment).

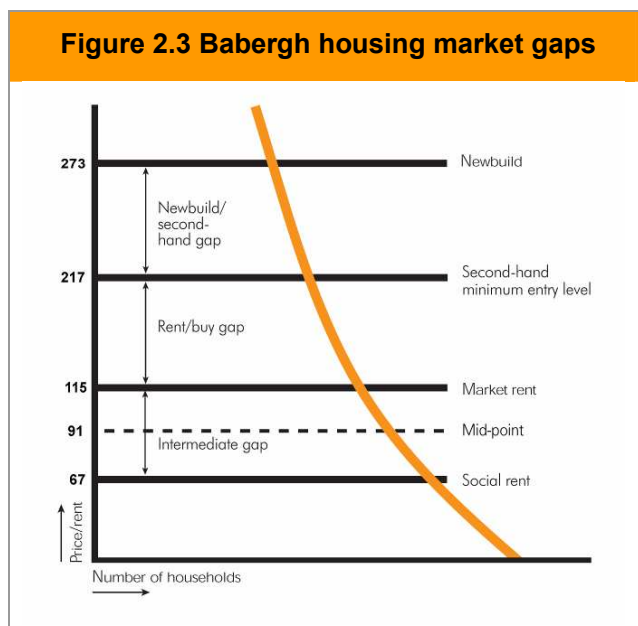
2.52 The figures and tables show that there are substantial housing market gaps in all districts of the study area which mean that the local housing ‘ladder’ is not an easy one to climb. This is the case even though the gaps are smaller in relative terms than in many parts of the country. At the two-bed level the overall gap from social rent to newbuild purchase is about 4-500%: clearly this is too big a step to be easily climbed by anyone starting at the bottom of this particular ladder.

2.53 Newbuild housing is mainly available for sale or as social rent, in other words at the extreme ends of the range. There is little newbuild housing in between. Shared ownership (Newbuild HomeBuy in Housing Corporation terminology) is the main option. The problem is that sometimes this is more expensive than market rental due to the newbuild purchase element. At that level by definition it is not affordable housing.

2.54 However, shared ownership schemes were not always successful as mentioned in para. 2.39. So, there is a substantial need for social rented housing and also for intermediate housing. The rent/buy gap is large, and therefore some form of low cost market housing also has a role to play.

Table 2.5 Meaning of housing gaps		
<i>Council area</i>	<i>Market rent as % of social rented</i>	<i>Market entry to buy as % of market entry rent</i>
Ipswich	201%	187%
Babergh	178%	171%
Mid Suffolk	195%	226%
Suffolk Coastal	187%	179%

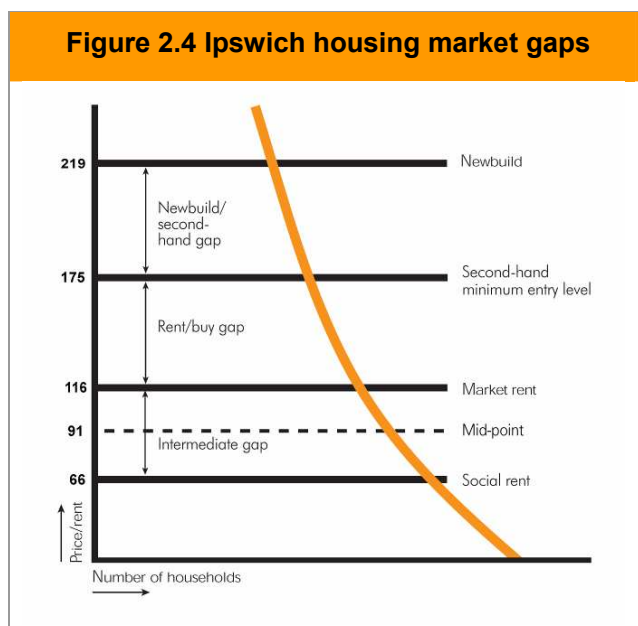
Source: Table 13.1 Ipswich SHMA, 2008



Source: Figure 13.1 Ipswich SHMA, 2008

Property size	Social rent	Mid-point Intermediate	Min private rent	Median private rent	Min price sale (second hand)	Median sale (second hand)	Median newbuild sale
1 bed	£54	£75	£96	£104	£150	£163	£194
2 bed	£67	£91	£115	£129	£217	£237	£273
3 bed	£74	£105	£135	£160	£264	£313	£322
4 bed	£82	£127	£171	£234	£414	£478	£497

Source: Table 14.1 Ipswich SHMA, 2008



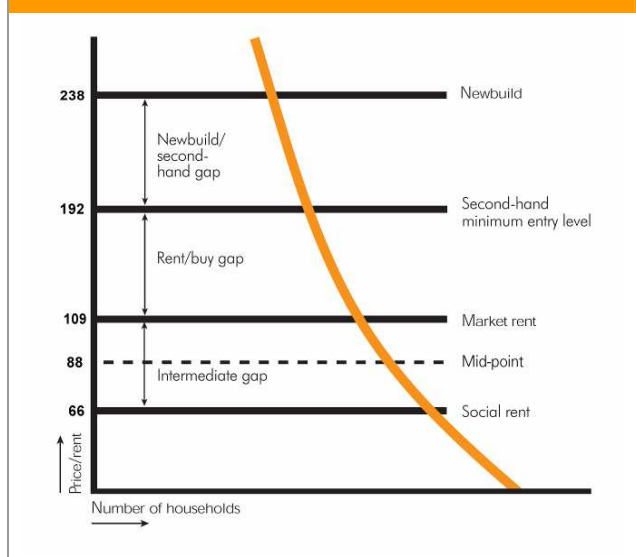
Source: Figure 13.1 Ipswich SHMA, 2008

Table 2.7 Weekly cost of housing in Ipswich

Property size	Social rent	Mid-point Intermediate	Min private rent	Median private rent	Min price sale (second hand)	Median sale (second hand)	Median newbuild sale
1 bed	£53	£77	£101	£106	£126	£160	£177
2 bed	£66	£91	£116	£126	£175	£198	£219
3 bed	£76	£101	£126	£144	£205	£240	£248
4 bed	£88	£119	£150	£196	£331	£411	£403

Source: Table 14.2 Ipswich SHMA, 2008

Figure 2.5 Mid Suffolk housing market gaps

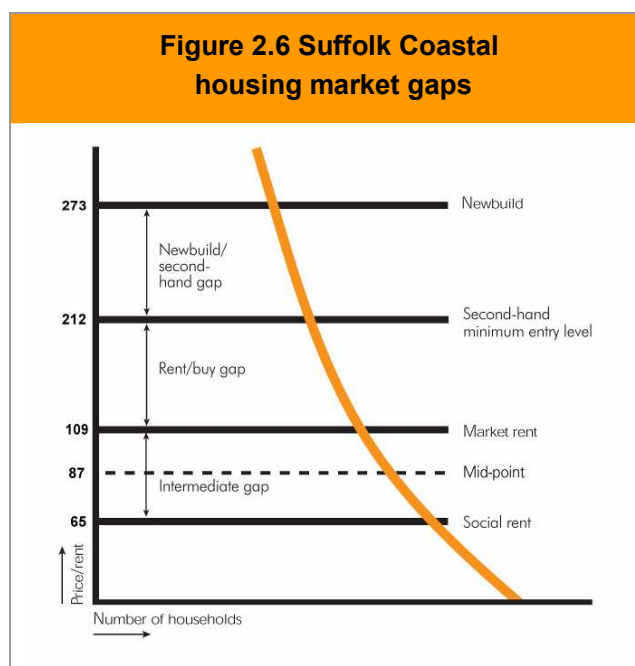


Source: Figure 13.1 Ipswich SHMA, 2008

Table 2.8 Weekly cost of housing in Mid Suffolk

Property size	Social rent	Mid-point Intermediate	Min private rent	Median private rent	Min price sale (second hand)	Median sale (second hand)	Median newbuild sale
1 bed	£53	£73	£93	£101	£154	£167	£192
2 bed	£66	£88	£109	£123	£192	£215	£238
3 bed	£74	£103	£133	£158	£246	£276	£306
4 bed	£83	£119	£155	£213	£362	£452	£474

Source: Table 14.3 Ipswich SHMA, 2008



Source: Figure 13.1 Ipswich SHMA, 2008

Table 2.9 Weekly cost of housing in Suffolk Coastal

Property size	Social rent	Mid-point Intermediate	Min private rent	Median private rent	Min price sale (second hand)	Median sale (second hand)	Median newbuild sale
1 bed	£57	£76	£95	£102	£133	£162	£198
2 bed	£65	£87	£109	£121	£212	£240	£273
3 bed	£73	£103	£133	£156	£260	£313	£347
4 bed	£82	£125	£168	£225	£365	£460	£502

Source: Table 14.4 Ipswich SHMA, 2008

Housing needs

- 2.55 One corollary of decreasing housing affordability is that housing needs are likely to increase. Establishing the extent of housing need is crucial for creating housing policy in the housing market area. The Guidance contains a section describing the model that should be used to assess housing need in an area and how this result can be used to inform policy.
- 2.56 The three stages identified in the Strategic Housing Market Assessment Practice Guidance are: Current need (gross), Future need and Affordable housing supply. The affordable housing supply stage is split between current stock and future supply. Within each of the three broad stages there are a number of detailed calculations (16 in total) many of which themselves have a number of components. These components were calculated using locally available data in the study area.

2.57 Without dwelling too much on the detailed calculations (these are discussed in detail in Chapter 9 of the main report), the main findings relating to housing needs are:

- The current gross housing need, is calculated to be 3,723.
- The annual future need is calculated to be 2,665 (per annum).
- The total affordable housing stock available is calculated to be 1,563.
- The future annual supply of affordable housing units is calculated to be 1,520.
- The Housing Needs Assessment in the study area followed the Guidance from CLG. Using this model it is estimated that the net annual housing need in the study area is 1,577.
- The overall estimate of the annual requirement for affordable housing by this method compares with the aggregate findings of Housing Needs Studies for each Council. However, there are differences at the individual Council level especially for Suffolk Coastal District.

2.58 Importantly, the Guidance indicates that the figure for the net annual need for affordable housing should be compared to the number of new dwellings to be built each year to derive an estimate for the number of all dwellings that should be affordable. This is presented in the table below.

Table 2.10 Annual housing provision compared to requirement for affordable housing			
Area	Annual housing provision 2001 to 2021*	Annual net need for affordable housing	Implied proportion of dwellings that should be affordable
Ipswich	770	708	91.95%
Babergh	280	319	113.93%
Mid Suffolk	415	339	81.69%
Suffolk Coastal	510	211	41.37%
Study area	1,975	1,577	79.85%

Source: East of England Plan Revised December 2006, Fordham Research 2007

2.59 The table shows that in Babergh the annual requirement for affordable housing exceeds the annual provision of housing. It is clear that if all of the identified housing need is going to be met within the affordable sector in this authority then the level of future housing provision will have to increase. If it is not possible to increase the provision of new housing, the private rented sector will continue to be used to house households in need. The other three authorities record an implied proportion of affordable accommodation that is technically achievable. However, the proportions indicated may not be realistic.

- 2.60 The Practice Guidance states that the size profile of affordable housing required should be informed by data on the size of homes required by households on the waiting list. The table below shows the proportion of households on the waiting list requiring a dwelling of a particular size in each district. Ipswich Borough Council provided further information on the size of affordable housing required by different types of households on the waiting list. The information for Ipswich presented in the table below therefore shows the size of affordable accommodation required by only those households on the waiting and transfer list in priority need. This information is not completed within the 2007 HSSA return for Mid Suffolk.
- 2.61 The table shows that one bedroom accommodation is most commonly required in Ipswich and Suffolk Coastal, whilst two bedroom dwellings are the most common requirement in Babergh and Mid Suffolk. Mid Suffolk records the highest proportion of households that require a dwelling with three or more bedrooms.

Table 2.11 Size of affordable accommodation required by households in need					
Bedrooms required	Ipswich	Babergh	Mid Suffolk*	Suffolk Coastal	Study area
1	46.1%	31.6%	16.2%	43.8%	32.3%
2	30.3%	45.8%	46.5%	29.5%	31.4%
3	18.4%	18.7%	29.1%	19.3%	25.1%
4+	5.1%	3.9%	8.2%	7.4%	11.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: HSSA, 2007, Table 9.20 Ipswich SHMA, 2008

* Figures derive from the Mid Suffolk 2008 Housing Needs Report

- 2.62 In terms of the type of affordable housing required, the table below shows the proportion of households in each of the various authorities along with the East and England who are able to afford intermediate housing according to the JRF research. It shows that within the study area the proportion able to afford either the broad or narrow definition is greatest in Babergh and smallest in Ipswich. It is clear that the potential for intermediate housing is greatest in Babergh and Mid Suffolk as a larger proportion of households can afford housing which falls under the narrow definition than is recorded in the East region as a whole.
- 2.63 It should be noted that the narrow definition provides a more realistic estimate of the potential for intermediate housing in each authority. This is because those on Housing Benefit are unlikely to be able to afford the cost at which intermediate housing is typically available in each authority. Also, many of those that cannot buy at lower quartile level (at the high end of the broad definition) will be able to afford entry-level market costs and so would not be in need of affordable housing.

Table 2.12 JRF intermediate housing affordability		
Area	Broad definition	Narrow definition
Ipswich	41.1%	20.1%
Babergh	56.3%	31.5%
Mid Suffolk	46.2%	31.4%
Suffolk Coastal	45.8%	28.4%
Study Area	47.4%	27.9%
East	47.2%	28.6%
England	43.3%	23.5%

Source: Table 9.21 Ipswich SHMA, 2008

Summary

- 2.64 To summarise, it is evident that the four districts of Babergh, Ipswich, Mid -Suffolk and Suffolk Coastal form a coherent group within that sub-market as much of their mutual interaction in the form of home moves and commuting occurs within the study area set of Councils. However, there is some interaction. Commuting and migration figures suggest that there is some market interaction between the study area, Colchester and Bury St. Edmunds.
- 2.65 However, interviews with stakeholders suggest that the level of self-containment varies greatly across the study area. It is high in most parts but lower in parts of Ipswich, Babergh and Mid Suffolk that are more accessible to London commuters. Also, stakeholders suggest that in-migration comes mostly from London and Essex. With the exclusion of Sudbury (in Babergh District), agents do not see a major link with Colchester; prices are higher there and it is nearer to London. The housing market area for the study area is more self-contained.
- 2.66 Also, the four study area districts display differing social characteristics. There is evidence that wealthier households tend to live outside Ipswich (average incomes are highest in Suffolk Coastal at £25,605 pa and lowest in Ipswich at £21,601 pa). Similarly, older people tend to live in the rural districts within the study area. The lowest proportion of pensioner-only households are found in Ipswich (24.8%), compared with 29.9% in Suffolk Coastal. Importantly, one of the main issues regarding older people identified by this SHMA is that of under- occupation. For example, Babergh's 2004 Housing Needs Survey indicated that around 65% of the 100 older persons households were under- occupying their homes i.e. with more than one spare bedroom and allowing for one shared bedroom.

- 2.67 Over the last ten years, the local economies within the study area have performed well. Economic activity levels among local residents have been higher than the national average, fluctuating between around 81% and 85% between 2000 and 2007, indicating a healthy labour market where a large proportion of people are available to work in the local economy. This is borne out by stakeholders and visits to the study area. The economy has all of the usual retail and service sector job opportunities. However, the study area and Ipswich has a large public sector and health sector and is home to several large blue chip companies such as Norwich Union and BT.
- 2.68 Similar to national trends, house prices within the study area have increased substantially over the last ten years. However, there is some variation within the study area with house prices in Ipswich standing out as having an average price much lower than any of the other areas. Between April and June 2007, the average price in Ipswich of £157,048 was almost £60,000 less than the next lowest area of £218,632 in Mid Suffolk. The highest prices were found in Suffolk Coastal at £229,675. This correlates with information provided by stakeholders and the market survey. House prices in Babergh stood slightly above the average for the study area at £223,804.
- 2.69 Recent economic problems and associated 'credit crunch' have meant that house prices are likely to fall (at least in the short-term). According to the Nationwide house price survey, house prices in East Anglia fell by an average of 5.1% between July 2008 and September 2008, a trend that is likely to have been repeated within the study area.
- 2.70 Nonetheless, housing affordability remains an important issue. A comparison of price/income ratios for the different points in the income distribution in each of the featured areas shows that there is a lack of housing affordability throughout the study area. Ipswich has the smallest difference between the affordability of those with a lower quartile income and those with a mean income, which means that this district has the most even income distribution. Similarly, a comparison of the cost/income ratios for the different points in the income distribution in each of the four authorities shows that people with low incomes will find it particularly difficult to access the housing market in the study area.
- 2.71 Finally, despite affordability issues, there is some evidence that the Ipswich apartment market is currently over-saturated. According to stakeholders, the apartment for sale market in Ipswich is demonstrating considerable weakness at this time. Even significant incentives are not attracting sufficient demand to maintain prices of new apartments. This view is confirmed by the Savills report (March 2008) which suggests that the high levels of apartment supply currently in the town centre has led to significant questions being raised about the viability of further apartments schemes being brought forward within the town.

3. Conclusions and policy issues

- 3.1 This section reviews the results of the study and examines policy issues. Although the study area is only part of an HMA, it has considerable integrity as a market area, showing high levels of self-containment. The extensive data reviewed in the study shows the sharp distinction between Ipswich itself, with a lower profile of both housing and households, and the higher income and financial capacity generally of households living in the surrounding three districts. This is of course a generalisation, since there is a distinct problem of rural poverty (as defined by households living in settlements of 10,000 people or fewer with low incomes), but that is the overall picture, summarised by the dominance of semi-detached or terraced housing in the town, and detached homes in the other three districts.
- 3.2 The study area is forecast to have above average growth of both homes and jobs in the future. This is partly a continuation of past trends, but also an attempt to use the attraction of the Haven Gateway to re-balance homes and jobs in the area. The main drivers of future change are the planned expansion, the New Growth Point investment, the ageing population, and the presence of students and fast growing BME groups in Ipswich town.
- 3.3 These lead to issues for future policy in the form of co-ordinating infrastructure with growth, managing the balance of commuting, and addressing the affordable housing problem in the growth areas and rural hinterland, perhaps focussing upon the intermediate band in particular.

Planning infrastructure for growth and commuting

- 3.4 As noted above, in 2006 the Government declared Haven Gateway a 'New Growth Point'. The special status will help deliver critical funding for vital infrastructure and development projects through a new long-term partnership between the Department for Communities and Local Government (CLG) and the Haven Gateway Partnership. It will lead to the development of an additional 23,000 jobs and 22,850 homes by 2016 with an aspirational target of 40 per cent being affordable homes.
- 3.5 It is apparent that there is a close link between housing, employment and transport policies. Sustainable communities can only be achieved if future housing provision is balanced by appropriate employment growth. However, both objectives require good transport links to be provided throughout the study area including improved access to the A14 and A12.
- 3.6 As such, it may be worthwhile here repeating the recommendations of the RSS Panel Report:

- Minimise the demand for use of resources, particularly water, energy supplies, minerals, aggregates, and other natural resources, whether finite or renewable, by encouraging efficient use, re-use, or use of recycled alternatives, and trying to meet needs with minimum impact
- Minimise the environmental impact of travel, by reducing the need to travel, encouraging the use of more environmentally friendly modes of transport, and widening the choice of modes
- Ensure that infrastructure programmes, whether for transport, utilities or social infrastructure, will meet current deficiencies and development requirements; and that the responsible agencies commit the resources needed to implement these programmes and co-ordinate delivery with development
- Minimise the risk of flooding

Affordable housing

3.7 The following are recommendations regarding the provision of affordable housing:

- SHMA findings for housing need support the development of LDF affordable housing policies to reach RSS targets for affordable housing as a minimum.
- Participation in government initiatives to help first-time buyers and vulnerable homeowners in response to the credit crunch.
- Continued dialogue with house builders aimed at ensuring housing supply as far as possible and to plan for when the housing market picks up again.
- The quarterly updating of Tables 14.1 to 14.4 in the main report to determine price thresholds for intermediate housing.

Recommendations for keeping the SHMA up to date

3.8 The following are recommendations for maintaining an up-to-date SHMA:

- Housing market thresholds should be updated quarterly
- Secondary information should be reviewed on an annual basis
- A full SHMA should be undertaken every four to five years

The housing needs of specific household groups

3.9 Chapter 10 of the main report addressed the housing characteristics of particular groups of households. Some may have been disadvantaged, and some may not, but the additional detail upon them should be of value in considering policy options for them. It covered the following groups:

- Black and Minority Ethnic households (BME)

- Gypsies and Travellers
- Households with support needs
- Older person households
- Key worker households
- Families with children
- Migrant workers

Black and Minority Ethnic (BME) households

- 3.10 Data derived from the 2001 Census suggests that BME households are more likely than non-BME households to contain dependent children, to experience overcrowding and to rely on private and social rented accommodation. As such, it is likely that larger properties within the social rented sector may be required to accommodate Ipswich's growing BME population.
- 3.11 Discussions held with representatives of Black and Minority Ethnic (BME) groups suggested that the main problem experienced by these groups, which are almost exclusively found within the town of Ipswich itself, are concerned with the private rented market. That is partly because those who do not have full citizenship are restricted to that tenure. They have sometimes experienced difficulties due mainly to language..
- 3.12 Possible policy responses to the above include:
- Simple leaflets explaining rights and procedures translated into appropriate languages would be helpful
 - Better arrangements for accessing housing advice through Ipswich's Customer Services Centre
 - Larger social rented homes including accessible homes
 - Intelligent monitoring of housing register allocations and investigation of discrepancies between the proportions of people from different communities on the housing register and those housed
 - Larger accessible homes for sale
 - Increase the supply of permanent pitches for Gypsies and Travellers in line with the RSS single review issue

Older persons

- 3.13 Many factors combine to make this area one of the key challenges facing policy makers. For example, population trends will exacerbate imbalances in communities. This has been identified as an important factor by stakeholders and is supported by the data. Also, older households, if owner-occupiers, may be asset rich and cash poor. They are particularly vulnerable to cold, falls and trips. Age and resources combine to expose older person households to spiralling difficulties, disrepair and poor and expensive heating.

- 3.14 The benefits of older people being suitably housed in property in good repair are wider than for housing services. They impact on health and social care services, and on informal carers as well as households seeking to move into a family home. Finally, there appears to be a shortage of extra care housing suitable for older households to move into especially for owner-occupiers who may find it difficult to access social housing.
- 3.15 In response, a range of options for older people to help them plan for their housing care and support need might include:
- Tenants incentive scheme – this could be expanded to include owner-occupiers wanting to downsize with full housing options advice.
 - Development of equity release, lease back, shared ownership, sale for rent and reliable financial advice for older people wanting to downsize
 - Assessment and advice on housing, repair and care/support options
 - Supporting People support
 - The provision of Health Impacts Assessments
 - The provision of Disabled Facilities Grants
 - Accessible properties for older people with large families
 - Ensure apartment developments meet the needs of older people wanting to downsize (e.g. lifts or concierge services)
 - The development of high specification mixed tenure
 - The provision of ‘very sheltered housing’ schemes
 - Further dialogue with older people in their local communities about their housing needs and aspirations

Key worker households

- 3.16 The challenges faced by key workers compared to other housing markets are not overwhelming. We have consulted quite widely with different key worker organisations. The group highlighted for policy consideration is the young, newly qualified key worker. These people face the challenges of re-location, starting a new job and finding affordable housing all at the same time. According to some RSL employees, the Key Worker Living (KWL) scheme is discouraging, rather than encouraging, shared ownership amongst key workers. This is mainly because of the condition that properties bought under the KWL scheme can only be sold to key workers, a condition which severely limits the potential for households to move on. Councils should consider both issues.

Families with dependent children

- 3.17 Clearly the growth of the ageing population and reduction of key adult groups implies that relatively fewer households with children will exist in the future. Stakeholders were keen to point out that some small towns were experiencing a reduction of households with children. This is partly to do with the interest in the area shown by retiring households and partly to do with house prices. Demographic trends reflect this trend.
- 3.18 Nonetheless, the cheaper house prices found in Ipswich means that families with children will be more evident there. It is difficult to see how public policy can arrest or reverse this situation. Where large-scale new house building is envisaged, planners can ensure that there is a mix of dwelling types and price ranges to ensure that this group is not excluded. For example shifting the balance from apartments to small family homes with shops and services nearby. As such, it is arguable that market and affordable housing must take account of the needs of families with children as well as smaller households

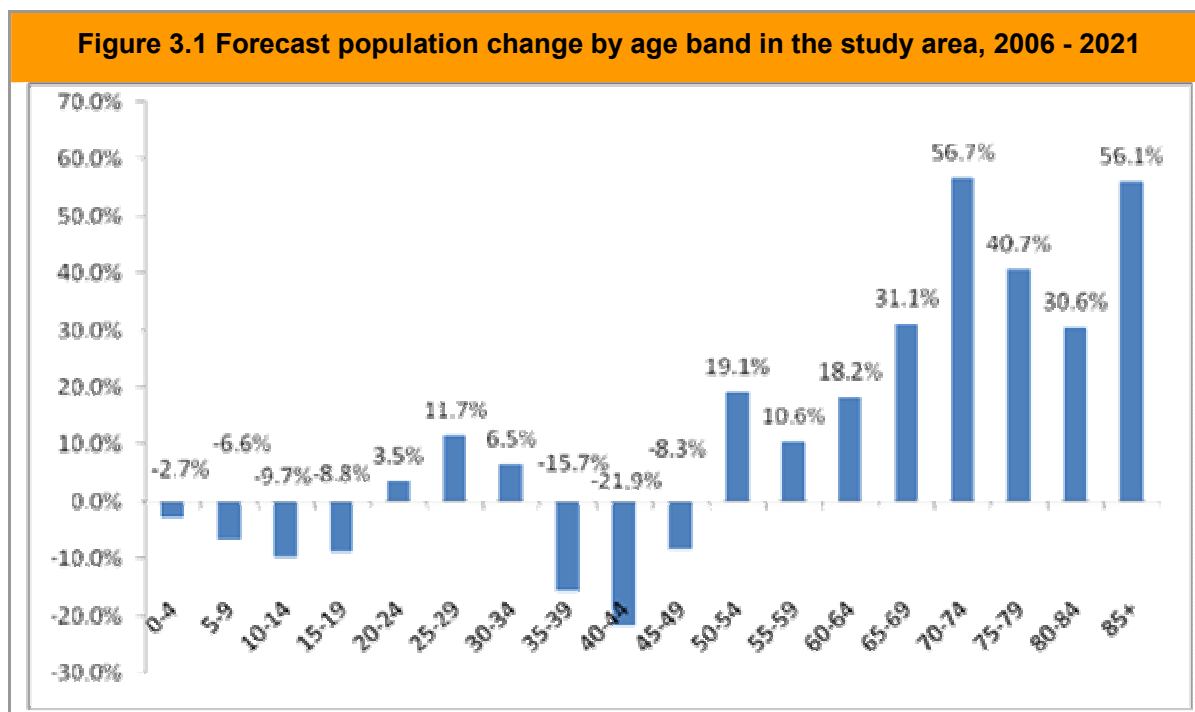
Migrant workers and students

- 3.19 Councils will need to closely monitor the impact on services and the housing market. In other study areas we have seen direct competition between migrant workers and student households for shared housing and that entrepreneurs are keen to respond. Some councils develop planning policies to restrict the conversion of larger family houses. The local authority role in balancing the private rented sector is to ensure that it meets the needs of households such as: newly forming households, young people, migrant workers, some BME communities and students. Councils may also want to adopt measures which deter the 'studentification' of some areas.
- 3.20 As per the 2007 Suffolk Cross Boundary Gypsy and Traveller Accommodation Assessment (GTAA), there is a need for authorities to ensure that there is transit provision (i.e. sites for temporary use) in order to cater for the variety of needs. This might range from formal transit sites, through to less-equipped stopping places used on a regular basis, as well as temporary sites with temporary facilities available during an event or for part of the year. In some cases it may be appropriate to develop larger pitches on residential sites to provide the potential to meet the needs of short-term friends and family of site residents.

Trends and drivers

- 3.21 The term 'drivers' is the conventional one, but is rather too strong in its implication as the process is not a mechanical one in which some dynamic force impels forward movement. It is a much more subtle and multi-layered set of influences which are at play.
- 3.22 With that caveat, the main forces involved are:

- i) **Growth of employment and housing.** The general momentum of growth in the Haven Gateway is noted by the EiP panel (and discussed under Step 4.2 above) as having been pronounced for the past several decades, and likely to continue. This is itself driven by the very nature of the Gateway: growth impulses from in-migration and trading. The growth of employment will, as in the rest of the country, tend to be focussed on service jobs, as manufacturing ones continue to decline.
- ii) **New Growth Point.** This has been encouraged by the policy of growth applied to the whole Gateway but particularly focussed upon Ipswich itself, with a view to re-orientating its social structure towards higher levels of qualification and income and making the overall study area more competitive in future markets. The New Growth Point funding will help to emphasise this positive trend.
- iii) **Ageing population.** The growth of older people is a national trend, but very marked in the study area as elsewhere. Its implications are somewhat different here, due to the large number of rural and smaller towns which have relatively poor communications and are therefore ideally suited to being focuses for retirement, for those with the financial capacity to access it. Thus an apparent disadvantage is becoming a positive force in the context of the study area. As in most parts of the country, the older population is concentrated in the owner-occupied sector without mortgage and social rented sectors. As the figure below shows, the older age groups are the main source of projected future increases in population.



Source: Figure 8.1, Ipswich SHMA 2007

- iv) **Students and BME groups.** In Ipswich the growth of student numbers and the much higher growth rate of the BME population suggest additional pressure on the private rented market. The extent of this pressure will depend on the future rate of inflow of new in-migrants, as well as the rate at which both the BME groups are able to access other tenures and the degree to which students are housed in specialist student residences.
- 3.23 The overall trend for the study area is therefore a positive one. The current difficulties in the housing market may have a short-term effect, but the fundamental trend is an upward one. The issue of the ageing population may not have a major direct impact on housing, as it may simply lead to an increase in the already high levels of under-occupation that are found. In other words many single people living in multi-bedroom houses

Key policy issues

To summarise, the key policy issues arising from the study are:

- 3.24 **Issue 1: Planning infrastructure for growth.** The study area is at the focus of an area of growth. This raises infrastructure provision issues which will need to be addressed as the growth occurs. Some of the funding for this is provided in the New Growth Point programme, but some will no doubt be required from the S106 contributions of developers involved in the programme. If the house price downturn proves to be prolonged, then that programme of funding may be delayed and so measures will need to be considered to restrict the levels of development within whatever the infrastructure capacity may be at a particular period.
- 3.25 **Issue 2: Balance of jobs and homes: levels of commuting.** The EiP Panel commented that the future plan is for 'job-led' growth partly to rectify the perceived imbalance that exists. There are two levels of commuting involved:
- i) It has been observed through the study that higher paid workers in Ipswich choose to reside in the more rural surrounding districts and commute into the main employment focus in Ipswich.
 - ii) At another level there has for a long time been a commuting population resident in the area which works in London and other more remote centres.

- 3.26 Proposals such as the new university for Ipswich are intended to 'rectify' the perceived imbalance of financial capacity between households resident in the town, and those resident in the surrounding districts who commute back to it. This policy initiative may have an effect, but there is a long term and national trend of this kind. It is commonly the case that major towns and cities have around them rural areas in which many of the higher paid groups of employees live. It is unlikely that this character can be substantially altered without radical and unlikely change.
- 3.27 The study area lies strategically on the edge of the main commuter belt for London, which has a more powerful effect on nearby local authority areas such as Braintree, Colchester and Chelmsford. The growth of commuting to London from the study area will partly depend on the level of local job creation, but also upon the cost structure faced by workers in London. If, in the future, it becomes cheaper to live in the study area and commute to London, then pressure to do that will grow. This only applies to higher paid groups, as lower paid ones could not afford the length of the commuting trip involved. In that sense 'imbalance' is only likely to arise in relation to the higher paid end of the job spectrum, and levels of job creation in the study area will not wholly control the outcome, since the outcome depends on the relative attraction of the study area to the types of commuter involved.
- 3.28 **Issue 3: Affordable housing.** As in most of England, there is clearly a high level of need for more affordable housing in the study area. This is not likely to be met in full in the foreseeable future, and so the problem will continue and may become worse rather than better. The sub-set of the problem which perhaps most rewards policy attention is the intermediate and low cost market bands (compared with the housing gaps graphs in Chapter 13). At present there is little sign of substantial newbuild forms of housing that meet the substantial need for intermediate housing (around a fifth of all the housing need in the study area) and for low cost market housing to fill the rent/buy gap. In both cases the problem is a national as well as local problem but solutions have to be found at local level in each area. Attempts to resolve this issue would have wider benefits for new in-migrants, whether BME groups or new European Union accession ones, who want to try to ascend the local property ladder.
- 3.29 **Issue 4: Sustainability.** One issue that has been emphasised throughout this research is sustainability. Sustainability is now acknowledged by national, regional and local organisations as an integral aspect of future development. It arguable that it impacts on the study area in four ways: first, to ensure that future housing development contains a mix of housing tenures in order to effect social and community sustainability; second, to ensure that new housing developments are supported by adequate social infrastructure e.g. schools and health centres (particularly in those areas where most new growth will take place); third, to ensure that growth in new housing is balanced by growth in employment opportunities; and finally, to ensure that rural housing policies promote environmental sustainability.