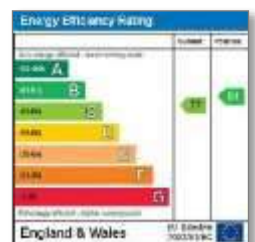




CPRE Dorset Dorset Housing Needs Evidence 2020

Report of Findings

June 2020





Opinion Research Services | The Strand, Swansea SA1 1AF
Jonathan Lee | Trevor Baker | Belinda Herbert
Nigel Moore | Scott Lawrence | Hugo Marchant
enquiries: 01792 535300 · info@ors.org.uk · www.ors.org.uk

© Copyright June 2020

Written by ORS with CPRE holding the distribution rights.

The below copyrights acknowledge the open source data that is provided by the respective bodies, and is used throughout this document

Contains Ordnance Survey data © Crown copyright and database right 2020

Contains Royal Mail data © Royal Mail copyright and database right 2020

Contains National Statistics data © Crown copyright and database right 2020

Contains public sector information licensed under the Open Government Licence v3.0

Contents

Summary.....	1
Key Findings.....	1
Executive Summary.....	4
The number of planned dwellings for Dorset	4
Overall Housing Need for Dorset produced by the Government Standard Methodology.....	4
Past rates of development in Dorset.....	5
Drivers of population and household change	6
Changes in affordability.....	7
Future Housing Needs	7
Housing for older people.....	8
1. Introducing the Study	9
National Planning Policy	11
Overview of this report	12
2. New Homes in Dorset	13
Overall housing delivery	13
Who has the housing been built for?	15
Summary of drivers of household growth.....	17
How many affordable homes have been built?	18
How many homes have been built on greenfield and brownfield land?	19
Homes without usually resident households	19
3. Migration Trends	22
Overall migration.....	22
Migration from the rest of the UK.....	23
Migrants aged 15-24	23
Migrants aged 25-54	24
Migrants aged 55 or over	25
Summary of migration patterns to and from Combined Dorset.....	25
4. Housing Costs and Tenure	26
Newbuild properties.....	27
House price affordability	29
Private rented sector.....	30
Summary of housing costs and tenure.....	31

5. Establishing Future Housing Need	32
The Standard Method for Local Housing Need Assessment	33
Problems with the Standard Method for Local Housing Need Assessment	35
Changes to the Standard Method	36
Housing Delivery Test.....	38
Local Housing Need for Dorset Using the Standard Method	39
Needs of specific population groups	42
Table of Figures.....	45
Glossary of Terms	47
Definitions	47

Summary

Key Findings

Opinion Research Services (ORS) was commissioned by CPRE Dorset to establish a robust evidence base on housing need in Dorset to provide an independent and reliable foundation from which to present the CPRE Dorset position.

Available government projections indicate that the combined Dorset Unitary Authorities are required to plan for 3,030 new houses to be built annually, and there are penalties if they fail to meet land supply targets.

The key messages that we recommend CPRE Dorset take from the evidence are:

- 1) Potentially 47% more homes could be planned for Dorset than under current plans. See page 41, Figure 31.

Under the revised National Planning Policy Framework, local authorities have their housing targets imposed upon them by central Government with very little scope to take account of local factors. The Government's Standard Method for Local Housing Need produces a figure of 4,458 dwellings per annum for Dorset, which is 47% higher than the 3,030 new houses required by the existing Local Plans in Combined Dorset and nearly 100% higher than recent rates of housing delivery.

- 2) Unreliable household projections affect the former local authorities of Bournemouth and Poole. See page 16.

The Government's Standard Method for Local Housing Need is entirely reliant upon the 2014 based household projections for the area under consideration being robust. However, there are strong reasons to believe that both the population and household size calculations in the household projections for the former local authorities of Bournemouth and Poole are problematic and require much deeper investigation driven in particular by issues around the impact of students and international migration.

- 3) Household projections which underwrite housing needs calculations are out of date. See pages 39-41, Figures 29-31.

The Standard Method for Local Housing Need Assessment fails to take into consideration the 2016 household projections published by ONS, which suggest lower housing needs. The 2018 based projections will be published in June 2020 and, based upon their associated 2018 based sub-national population projections, these will show even lower levels of need.

- 4) Strong risk of flawed Government population and household projections when applied at local level. See page 41, Figure 31

The current Local Housing Needs figures for Bournemouth Christchurch and Poole UA cannot be justified by evidence and will see large areas of Dorset turned over to unnecessary development as unmet need will be picked up by Dorset County UA." The local authorities should be prepared to

challenge the Government's Standard Method if they can establish that their population and household projections are flawed.

- 5) New homes provided 2011-18 were sufficient to meet on-going housing need in that period. See pages 28-30.

Overall, Dorset house prices remain lower in 2018 than they were at the peak of the market in 2007/08 after taking account of inflation. In terms of Dorset's private rental market, there has been little change in monthly rents across the county between 2011 and 2018. On this basis, it is reasonable to conclude that the number of new homes provided during this period was close to sufficient to meet the on-going housing need in full, including needs arising from net migration to Combined Dorset. However, this level of delivery would not have addressed the needs of concealed households in Combined Dorset.

- 6) The need for new homes is driven by the impact of migration. See page 22.

Much of the new housing provided is to meet the needs of people moving to Combined Dorset. We have identified that net migration into Combined Dorset increased the population by 56,800 between 2008/2018 (Figure 26)

- 7) Migration to Combined Dorset varies by age. See pages 23-25.

Migration among 20-24 year olds shows two distinct features: out migration by UK based migrants and in migration from international migrants. Much of this will be students arriving at or leaving university in BCP or young people migrating out for employment. There is a steady flow of net migration across all age groups aged 30 and over. There is a peak at the retirement ages of 55/64 years. Therefore, new housing has been meeting the demand from those retiring or about to retire to Dorset and not those young families who need affordable homes in order to be part of communities and the local economy".

- 8) Unaffordable and inappropriate housing supply. See page 43.

Most of the new homes being delivered are unaffordable to young households and too many comprise dwellings designed as 'executive' housing. Low earnings contribute to potential young purchasers and first-time buyers not being able to afford properties that are 'relatively cheaper'. Suitable housing for younger households needs to be affordable and practicable, such as being reasonably close to schools, along with other criteria.

- 9) Impact of changing housing needs of older households. See pages 41-42.

Many older households will be a single person living in a family home, which will be released should they move to specialist accommodation. However, their preference may be to remain in their own home. Options to encourage older people to move include specialist accommodation which suits their needs such as 2-bedroom properties. Bungalows are a favoured option, and while the footprint of a bungalow is larger than a flat, the correct calculation is that providing a desirable 2-bedroom bungalow will often release a larger 3 or 4-bedroom family house.

- 10) Housing Delivery Test risks creating development outside of Local Plan allocations. See pages 37-38.

In 2018, the government announced that they would be introducing a Housing Delivery Test for every local authority in England. Under the Housing Delivery Test, any authority who fails to deliver

sufficient homes must take remedial action. For those who deliver under 45% of the homes needed face the National Planning Policy Framework's presumption in favour of sustainable development. A presumption in favour of sustainable delivery means proposed developments should be granted planning permission unless their adverse impacts significantly and demonstrably outweigh their benefits. As a result of local authorities lacking tools to control the rate of development in their local authority and also as a result of the Covid 19 pandemic slowing the rate of dwelling delivery, it is possible that the majority of local authorities in England will fall in to the presumption in favour of sustainable category in 2021 unless the rules are adjusted.

Executive Summary

The number of planned dwellings for Dorset

1. Opinion Research Services (ORS) was commissioned by CPRE Dorset to establish a robust evidence base on housing need in Dorset to provide an independent and reliable foundation from which to present the CPRE Dorset position.
2. There are two local councils responsible for planning in Combined Dorset, formed from the merger of the existing County, district and borough councils in 2019.
 - » **Bournemouth, Christchurch and Poole (BCP UA):** Bournemouth Borough, Christchurch District, and Poole Borough; and
 - » **Dorset Council (DC UA):** East Dorset District, North Dorset District, Purbeck District, West Dorset District and Weymouth and Portland District.
3. When discussing the area covered by both BCP UA and DC UA we refer to this as Combined Dorset.
4. The current Local Plans covering Dorset aim to deliver at least 3,030 dwellings annually, with 1,640 in BCP UA and 1,370 in DC UA.

Overall Housing Need for Dorset produced by the Government Standard Methodology

5. The Government published a revised National Planning Policy Framework in July 2018, and this states that plans should be based upon a Local Housing Need Assessment. However, the assessments are to be conducted using a Standard Method to be published in national planning guidance.
6. The current Standard Method prescribes the use of the 2014 based official household projections with an upward adjustment calculated using the ONS median workplace-based affordability ratio. A sequence of rules is then used to cap the housing need identified by this calculation, but there is a stronger directive on the need for local authorities to work together to plan for any needs that cannot be met in neighbouring areas. **In effect, under the revised NPPF, local authorities have their housing targets imposed upon them by central Government with very little scope to take account of local factors.**
7. Across Combined Dorset, the uncapped Local Housing Needs figure produced by the Standard Method (using 2014 projections) is 4,458 dwellings per annum, which is 47% higher than the existing Local Plans in Dorset. The rate of growth in Combined Dorset from the Standard Method is higher than the English and South West averages, and is particularly high in BCP UA.
8. The government have explicitly stated that the Local Housing Needs figures should not be based on the 2016 based household projections because the figures are too low at a national level. However, they have also acknowledged that they are the most recent and robust household projections. Applying the ONS 2016 based household projections for Dorset to the Standard Method framework shows a much lower rate of growth in housing need, with an overall total of 3,286 dwellings required. This is 1,145 fewer (26% less) than the Standard Method using the 2014 based household projections.
9. Almost all of this reduction is in the BCP UA, with the former local authority areas of Bournemouth and Poole being the main areas driving the change.

10. Changes in the population can be broadly classified into two categories: natural change in the population (in terms of births and deaths) and changes due to migration, both in terms of international migration and also moves within the UK. In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often “Unattributable Population Change” (UPC). This is a statistical adjustment that enables the final population estimate to be constrained to external data sources which are normally more reliable, such as the Census.
11. In Dorset, the previous local authorities of Poole, North Dorset and in particular Bournemouth had issues with UPC and there is a very high likelihood that legacy issues remain with the current population estimates and the population projections for BCP UA. We would strongly recommend that the Council look in more detail at their population and household forecasts to understand if these issues have been properly addressed.
12. Even if the population estimates and projections for Dorset were to be correct, there are strong grounds to suspect that the number of households may be an over-estimate. This is because household sizes are potentially being under-estimated. The key driver for the issue of household sizes is the household representative rates (HRRs) used in producing their household projections.
13. HRRs provide the probability of a person being a household representative, i.e. head of the household. The population of Bournemouth in particular has changed rapidly in recent years with the growth in student numbers. Student households typically live in larger household sizes and if this is not reflected in the HRRs for BCP UA then they may lead to an over-estimate of household growth.

Past rates of development in Dorset

14. Local Planning Authorities are expected to produce an Annual Monitoring Report (AMR) each year, which sets out information about housing delivery in their area. By collecting the published AMR housing delivery over several years, it is possible to establish the average number of new homes built each year in each area. A review of recent AMRs identifies that, on average, around 2,300 homes a year have been built in Combined Dorset.
15. Further information on recent housing delivery is published by the Ministry of Housing, Communities and Local Government (MHCLG) as part of their live tables on housing supply. The number of additional homes is based on net additional dwellings, which shows that a total of 22,100 homes were delivered across Dorset over the 10-year period 2008-2018, equivalent to an average of 2,210 dwellings each year. Given the consistency of this figure with the 2,300 dwelling average identified by the AMR data, we can be reasonably confident in the accuracy of this information.
16. Whilst a significant number of homes have been delivered between 2008 and 2018, recent annual housing delivery numbers are, on average, around 800 dwellings below the target number set out in existing plans which means that even though they are keeping up with current household growth they are not addressing the needs of concealed households unable to form in the past.

Drivers of population and household change

17. Exploring population growth between 2008 and 2018:

- » the number of people living in Combined Dorset increased from 727,000 to 775,000 persons (+47,300).
- » There were 11,800 fewer births than deaths recorded.
- » All population growth was therefore due to people moving to Combined Dorset from elsewhere.

18. For migration:

- » Over 10,000 young people aged 15-19 migrated into Combined Dorset during the 10 years to 2016, 57% of them from the UK. Many of these will have arrived to attend university, others with family or for employment.
- » Migration among 20-24 year olds shows two distinct features; out migration by UK based migrants and in migration from international migrants. Much of this will be students leaving university or young people migrating out for employment, while overseas students will be arriving.
- » There is a steady flow of net inward migration across all age groups aged 30 or over. There is a peak at the retirement ages of 55-64 years.
- » For people aged 20-29 years, there appears to be a pressure on this group to migrate out of Dorset. Suitable housing for this group needs to be affordable and practicable, such as being reasonably close to schools, along with other criteria. Older households dissolving will release some family housing, but that may not be in the right position, or affordable. Another option is for councils to maintain existing policies which encourage the supply of appropriate housing for young families in areas which suit their needs or adopt such policies where they do not exist already.

19. The overall number of households in Combined Dorset rose from 315,000 in 2008 to 341,000 in 2018, an increase of 26,000 over 10 years. This comprised three discrete drivers:

- » As there were fewer births than deaths, there was no population increase as a consequence of natural growth. All else being equal, this smaller population would have led to there being around 2,000 fewer households by the end of the 10-year period.
- » However, whilst the population was smaller it was also older, and ageing has an important impact on household formation. Young people tend to live in larger households on average, as many will have dependent children. Over time, children grow older and many leave to live independently, and consequently older people tend to live in smaller households on average – though many will still live as couples. As people continue to age, many will lose partners through death such that many of the very old will live as single person households. The combined impact of ageing and the reduction in household size led to there being around 1,500 more households over the 10-year period.
- » Finally, we have identified that net migration into Combined Dorset increased the population by over 56,800 persons. When considering the characteristics of this migrant population, we can establish that the remaining increase of 27,000 households was a consequence of net migration into Combined Dorset. If the population has been over-estimated, it is most likely that this figure is the source of the over-estimate.

20. Much of the new housing provided is to meet the needs of people moving to Combined Dorset, but there remains a need for housing among local people forming new households. It is important that new housing of the right size, type and tenure is provided for local newly forming households located in the right places to meet their needs.

Changes in affordability

21. Dorset overall house prices remain lower in 2018 than they were at the peak of the market in 2007/08 after taking account of inflation. In terms of Dorset's private rental market, there has been little change in monthly rents across the county between 2011 and 2018. On this basis, it is reasonable to conclude that the number of new homes provided during this period was sufficient to meet most housing need in full, including needs arising from net migration to Combined Dorset.
22. This is notably different to the position nationally, given that house prices nationally are higher in 2018 than they were at the peak of the market in 2007/08 after taking account of inflation. Similarly, private rents have been increasing nationally at a rate higher than inflation: 8.9% above inflation between 2011 and 2018.
23. New build properties are more expensive when compared against all properties. Median new build properties are 14% more expensive compared with all properties in DC UA and 2% more in BCP UA. Lower quarter new build properties are cheaper compared with all properties.
24. Affording a home remains a problem for some Dorset households. Routes to home ownership for households who are struggling to buy could include:
- » Shared ownership; tried and tested with housing associations and shared owners knowing the benefits and problems. While it is often taken up by younger households to buy their first home, it can be used to afford a larger property than the shared owner could afford on the open market, which can be useful for an established family.
 - » Help to Buy equity loans to make saving for a deposit easier to buy a new build home, with as little as 5% deposit required. This could enable local people to buy on new developments, though the fact that the equity loan must be repaid is not always understood.
 - » The lifetime ISA is available to any adult aged under 40 to save up to £4,000 a year and receive a tax-free Government bonus of 25% on the money saved that year. This scheme is intended for first time buyers to save for a mortgage deposit or for retirement. The scheme could help local first-time buyers to get onto the property ladder for existing or new homes.

Future Housing Needs

25. When considering Dorset's future housing needs, it is right to take account of likely changes to the population including the impact of established trends. It is also necessary to plan for an increased population and reductions to average household sizes. However, there is no justification for inflating the rates of net migration or assuming that the reduction in average household sizes will accelerate, and the local market signals do not justify any significant further adjustments.
26. The local authorities, particularly BCP UA should be analysing their population and household projections in much more detail and should be prepared to argue that their Local Plans should be based upon more up to date local evidence.

Housing for older people

27. The ONS 2016-based sub national population projections project that the population aged 75 and over in Dorset will rise from 86,000 in 2018 to 115,100 in 2038; an increase of 29,100.
28. The Housing Learning and Improvement Network (LIN) published "*More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people*"¹ in February 2008; and subsequently published the "*Strategic Housing for Older People (SHOP)*"² resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for a range of specialist older person housing products, based on the population aged 75 or over.
29. In total, the LIN models suggest that between 180 and 250 units of specialist accommodation are required for every 1,000 persons aged 75+. Based on these rates, an increase of 29,100 in the 75+ population of Dorset would require between 5,200 and 7,300 additional units of specialist accommodation.
30. Many older households will be a single person living in a family home, which will be released should they move to specialist accommodation. However, their preference may be to remain in their own home. Options to encourage older people to move include specialist accommodation which suits their needs such as 2-bedroom properties. Bungalows are a favoured option, and while the footprint of a bungalow is larger than a flat, the correct comparison is that providing a desirable 2-bedroom bungalow will often release a larger 3 or 4-bedroom family house.

¹ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

² <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

1. Introducing the Study

Background to the project and national policy context

- ^{1.1} Opinion Research Services (ORS) was commissioned by CPRE Dorset to establish a robust evidence base about housing need in Dorset to provide an independent and reliable foundation from which to present the CPRE Dorset position. The report brings together a range of information about Dorset from existing publications and datasets, identifying the key housing need drivers and explaining the impact of different aspects of the underlying factors – in particular, the different components of household growth.
- ^{1.2} We would note that this study has been undertaken at the time of the COVID 19 pandemic. The full effects of this for housing need and planning will be unclear for a period of time, but in the short-term the most obvious effect is an extreme drop in construction activity which will impact on the number of new homes being built. We will return to this issue later in this report.
- ^{1.3} The study covers the whole of Dorset's historic county.

Figure 1: Dorset, showing local authority boundaries



^{1.4} There are two local councils responsible for planning in Dorset, formed from the merger of the existing County, District and Borough councils in 2019.

- » **Bournemouth, Christchurch and Poole (BCP UA):** Bournemouth Borough, Christchurch District, and Poole Borough; and
- » **Dorset Council (DC UA):** East Dorset District, North Dorset District, Purbeck District, West Dorset District and Weymouth and Portland District.

^{1.5} When discussing the area covered by both BCP UA and DC UA we refer to this as Combined Dorset.

From assessing housing need to developing houses – an introduction

England and Wales have a complex planning system with the planning policy process from assessing housing need to developing homes being an important part of the system.

Local Planning Authorities (LPAs) are obliged to have an assessment of their Local Housing Need (LHN)

The LHN is assessed following Government guidance contained in the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG). *In March 2018 the Ministry of Housing, Communities and Local Government (MHCLG) has published a new Standard Methodology for calculating the housing need for each local authority in England, with a presumption that this figure would produce a minimum level of LHN for LPA.*

Once the LHN is produced, Councillors and officers from the LPA agree a final housing target which is written into the LPA's Local Plan. The final housing target should take the LHN as evidence but can differ from the LHN. Often the reason why the final target differs from the LHN is local authority aspirations or firm development plans; for example, there may be an aspiration to increase the number of jobs in the area by encouraging development of industries which will require skilled in-migrants alongside providing jobs for the existing local population. The LHN and Local Plan look ahead, typically for 15 to 25 years, though it is normally expected they will be reviewed after five years. The Local Plan should also include what proportion of the housing should be delivered as affordable housing.

The Local Plan is examined by an Inspector from the Government Planning Inspectorate appointed by the Secretary of State. Here the final housing target and LHN will be tested by the Inspector and by challenges from other interested parties such as developers and interest groups.

The Inspector will judge whether the final housing target and LHN are sound and should stand, or whether they should be amended. This decision can be challenged, including through the courts, but the Inspector's decision usually stands.

The LPA should also have a strategy in place to deliver a 5-year land supply to meet the needs from the final housing target. This is also examined by the Inspector who will judge whether it is sound.

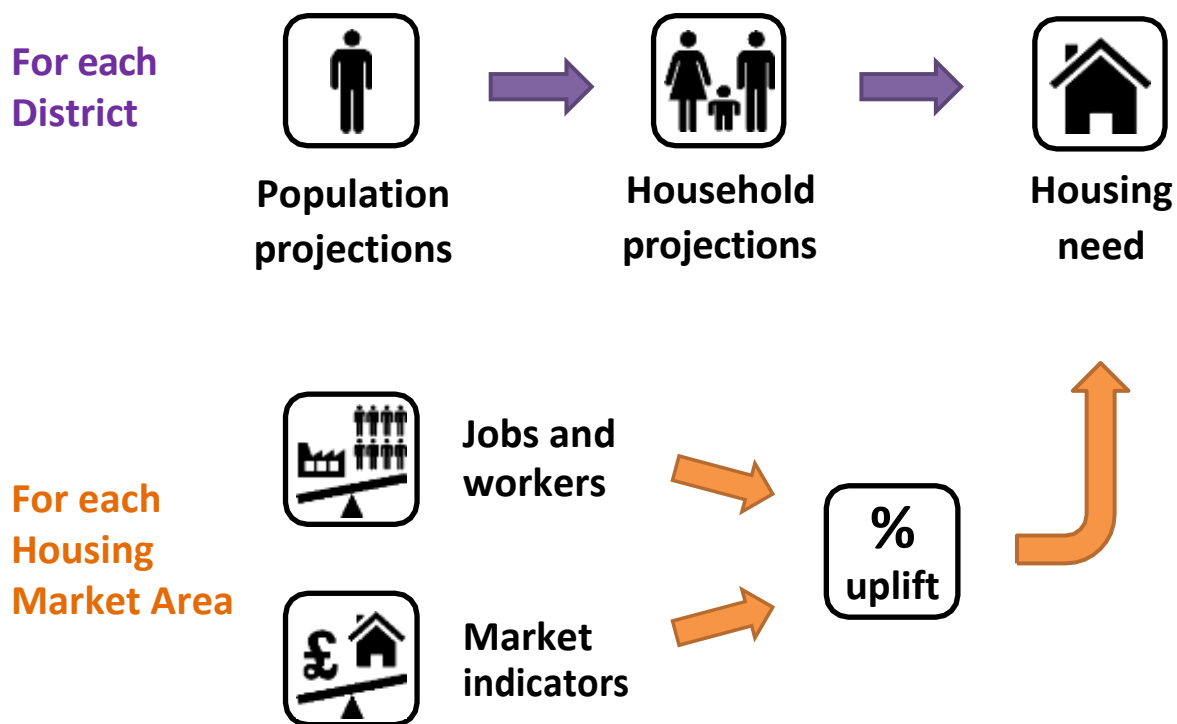
While all this is happening, developers and planners from the LPA are usually making provisional plans to deliver the required housing.

Once the Local Plan, final housing target and 5-year land supply are in place planners from the LPA work with developers to build the required housing. It is at this point that most of the detailed day to day work on planning applications, decisions and appeals takes place.

National Planning Policy

- ^{1.6} The original National Planning Policy Framework (NPPF), published in March 2012, contained a presumption in favour of sustainable development, and stated that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area. The responsibility for establishing the Objectively Assessed Need (OAN) for housing rested with the Local Planning Authority (LPA) and this provided an important basis for establishing the level of future housing provision.
- ^{1.7} The OAN identified the total amount of housing needed in the Housing Market Area (HMA). This comprises a baseline housing need figure for each district (based on local population and household projections) with an adjustment applied where necessary to ensure alignment between future jobs growth and the number of workers needed, and to take account of “market signals” (such as local house prices and affordability).
- ^{1.8} Figure 2 illustrates the OAN process.

Figure 2: Establishing the overall housing need (Objectively Assessed Need – OAN)



- ^{1.9} Population and household projections are based on past trends continuing subject to certain assumptions.
- ^{1.10} The Office for National Statistics (ONS) produce official population projections for all local authority areas. However, these “...are not forecasts and do not attempt to predict the impact that future government policies, changing economic circumstances or other factors (whether in the UK or overseas) might have on demographic behaviour” (ONS May 2016³). Similarly, the Ministry of Housing, Communities and Local Government has been responsible for previous official household projections, which “...are trend-based and indicate the number of additional households that would form if recent demographic trends continue” (MHCLG January 2017⁴).

³ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/methodologies/frequentlyaskedquestionsaboutpopulationprojections#definitions>

⁴ <https://www.gov.uk/government/collections/household-projections>

- ^{1.11} The OAN did not consider any constraints to delivery of the identified need. Constraints are considered by the local planning authority when setting the housing target in their Local Plan. However, the original NPPF stated that Local Plans should meet the full, objectively assessed needs for market and affordable housing in the housing market area – so if any planning authority cannot meet its OAN in full, neighbouring authorities will be expected to help provide for this need wherever possible.
- ^{1.12} The Government published a revised NPPF in July 2018, and this states that plans should continue to be based upon a Local Housing Need assessment. However, in future the assessments are to be conducted using a Standard Method to be published in national planning guidance.
- ^{1.13} The current methodology requires the use of the 2014 based official household projections (instead of relying on local figures) with an upward adjustment calculated using the ONS median workplace-based affordability ratio. A sequence of rules is then used to cap the housing need identified by this calculation, but there is a stronger directive on the need for local authorities to work together to plan for any needs that cannot be met in neighbouring areas. **In effect, under the revised NPPF, local authorities have their housing targets imposed upon them by central Government with very little scope to take account of local factors.**

Overview of this report

- ^{1.14} The study covers the following main themes:
- » Planned housing provision for Dorset;
 - » Recent housing delivery trends;
 - » The key drivers of housing need;
 - » The balance between market and affordable housing;
 - » The use of green field and brownfield development sites;
 - » Projected population growth and age from natural change and net migration;
 - » Housing costs and affordability based on house prices and rents;
 - » The assessed need for new housing;
 - » The second home market for new and existing homes.
- ^{1.15} The Department for Communities and Local Government (DCLG) became the Ministry of Housing, Communities and Local Government (MHCLG) in January 2018. While the DCLG published some figures used in this report, we refer to the MHCLG throughout for clarity.

2. New Homes in Dorset

Current Local Plan targets and housing delivery trends

- ^{2.1} The existing housing targets in the published Dorset districts Local Plans are shown in Figure 3.
- ^{2.2} Whilst each of the Local Plans cover different periods, it is possible to consider the housing targets on an annual basis for comparison purposes. The current plans aim to deliver at least 3,030 dwellings annually across Dorset, including 420 dwellings per annum in a joint plan between Christchurch and East Dorset, who now form parts of two separate local authority areas. The updated Purbeck Local Plan is still ongoing with a current anticipated housing need of 180 dwellings per annum.

Figure 3: Housing targets for Dorset Local Planning Authorities produced under the existing published guidance

Local Planning Authority	Local Plan period	Local Plan adopted	Local Plan housing target	
			Total	Annual Average
Bournemouth	2006-26; 20 years	October 2012	14,400	720
Christchurch and East Dorset Joint Local Plan	2013-28; 15 years	October 2018	6,300	420
Poole	2013-33; 20 years	November 2018	14,200	710
North Dorset	2011-26; 15 years	January 2016	4,275	285
Purbeck	2006-27; 21 years	November 2012	2,520	120
West Dorset and Weymouth and Portland Joint Local plan	2011-31; 20 years	October 2015	15,500	775
Combined Dorset Total				3,030

Overall housing delivery

- ^{2.3} Local Planning Authorities are expected to produce an Annual Monitoring Report (AMR) each year, which sets out information about housing delivery in their area. By collecting the published AMR housing delivery over several years, it is possible to establish the average number of new homes built each year in each area. In recent years, the AMRs show that, on average, around 2,300 homes a year have been built in Dorset; albeit that the periods considered differed by area (Figure 4).

Figure 4: Number of dwellings built in Dorset Local Authorities (Source: Local Planning Authority Annual Monitoring Reports (AMR), or equivalent monitoring documents) Note: Dates covered differ due to the availability of published AMRs

Local Planning Authority	Period covered by AMRs*	Years covered by AMRs	Total over period covered by AMRs	Annual average
BCP UA				
Bournemouth	2008 to 2018	10	6,830	683
Christchurch	2012 to 2018	6	1,098	183
Poole	2013 to 2018	5	1,687	337
BCP UA sub-total				1,203
DC UA				
East Dorset	2012 to 2018	6	1,098	183
North Dorset	2011 to 2018	7	1,440	206
Purbeck	2006 to 2018	12	1,600	133
West Dorset	2012 to 2018	6	2,362	394
Weymouth and Portland	2012 to 2018	6	1,047	174
DC UA sub-total				1,090
Combined Dorset Total				2,293

- ^{2.4} Further information on recent housing delivery is published by the Ministry of Housing, Communities and Local Government (MHCLG) as part of their live tables on housing supply. The number of additional homes is based on net additional dwellings, which shows that a total of 22,100 homes were delivered across Dorset over the 10-year period 2008-2018, equivalent to an average of 2,210 dwellings each year. In addition to newbuild housing, this counts net conversions (where existing houses may be converted into flats) and net change of use (such as changes from office to residential). Given the consistency with the 2,300 dwelling average identified by the AMR data, we can be reasonably confident in the accuracy of this information.
- ^{2.5} Over the 10-year period 2008-2018, the MHCLG data included 11,400 additional dwellings in BCP UA, and 10,700 in DC UA. Once again, these figures are broadly comparable with the local authority AMR publications.
- ^{2.6} Whilst a significant number of homes have been delivered between 2008 and 2018 (around 22,100 overall), recent annual housing delivery numbers are, on average, around 800 dwellings below the target set out in existing plans (Figure 3).
- ^{2.7} It is important to note that while the number of dwellings delivered per year is lower than the number planned, the two are not directly comparable. Firstly, the AMRs and the plans both relate to different periods; and secondly, some plans may include delivery phases whereby more dwellings are completed in the later years.
- ^{2.8} Increasing the number of homes planned for is consistent with the Government's ambition to increase housing delivery nationally; but it is important to understand the underlying drivers of housing need to make sure that the right number of homes are provided in the right places in future.

Who has the housing been built for?

^{2.9} For clarity in this and subsequent sections, a dwelling is defined as a unit of accommodation which may comprise one or more household spaces (a household space is the accommodation used or available for use by an individual household). A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room. We would expect there to be more dwellings than households because at any one time some dwellings will be vacant because people are moving, or because they are second or holiday homes.

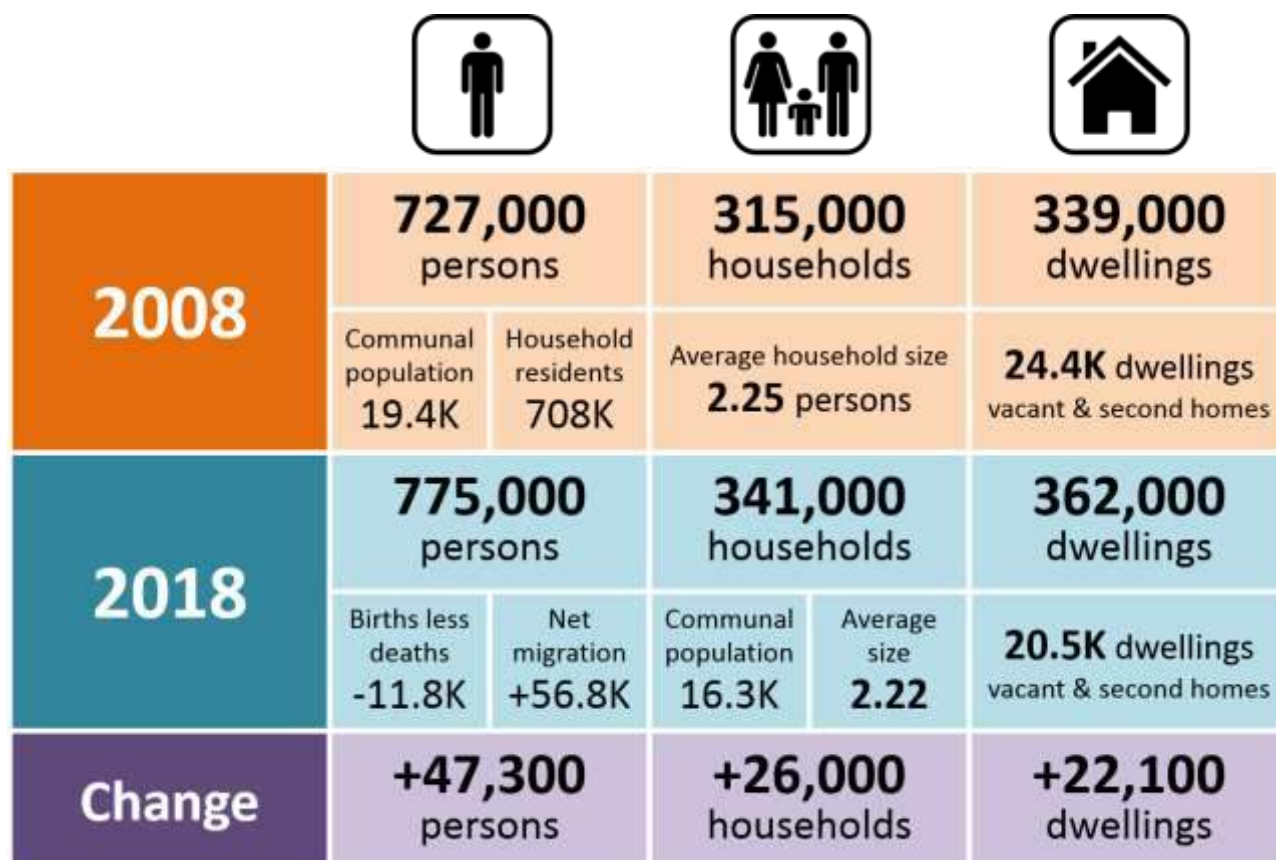
^{2.10} Comparing the growth in the number of dwellings and the population growth between 2008 and 2018:

- » the number of dwellings in Combined Dorset increased from 339,500 to 361,600 dwellings (an extra 22,100); while
- » the number of people living in Combined Dorset increased from 727,000 to 775,000 persons (an extra 47,300).

^{2.11} In the same period there were 11,800 fewer births than deaths recorded, therefore all of the population growth was due to people moving to Combined Dorset from elsewhere. This is evidently an important driver of housing need, so the next chapter considers net migration in more detail.

^{2.12} When establishing housing need, it is necessary to consider the way in which the population live together in different types of households. Typically, each dwelling will house one household that is usually resident. Some dwellings will have concealed households living with the main household, such as adult children who wish to leave home. Other dwellings will not have any household usually resident: either due to them being used as a second home or alternatively being left empty.

Figure 5: Change in population, households and dwellings from 2008 to 2018 (Source: ONS Mid-year Population Estimates, ONS Household Estimates, CLG Dwelling Stock Estimates)



^{2.13} Comparing the growth in the number of dwellings and households between 2008 and 2018, the number of households increased from 315,000 to 341,000 households (an extra 26,000). This is higher than the number of additional dwellings. Some of this difference can be explained by a reduction in the number of vacant and second homes explored later in this report.

^{2.14} An explanation for why the growth in households could be higher than dwelling growth without a reduction in vacant and second homes could include;

- » An under-estimate of the number of dwellings delivered between 2008 and 2018;
- » An over-estimate of the number of new households in Combined Dorset between 2008 and 2018.

^{2.15} While it is possible for the number of new dwellings to have been underestimated, this is not likely to be an explanation for a discrepancy as large as the one seen in Dorset. Dwelling growth underestimates can be due to reasons such as the conversion of existing properties in to flats not being recorded properly, but figures are unlikely to be as high as those seen here.

^{2.16} Instead, it is likely that the household numbers for Dorset in 2018 are an over-estimate of the actual numbers. This in turn could be due to two main factors:

- » An over-estimate of the population growth;
- » An over-estimate of the household growth, implying that average household sizes are larger than those recorded in official statistics.

Population growth

- ^{2.17} Changes in the population can be broadly classified into two categories: natural change in the population (in terms of births and deaths) and changes due to migration, both in terms of international migration and also moves within the UK. In addition to these changes, the ONS Mid-Year Estimates include adjustments for other changes, the largest of which is often “Unattributable Population Change” (UPC). This is a statistical adjustment that enables the final population estimate to be constrained to external data sources which are normally more reliable, such as the Census.
- ^{2.18} In Dorset, the previous local authorities of Poole, North Dorset and in particular Bournemouth had issues with UPC. Experience elsewhere (For example Luton, Aylesbury Vale and Wiltshire) has shown that issues with UPC can still be seen to be clearly impacting on the mid-year population estimates now, which in turn affects the reliability of any population and households forecast. UPC is a measure which can only be applied after a Census, so any issues with population change in the period since 2011 will only be picked up when the 2021 Census data is released in 2023. There is, therefore, a very high chance of legacy issues with the current population estimates and population projections for BCP UA.
- ^{2.19} This is an issue which is not newly identified for Dorset, it has been known about since 2013. The Eastern Dorset SHMA 2015 takes a very simplistic approach to demographic analysis and didn’t address issues around the problems caused by UPC. If that approach continues then it is likely that an over-estimate of population and household growth in BCP UA will occur. We would strongly recommend that the Council look in more detail at their population and household forecasts to understand if all issues have been properly addressed.

Household growth

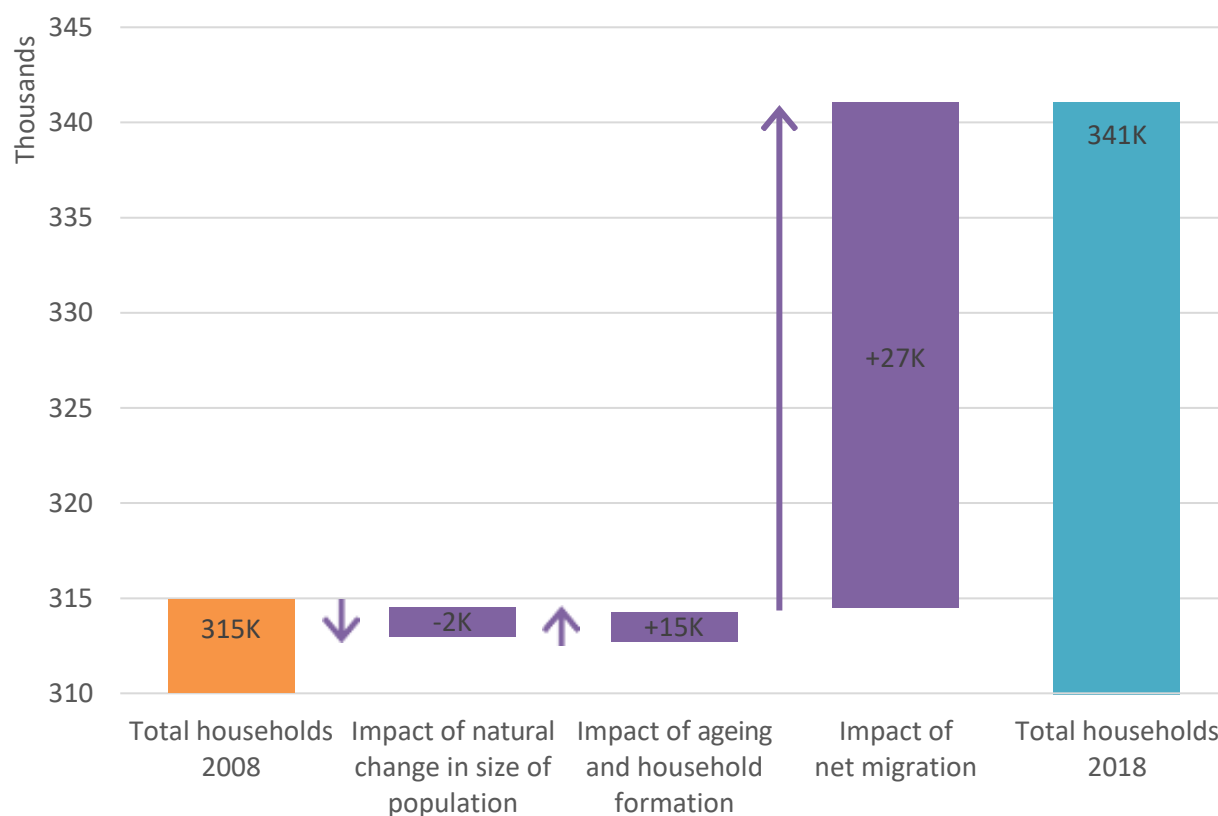
- ^{2.20} Even if the population estimates and projections for Dorset were assumed to be correct, there are strong grounds to suspect that the number of households may be an over-estimate because household sizes are being under-estimated. The key driver for the issue of household sizes is the household representative rates (HRRs) used in producing their household projections.
- ^{2.21} HRRs provide the probability of a person being a household representative. The population of Bournemouth in particular has changed rapidly in recent years with the growth in student numbers. Student households typically live in larger household sizes and if this is not reflected in the HRRs for BCP UA then they may lead to an over-estimate of household growth.
- ^{2.22} A further issue is how students living in dedicated student accommodation are treated in population and household data. It is possible that students have not been properly discounted from the household population data (those living in halls of residence should be counted in the communally housed population) and therefore their impact on household numbers has been over-stated.
- ^{2.23} Overall, there is clearly an issue which requires further research and explanation by the Councils.

Summary of drivers of household growth

- ^{2.24} Figure 6 identifies the impact of different elements of the population and demographic trends on the overall change in household numbers. Whilst the overall number of households in Dorset rose from 315,000 in 2008 to 341,000 in 2018, an increase of 26,000 over 10 years, this comprised three discrete drivers:
- » As there were fewer births than deaths, there was no population increase as a consequence of natural growth. All else being equal, this smaller population would have led to there being around 2,000 fewer households by the end of the 10-year period.

- » However, whilst the population was smaller it was also older, and ageing has an important impact on household formation. Young people tend to live in larger households on average, as many will have dependent children. Over time, children grow older and many leave to live independently, and consequently older people tend to live in smaller households on average – though many will still live as couples. As people continue to age, many will lose partners through death such that many of the very old will live as single person households. The combined impact of ageing and the reduction in household size led to there being around 1,500 more households over the 10-year period.
- » Finally, we have identified that net migration into Combined Dorset increased the population by over 56,800 persons. When considering the characteristics of this migrant population, we can establish that the remaining increase of 27,000 households was a consequence of net migration into Combined Dorset. If the population has been over-estimated, it is most likely that this figure is the source of the over-estimate.

Figure 6: Drivers of household growth in Combined Dorset 2008-2018 (Source: ONS Mid-year Population Estimates, ONS Household Estimates)



How many affordable homes have been built?

^{2.25} Whilst the MHCLG data identified 22,100 additional homes were delivered across Dorset between 2008-2018, this included a substantial proportion of dwellings following the conversion or change of use of existing buildings. Of the additional housing provided over the 10-year period, 15,100 dwellings were new housing completions.

^{2.26} Figure 7 shows the balance between market housing and affordable housing over the period 2008-2018. Across Combined Dorset, 17% of homes were built by housing associations or local authorities, most of which

would be “affordable housing” provided for households unable to afford local housing costs. The majority of the remaining 83% of new housing is likely to be “market housing” provided for households able to afford it, although some of these homes may have been bought through the Government “Help to Buy” scheme.

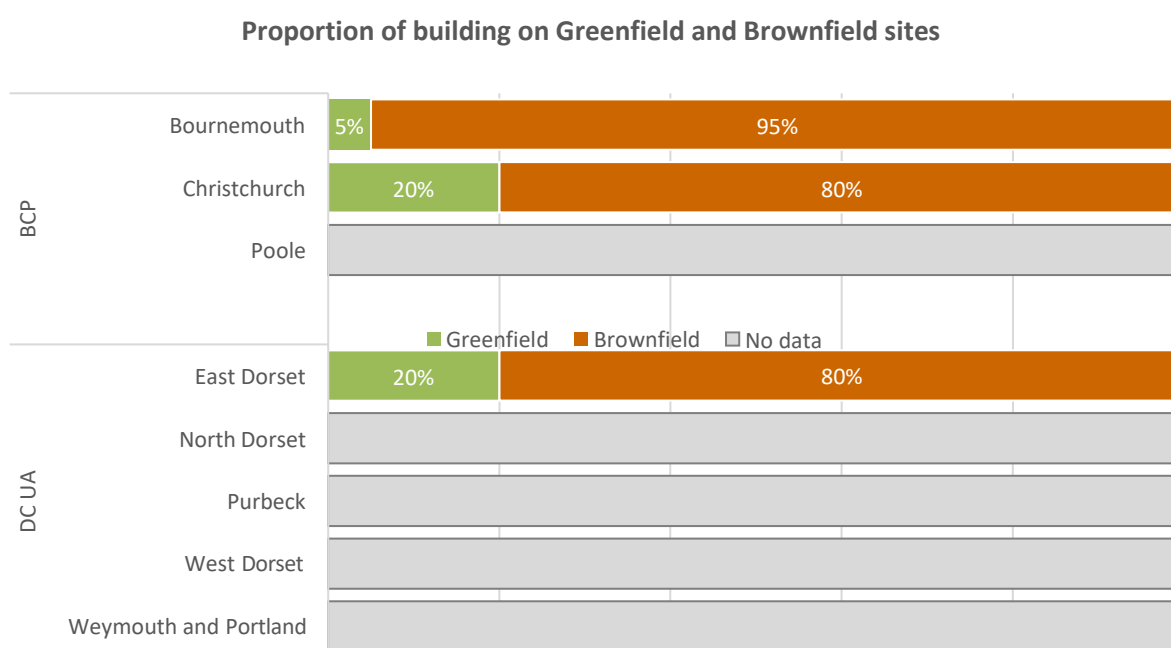
Figure 7: New dwellings completed in Dorset Local Authorities 2008-2018 (Source: MHCLG Live tables on house building: new build dwellings, Table 253)

Local Planning Authority	Total dwelling completions 2008-18		% delivered by Housing Associations and Councils
	10-year total	Annual average	
BCP UA	7,130	713	15%
DC UA	7,850	785	18%
Combined Dorset Total	14,980	1,498	17%

How many homes have been built on greenfield and brownfield land?

^{2.27} The amount of development built on greenfield and brownfield sites is available from some Annual Monitoring Reports (AMR). However, the majority of former local authorities in Dorset did not routinely report this information.

Figure 8: Percentage of dwellings built on Greenfield and Brownfield Sites (Source: Local Planning Authority Annual Monitoring Reports (AMR), or equivalent monitoring documents) Note: “-” implies that no data was found



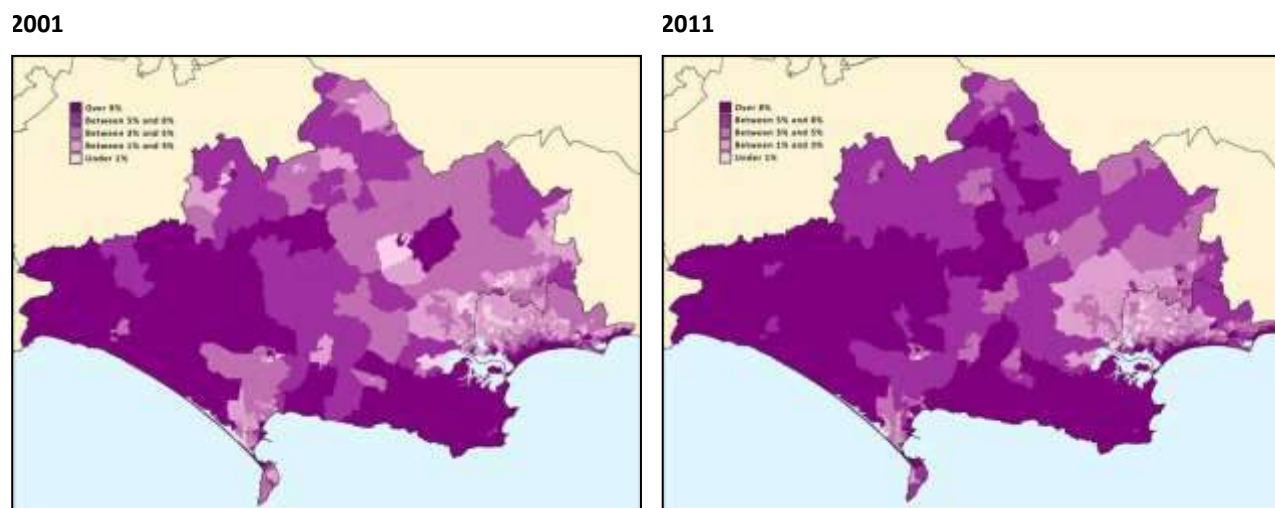
^{2.28} All the Local Plans have a commitment to the principle of building on brownfield, or previously developed, sites. Greenfield sites will be considered where strategic priorities for development support their use.

Homes without usually resident households

^{2.29} As previously discussed, whilst most dwellings have a usually resident household, some properties will be second or holiday homes whereas others will be left empty.

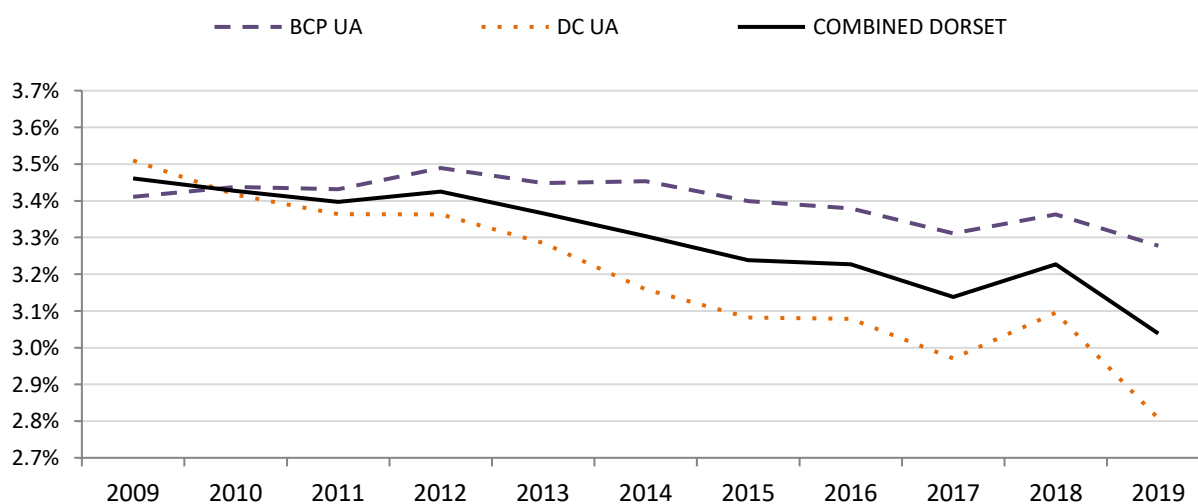
- ^{2.30} The number of properties without a usually resident household can be identified from the Census, and this provides a useful indicator of the number of second homes in each area. The proportion of vacant properties increased between the 2001 and 2011 Census (Figure 9).

Figure 9: Proportion of vacant dwellings (Source: Census 2001 and 2011)



- ^{2.31} The Local Government Council Tax Base can be used to indicate the number of second homes, though not all second homes are registered for Council Tax. The number registered reduced after 2012 following the introduction of the Localism Act which made Council Tax relief on second homes optional for local authorities. Consequently, some local authorities chose not to offer Council Tax relief on second homes and registrations fell.
- ^{2.32} Figure 10 shows registered second homes as a proportion of all homes in each authority between 2009-2019.
- ^{2.33} Between 2009 and 2019, the number and proportion of registered second homes in Dorset fell slightly but taking account of the change to Council Tax relief the real number is likely to have remained broadly static. Combined Dorset moved from 3.5% in 2009 to 3.0% in 2019, compared with 1.1% and 1.0% across England.

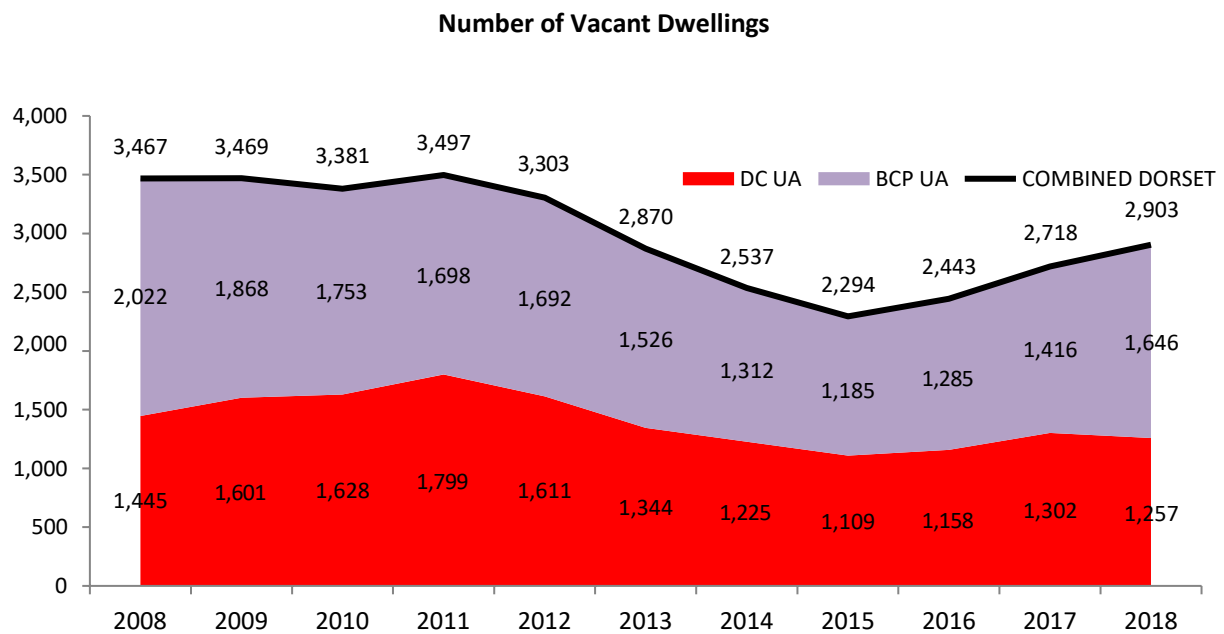
Figure 10: Proportion of Dwellings Classed as Second Homes in Dorset 2009-2019 (Source: Ministry of Housing, Communities and Local Government Council Tax Base)



^{2.34} The MHCLG Council Tax Base defines long-term empty homes as “those dwellings which have been unoccupied and substantially unfurnished for over six months”. Figure 11 shows the number of long-term vacant dwellings in Dorset between 2008-2018 excluding those owned by housing associations, while Figure 12 shows long-term vacant dwellings as a percentage of the total number of dwellings on the Council Tax Base in 2017, excluding vacant housing association dwellings.

^{2.35} Across Combined Dorset, the number of long-term vacant properties fell from 3,467 to 2,903 between 2008-17, a 17% decrease on the 2008 number.

Figure 11: Number of Long-term Vacant Dwellings in Dorset 2008-2018 (Source: Ministry of Housing, Communities and Local Government Council Tax Base Table LT_615)



^{2.36} In Combined Dorset around 0.79% of stock is long-term vacant compared to an average of 0.85% across England overall, based on the Council Tax Base data.

Figure 12: Percentage of Long-term Vacant Dwellings in Dorset and England 2018 (Source: Ministry of Housing, Communities and Local Government Council Tax Base Table LT_615)

Local Planning Authority	Dwellings 2017	Long term vacant dwellings excluding Housing Associations 2017	
		Dwellings	Percentage of Dwellings
BCP UA	184,230	1,633	0.89%
DC UA	178,010	1,220	0.69%
Combined Dorset Total	362,240	2,853	0.79%
ENGLAND	24,298,200	205,297	0.85%

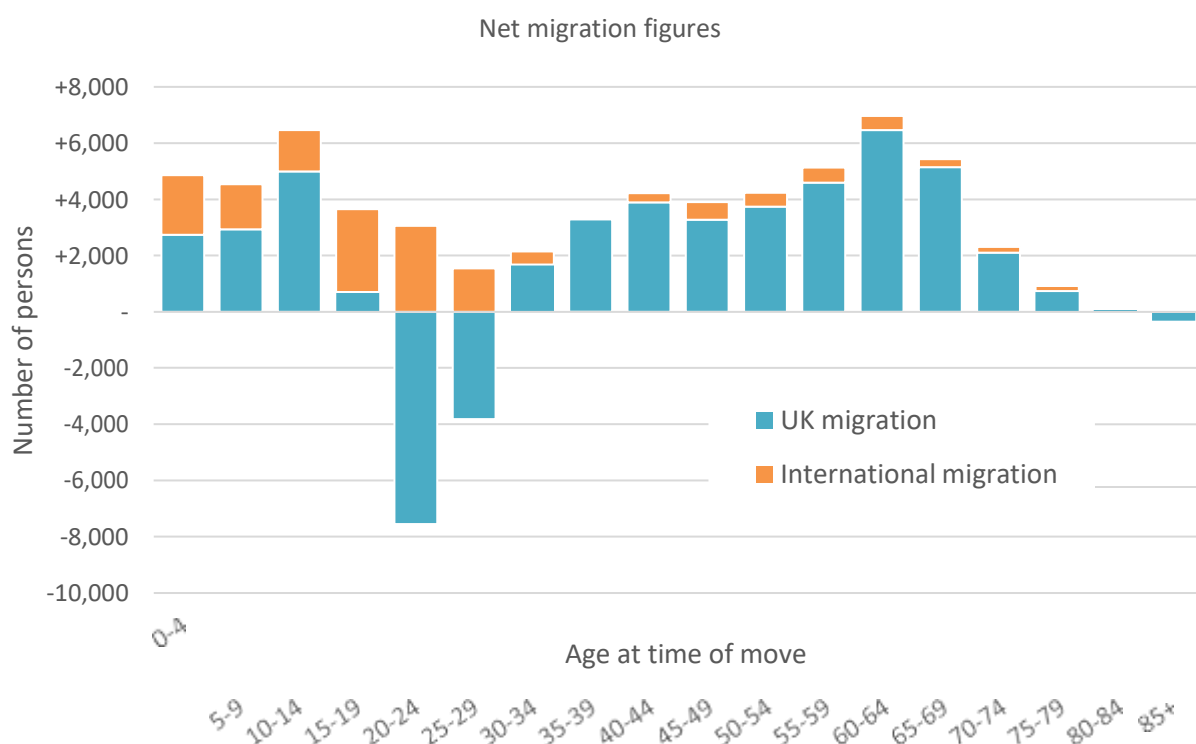
3. Migration Trends

Moves to, from and around Dorset

Overall migration

- ^{3.1} Most people moving to Combined Dorset come from other parts of the UK. The most striking migration patterns are among young people. Over 10,000 young people aged 15-19 migrated into Combined Dorset during the 10 years to 2016, 57% of them from the UK. Many of these will have arrived to attend university, others with family or for employment. Migration among 20-24 year olds shows two distinct features; out migration by UK based migrants and in migration from international migrants. Much of this will be students leaving university or young people migrating out for employment. The largest group of international migrants are aged 15-24. Again, some of these will have migrated in to attend university, whilst others may be looking for work.
- ^{3.2} International migrants tend to be young; Figure 13 suggests that very few international migrants aged over 25 migrated to Combined Dorset in the 10 years to 2018. The number of children who are international migrants suggests that a proportion of international migrants have young families.
- ^{3.3} There is a steady flow of net inward migration across all age groups aged 30 or over. There is a peak at the retirement ages of 55-64 years. Perhaps surprisingly, there is a clear reduction in the level of net inward migration from those aged 70 and over, with very limited gain from population in these older groups.

Figure 13: Net migration to and from Combined Dorset between 2008-2018 (Source: Office for National Statistics Mid Year Population Estimates)



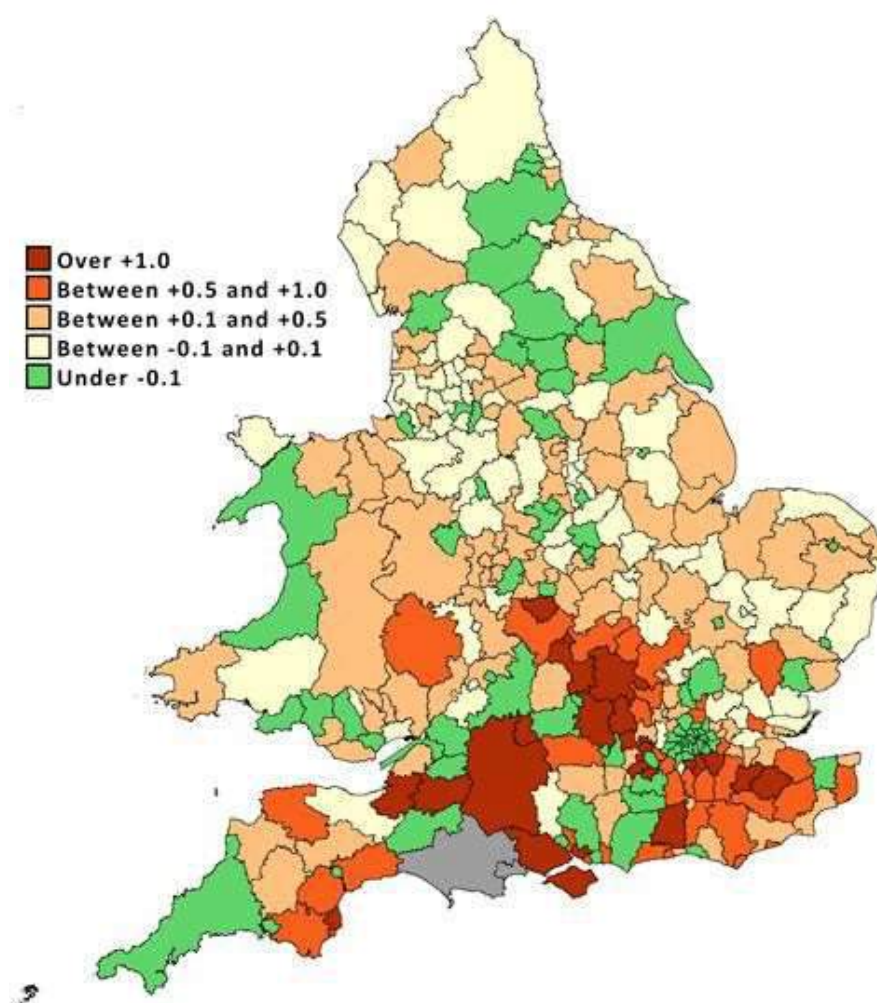
Migration from the rest of the UK

^{3.4} The following maps show net migration patterns into and out of Combined Dorset to and from the rest of England and Wales over the 10 years between 2008-2018; separately considering three age groups: those aged 15-24, aged 25-54, and aged 55+. The figures are for individual persons, not households. The maps illustrate those local authorities across England and Wales where Combined Dorset is most likely to gain or lose population due to net migration. On the maps, the green areas show net out migration flows from Combined Dorset to those areas, the pale yellow show areas where in and out migration is in balance (and as a consequence, net migration is close to zero), and the three shades of orange show areas which have net inward migration to Combined Dorset. The darker the shade, the higher the net migration to Combined Dorset relative to each area's overall population.

Migrants aged 15-24

^{3.5} The first map (Figure 14) illustrates net migration to Combined Dorset for those persons aged 15-24. Combined Dorset itself is coloured grey to indicate that net internal migration within the whole area is zero. The map shows that young people from areas around the South of England are most likely to move to Combined Dorset. The further away from this area, the less likely it is that people will move to Combined Dorset, although there are net gains from many areas further afield.

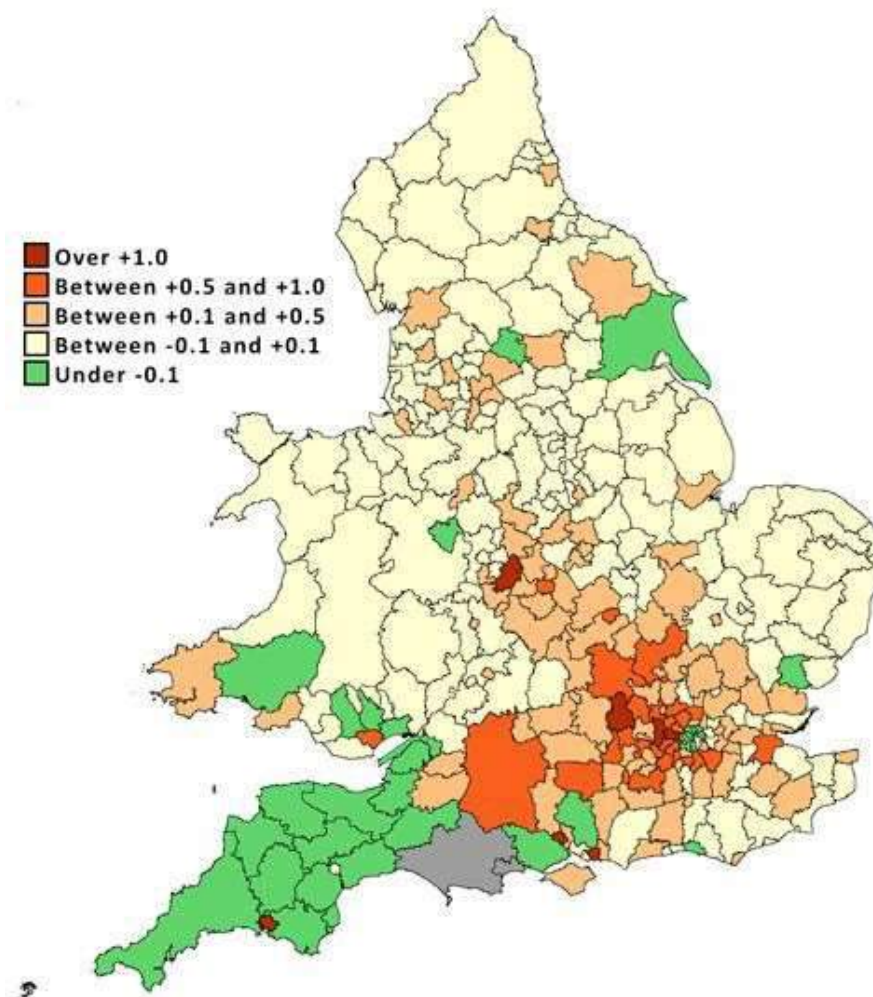
Figure 14: Net 10-year migration of persons aged 15-24 (Source: Office for National Statistics Internal migration; detailed estimates by origin and destination local authorities, sex and single year of age)



Migrants aged 25-54

^{3.6} Figure 15 shows the migration patterns for persons in the 25 to 54 age group. Net migration in this age group is characterised by a small out-flow to other parts of the South West and also London. Most of the net migration to Combined Dorset is from the Midlands and South of England, though in general there is only a modest level of net migration from any individual local authority area.

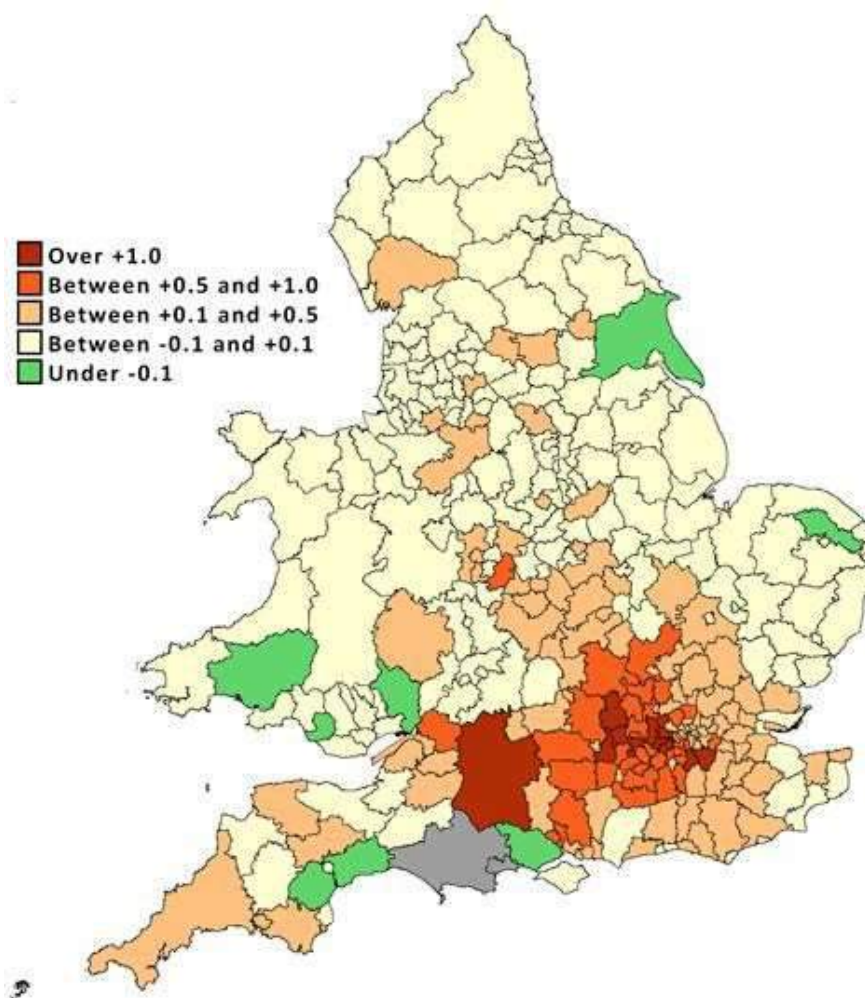
Figure 15: Net 10-year migration of persons aged 25 to 54 (Source: Office for National Statistics Internal migration - Detailed estimates by origin and destination local authorities, sex and single year of age)



Migrants aged 55 or over

^{3.7} Figure 16 shows the migration patterns of persons aged 55 or over, many of which are likely to be moving as part of their retirement plans. Once again, the areas with the highest net migration to Combined Dorset are the Midlands and South of England. Net out migration among this age group is mainly to Devon, parts of Wales, and assorted rural districts in Dorset, Lincolnshire and Norfolk.

Figure 16: Net 10-year migration of persons aged 55+ (Source: Office for National Statistics Internal migration - Detailed estimates by origin and destination local authorities, sex and single year of age)



Summary of migration patterns to and from Combined Dorset

^{3.8} The overall picture of net migration is that:

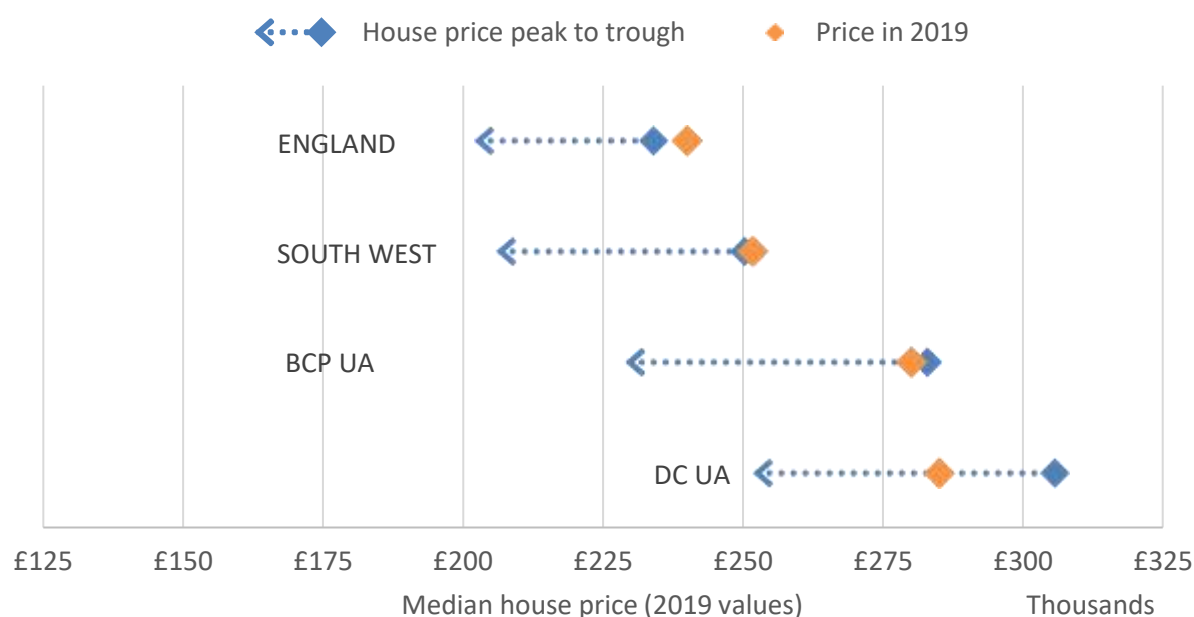
- » There is considerably more migration to Combined Dorset than away from Combined Dorset, and net migration drives the overall population growth; and
- » For the population aged 30 or over, net migration is characterised by small numbers migrating in from many different local authorities which cover a relatively large geographic area, mostly around the Midlands and South of England.

4. Housing Costs and Tenure

House prices and rents across different parts of Dorset

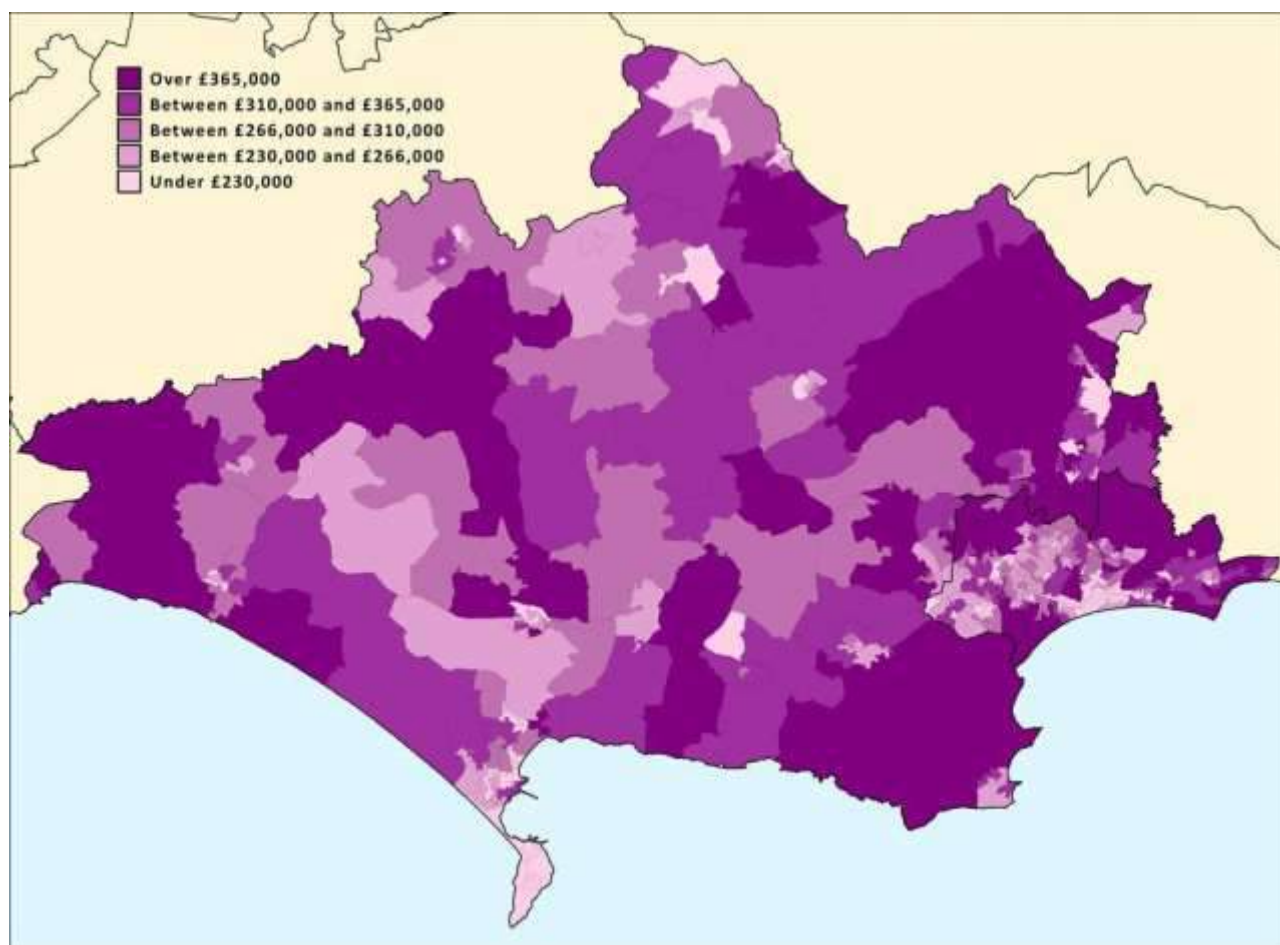
- ^{4.1} The median house price for DC UA was around £285,000 in 2019, while it was £280,000 in BCP UA – so half of all properties sold for more than this amount whilst half sold for less than this. This compares to median house price of around £240,000 across England as a whole.
- ^{4.2} Figure 17 illustrates the current median house price for each authority in the context of the changes in house prices following the financial crisis at the end of the last decade. The orange diamonds indicate current prices; whilst the blue diamonds indicate peak house prices prior to the collapse, taking account of inflation. The arrow shows the extent of the fall in real house price in each area.

Figure 17: Real house prices comparing median prices in 2019 to the peak to trough prices following the financial crisis
(Source: ONS; Bank of England. Note: all prices adjusted to 2019 values using Consumer Price Index)



- ^{4.3} Whilst median house prices in England have now risen to above their previous peak (£240,000) prices in Dorset remain lower than this high point, particularly in DC UA. At the peak of the market in 2007/08, real house prices reached a median of £305,600 in DC UA, before falling over £50,000 in real terms to a low point of £251,800. Although median prices in DC UA have increased in real terms by around £33,200 since the fall, the current median of £285,000 remains over £20,600 below the previous high point. Prices are closer to their peak in BCP UA.
- ^{4.4} Figure 18 illustrates the distribution of median house prices across Dorset by comparing prices in small areas across the County. It shows the median price paid in each of the Census areas called 'lower-layer super output areas' (LSOA). The LSOAs are divided by price into 5 equal bands, or 'quintiles'. It is evident that the authorities have a range of more and less expensive areas.

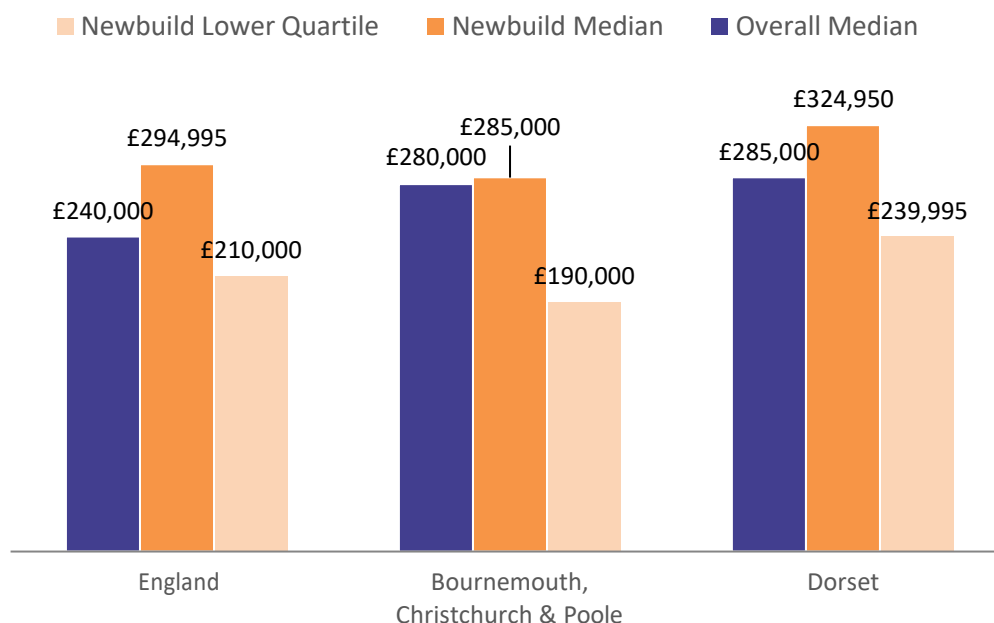
Figure 18: Comparison of median prices paid in lower-layer super output areas (LSOA) for the year ending June 2019 (Source: ONS)



Newbuild properties

- ^{4.5} The factors governing new build house prices are to some extent different to those for existing properties. For example, there is often a 'newbuild premium' which can lead to them being more expensive. In contrast, older property prices can be pushed up by desirable features such as their size, age and character.
- ^{4.6} Figure 19 compares the overall median house prices for each authority with the newbuild median and lower quarter prices.

Figure 19: Overall median house price compared with newbuild median and lower quartile house price 2019 by district
 (Source: ONS. Note: Figures derived using population weighted average of Local Authority data)



Explaining 'quartiles'

Some figures in this report use the term 'quartile'.

Quartiles divide a list of values up into quarters. Often, analyses concentrate on the lower quartile and upper quartile. For example:

- » A quarter of houses are sold at or below the *lower quartile* price, and a quarter are sold at or above the *upper quartile* price.
- » Similarly, 25% of workers receive earnings at or below the *lower quartile* of earnings, and 25% receive earnings at or above the *upper quartile* of earnings.

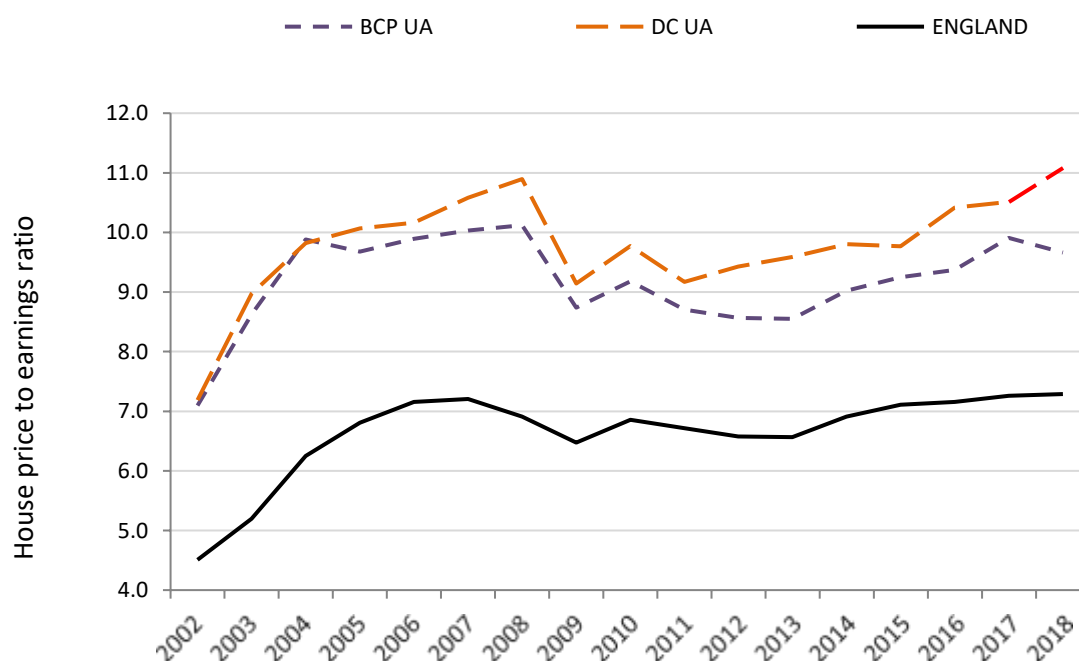
The technical term 'quartile' is used in place of 'quarter' because the term 'quartile' is precise; it means the value below which one quarter of the cases fall. In the text, we use the word 'quarter' as being broadly equivalent to 'quartile'.

^{4.7} The median price of a newbuild property in DC UA was £325,000 and the lower quarter price was £240,000 in 2019. These compare to the median of £285,000 across all property sales; so the newbuild median is £40,000 higher, equivalent to an uplift of 14%. The equivalent uplift in BCP UA is only 2%, with a £5,000 difference between median newbuild and all median property sales. This is likely to be influenced by the mix of houses and flats delivered and the areas in which they were provided; however, it is usual for this to also include an uplift that buyers are normally prepared to pay for a newbuild property.

House price affordability

- ^{4.8} While real house prices may be lower in DC UA and BCP UA now than prices were in 2008, when reviewing house price affordability it is important to consider the relationship between house prices and incomes.
- ^{4.9} Figure 20 shows trends in the commonly used affordability ratio of lower quarter house prices to lower quarter earnings, comparing the ratio for each authority and England overall. We would note that MHCLG use the ratio of median house prices to income in their affordability assessment, but the lower quartile more accurately reflects the entry point for the housing market.
- ^{4.10} It shows that the lower quarter affordability ratio for DC UA reduced from 10.9 in 2008 to 9.2 in 2011 before rising to 11.1 in 2018. House prices in DC UA relative to local earnings are now less affordable than they were in 2008. In BCP UA the lower quartile affordability ratio fell from 10.1 in 2008 to 8.5 in 2013 before rising to 9.7 in 2018. Affordability in BCP UA is slightly better now than it was in 2008, but it is worth noting the ratio was as low as 7.2 in 2002.

Figure 20: Ratio of Lower Quartile House Price to Lower Quartile Residence-Based Earnings (Source: Office for National Statistics (ONS). Note: Dorset figure derived using population weighted average of Local Authority data)



- ^{4.11} In standardising the approach to assessing housing need, the Government places considerable weight on the ratio between house prices and earnings. It is an indicator that has a significant influence when determining the planned level of future housing supply. However, whilst housing supply is one factor that can affect house prices, the increases in prices (and the consequential reduction in affordability) over the last 10-20 years has been driven far more by rising incomes (in real terms) and the availability and cost of mortgage credit during the years leading up to the financial crisis.

Private rented sector

^{4.12} Considering the trends of tenure mix across Combined Dorset, it is evident that there have been some significant changes in the balance between owner occupiers and tenants renting their home.

- » **From 1981-1991:** the number of owner occupiers climbed significantly (increasing from 148,000 to 202,000 households, a gain of almost 54,000). This was partly as a consequence of the Right to Buy, which led to a decline in the number of social tenants (reducing from 75,600 to 62,100 households, a loss of 13,600). There was little change in the number of private tenants (increasing from 49,000 to 50,000).
- » **From 1991-2001:** the number of owner occupiers continued to climb albeit at a slower pace (increasing from 202,000 to 224,000 households, a gain of 22,000); however, this was alongside a growth of private tenants (increasing from 50,000 to 68,000 households, a gain of 18,000). The number of social tenants remained stable, with only a marginal reduction from 62,000 to 61,000 households.
- » **From 2001-2011:** the number of owner occupiers fell from 224,000 to 223,000 households, a fall of one thousand, due to rising house prices and more limited mortgages in the latter 3 years of the time period. The number of private tenants increased substantially (from 68,000 to 95,000 households, a gain of 27,000). The number of social tenants also increased marginally (from 61,000 to 62,000 households, a gain of a thousand), though still remained below the number of social tenants recorded in 1991 and considerably below the number in 1981.

^{4.13} The balance between social rent and private rent has changed significantly: around two fifths of tenants rented privately in 1981 whereas around three fifths rented privately in 2011.

Figure 21: Number of Households by Tenure 1981-2011
(Source: UK Census of Population)

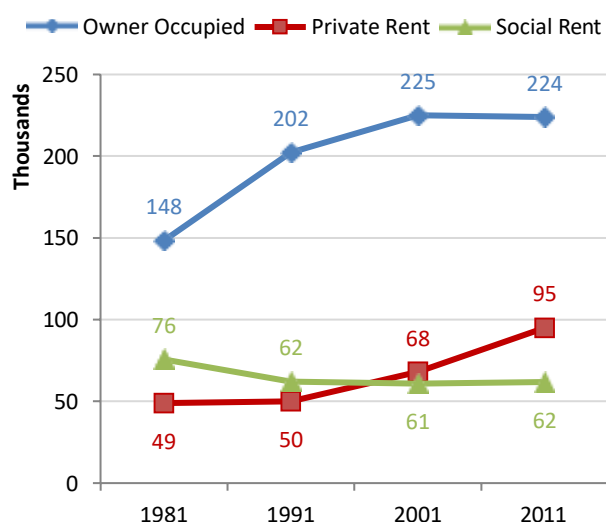
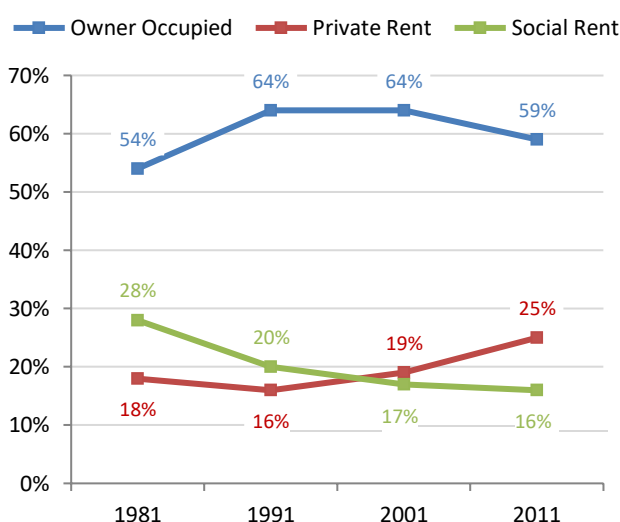


Figure 22: Percentage of Households by Tenure 1981-2011
(Source: UK Census of Population)



^{4.14} Aside from the balance between tenures, it is also useful to consider the overall growth in household numbers over the past three intercensal periods. Figure 5 identified an increase of 26,000 households over the 10-year period 2008-18. This is broadly consistent with the 26,800 household growth recorded from 2001-2011 but is notably less than the growth from both 1981-1991 and 1991-2001; increases of 39,500 and 41,400 households respectively (although growth recorded from 1991-2001 may be partly influenced by changes to students being counted at their term-time address).

^{4.15} Figure 23 sets out the private rental market median rents by property size across each district. Across Combined Dorset, the median price of a 2-bed property was £779 per calendar month in 2018. Based on households spending no more than 30% of their gross income on housing, half of all two-bed rented properties would be affordable to households with an annual income of £31,100. Spending 35% of their income on housing costs would enable households with incomes of around £26,700 to afford to rent a 2-bed home. Some households will also receive housing benefit support, or an element of universal credit towards their housing costs, which will enable those on lower incomes to rent housing that they otherwise couldn't afford.

Figure 23: Private rental market median rents per calendar month 2018 (Source: Valuation Office Agency private rental market statistics)

Local Authority	1 bedroom	2 bedroom	3 bedroom	4+ bedroom
BCP UA	£646	£822	£1,043	£1,558
DC UA	£568	£729	£883	£1,271
Combined Dorset	£616	£779	£949	£1,418
England	£615	£675	£760	£1,320

^{4.16} Figure 24 shows the real change in rents for a median 2-bedroom property, adjusted for inflation along with the percentage increase in rents between 2011-18. Whilst rents have increased by 8.9% across England in real terms, rents have risen in Dorset more slowly, averaging 3.5% after taking account of inflation. We would note that real incomes have largely been stagnant in this time period, so rents have become slightly more unaffordable relative to incomes.

Figure 24: Private rental market Median 2-bedroom rents per calendar month with the 2011 rents adjusted to 2018 values using Consumer Price Index (CPI) (Source: Valuation Office Agency private rental market statistics)

Local Authority	2011	2018	Change 2011-18
BCP UA	£788	£822	+4.3%
DC UA	£715	£729	+2.0%
Combined Dorset	£753	£779	+3.5%
England	£620	£675	+8.9%

Summary of housing costs and tenure

^{4.17} Dorset house prices remain lower in 2018 than they were at the peak of the market in 2007/08 after taking account of inflation. In terms of Dorset's private rental market, there has been little change in monthly rents across the county between 2011 and 2018. On this basis, it is reasonable to conclude that the number of new homes provided during this period was close to sufficient to meet the housing need in full, including needs arising from net migration to Combined Dorset. However, because real incomes were also stagnant, rents have become slightly less affordable, and the dwelling delivery will not have addressed any backlog in provision to meet the needs of current concealed households.




^{4.18} This is notably different to the position nationally, given that house prices nationally are higher in 2018 than they were at the peak of the market in 2007/08 after taking account of inflation. Similarly, private rents have been increasing nationally at a rate higher than inflation: 8.9% above inflation between 2011 and 2018.

5. Establishing Future Housing Need

Considering the homes that Dorset may have to plan for

- ^{5.1} Chapter 2 identified how previous housing provision had accommodated demographic change over the 10-year period 2008-2018 (Figure 5). When establishing future housing need, the Government's Planning Practice Guidance (PPG) makes clear that the starting point for this estimate should be projections of future demographic change.
- ^{5.2} Figure 25 sets out the key figures from the official ONS 2014-based sub-national population projections and associated MHCLG 2014-based household projections for Combined Dorset.




Figure 25: Projected change in population, households and dwellings from 2018 to 2028 (Source: ONS Mid-year Population Estimates, ONS Household Estimates, CLG Dwelling Stock Estimates)

					
2018	775,000 persons		341,000 households		362,000 dwellings
	Communal population 16.3K	Household residents 758K	Average household size 2.22 persons		20,500 dwellings vacant & second homes
2028	812,000 persons		365,000 households		387,000 dwellings
	Births less deaths -19.6K	Net migration +56.8K	Communal population 17.8K	Average size 2.23	22,000 dwellings vacant & second homes
Change	+37,200 persons		+23,600 households		+25,000 dwellings

- ^{5.3} Over the decade 2018-2028, the number of people living in Combined Dorset is projected to increase from 775,000 to 812,000 persons (an extra 37,000). There are projected to be 19,600 fewer births than deaths during the period, so once again all of the population growth is associated with net migration – an additional 56,800 persons over the period.
- ^{5.4} Considering future household formation, the projections suggest an additional 23,600 households, with the average number of people in each household remaining stable at 2.23 per household. Assuming no further change in the proportion of vacant and second homes yields an overall need for 25,000 dwellings to meet the objective for 2028.

^{5.5} Figure 26 compares the trends with the projections; where it is evident that the projected population growth is below recent trends, with similar gains from net migration over the period, but with a larger gap between the number of births and deaths. This generates a very similar resulting household growth (23,600 cf. 24,100); but the dwellings needed figure rises from 22,100 delivered in the period 2008-2018 to 25,000 needed in the period 2018-28. This apparent inconsistency is explained by the fall in vacant and second homes in the period 2008-2018, which is not projected to continue in to the future.

Figure 26: Comparing past trends and projected household growth (Source: ONS Mid-year Population Estimates, ONS Household Estimates, CLG Dwelling Stock Estimates)

			
Trend 2008-18	+47,300 persons	+26,000 households	+22,100 dwellings
	Births less deaths -11.8K	Net migration +56.8K	Communal population -3.0K
		Average size -0.024	-3,900 dwellings vacant & second homes
Projection 2018-28	+37,200 persons	+23,600 households	+25,000 dwellings
	Births less deaths -19.6K	Net migration +56.8K	Communal population +1.5K
		Average size +0.003	+1,500 dwellings vacant & second homes
Difference	-10,200 persons	-2,400 households	+5,400 dwellings

The Standard Method for Local Housing Need Assessment

^{5.6} The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that “Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need” but allowed for adjustment based on local factors: “The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.” Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need adjustments such as market signals uplift and alignment of jobs and workers based on local circumstances.

^{5.7} On 14 September 2017, the Department of Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals.

- » The starting point for calculating the LHN for any area should be the most up to date household projections published by CLG;
- » While, deviation from this starting point can be considered, the consultation proposals note that; There should be very limited grounds for adopting an alternative method which results in a lower need; and
- » The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of median house prices to median earnings. The maximum uplift for a local authority area will be whichever is the higher of 40% above its CLG household projections or 40% above the adopted Local plan housing target.

- ^{5.8} CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014 based household projections.
- ^{5.9} The Revised NPPF confirms that planning authorities should use the Standard Methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere. This is confirmed by PPG, which states:

When might it be appropriate to plan for a higher housing need figure than the Standard Method?

The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The Standard Method for assessing Local Housing Need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the Standard Method indicates.

This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to situations where increases in housing need are likely to exceed past trends because of:

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently-produced Strategic Housing Market Assessment) are significantly greater than the outcome from the Standard Method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.

Paragraph: 010 Reference ID: 2a-010-20190220

- ^{5.10} PPG also suggests that local planning authorities will need to calculate their Local Housing Need figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate.
- ^{5.11} The housing need figure may change as the inputs are variable and this should be taken into consideration. It may therefore be prudent to consider a number that is higher than the minimum LHN to provide a buffer against possible future changes when testing different alternatives while reviewing local plans.

Problems with the Standard Method for Local Housing Need Assessment

- ^{5.12} At the time of the consultation on the Standard Method for Local Housing Need in 2017, ORS produced a response to CLG which highlighted the issues with their chosen method. As a summary of our views, we noted the following issues:
- » The 2014 based household projections published by CLG provide the starting point for the proposed assessment. However, these projections have extreme levels of variability over time and are often spurious and unreliable at a local level;
 - » The CLG projections fundamentally rely on ONS population estimates for local areas, and Census data has routinely demonstrated that the estimates for many areas have been inaccurate in the past;
 - » The Standard Method approach to assessing Local Housing Need will not make the CLG household projections any more accurate at a local level. It simply ignores the problems and prevents the use of local evidence;
 - » A straightforward, standardised methodology for calculating objectively assessed housing needs cannot rely on the CLG household projection as a starting point if it is to avoid endless debate;
 - » The second part of the standardised methodology relies on a single measure of housing affordability, which yields an uplift to the household projection of up to 40% before it is capped;
 - » The affordability uplift is a very blunt tool designed to cover the uplift needed for vacant and second homes, those in care homes, concealed households, new employees needed in the area and additional dwellings required to reduce affordability pressure. It is not possible for it to address all these issues for all local authorities;
 - » It cannot be correct that almost 100 local planning authority areas yield an uplift that is greater than 40% (the level of the proposed cap). It would be reasonable to expect that any cap should only apply as an exception, and not a norm that affects almost a third of all areas; and
 - » An honest assessment of housing need cannot be influenced by the housing target in any previously adopted plan. The housing target is not intended to provide a measure of housing need, for it will take account of constraints and may include unmet need from other areas.

Changes to the Standard Method

^{5.13} Since the publication of the figures in September 2017 a range of new data has been released which allows for the calculation to be updated. This includes:

- » New affordability data released in March 2018;
- » New 2016-based sub-national population projections (SNPP) released in May 2018;
- » A new methodology for calculating household projections released by the Office for National Statistics in June 2018; and
- » New 2016-based household projections released in September 2018.

^{5.14} The national housing need produced using these new data is lower than previous estimates, falling below the Governments stated target of 300,000 dwelling per year. As a consequence, the Ministry for Housing, Communities and Local Government (MHCLG) consulted on changes to the Standard Method approach, and on 26 October 2018 published “Technical consultation on updates to national planning policy and guidance October 2018”.

^{5.15} At paragraph 19 of the document, MHCLG set out their planned changes to the Standard Method, explicitly stating that the lower housing numbers that are derived from application of the Standard Method to the ONS produced 2016-based household projections should not be used, and that these do not qualify as an exceptional circumstance to warrant deviation from the Standard Method outputs using the CLG 2014-based projections:

19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:

- » *1. For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of Local Housing Need.*
- » *2. To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the Standard Methodology; and*
- » *3. In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.*

^{5.16} Following on from this general context, the consultation asked the following specific questions:

Question 1

Do you agree that planning practice guidance should be amended to specify that 2014- based projections will provide the demographic baseline for the Standard Method for a time limited period?

Question 2

Do you agree with the proposed approach to not allowing 2016-based household projections to be used as a reason to justify lower housing need?

^{5.17} After considering the consultation responses received, the “Government response to the technical consultation on updates to national planning policy and guidance” was published on 19 February 2019.

- 5.18 Despite a majority of consultees disagreeing with the proposal at Question 1, the Government still considers that its proposed approach is the most appropriate in the short-term.

Government response to Question 1

Having taken the responses into account, the Government considers that its proposed approach to providing the demographic baseline for the Standard Method is the most appropriate approach for providing stability and certainty to the planning system in the short-term. This decision has been taken in the context that the Standard Method does not represent a mandatory target for local authorities to plan for, but the starting point for the planning process. Local planning authorities may decide that exceptional circumstances justify the use of an alternative method, but they will need to identify these reasons and can expect them to be tested by the Planning Inspectorate during the examination of their plans. Local authorities may also not be able to meet their identified housing need in full, for example because of land constraints (such as Green Belt) in their area and it may be that need is better met elsewhere. The proposed approach does not change this.

- 5.19 On this basis, it would appear that any deviation from the Standard Methodology should only be considered if exceptional circumstances can be demonstrated. Nevertheless, the revisions to PPG [ID 2a-015-20190220] clarify that an alternative approach that identifies a need higher than using the Standard Method will be considered sound, providing that it adequately reflects current and future demographic trends and market signals, given that it will have exceeded the minimum starting point. Any figure lower than that identified using the Standard Method will need to be justified through exceptional local circumstances.

- 5.20 The Government's response goes on to say:

Over the next 18 months we will review the formula and the way it is set using National Statistics data with a view to establish a new approach that balances the need for clarity, simplicity and transparency for local communities with the Government's aspirations for the housing market.

A key consideration of the Standard Method is to provide a degree of continuity between assessments of housing need over time. The changes to underlying assumptions in the population projections and methodological improvements to the household projections had led to significant variations in housing need at a local level, something that needs addressing in the short term.

- 5.21 The end of the 18-month period that the Government cites (August 2020) will be shortly after the release of the 2018-based Sub National Population Projections which were published in late March 2020, and likely to coincide with the publication of the associated 2018-based Household Projections, which are expected to be published on June 29th 2020. It was confirmed in March 2020 by the Secretary of State that a forthcoming Planning White Paper would also form the backdrop to a consultation on a new Standard Method for Local Housing Need, but there is no indication yet how this will be calculated or exactly when the consultation will start.
- 5.22 The Government has made it clear that it does not doubt the accuracy of the ONS 2016-based projections, as stated in the consultation: "the Government is clear that this does not mean that it doubts the methodological basis of the 2016-based household projections." (again from the Question 1 response).
- 5.23 However, in its response to Question 2, the Government has made it clear that the existence of the lower 2016-based projections is not a justification for a lower Local Housing Need assessment, despite further disagreement from respondents to the consultation.

Government response to Question 2

Taking into account these responses, the Government continues to think that the 2016- based household projections should not be used as a reason to justify lower housing need. We understand respondents' concerns about not using the latest evidence, but for the reasons set out in the consultation document we consider the consultation proposals to be the most appropriate approach in the short-term. We are specifying in planning guidance that using the 2016-based household projections will not be considered to be an exceptional circumstance that justifies identifying minimum need levels lower than those identified by the Standard Method.

- 5.24 It seems likely that the concerns about not using the latest evidence will ultimately be tested in the courts. Whilst there are some uncertainties about the new method for calculating household formation that ONS has introduced for the 2016-based household projections, the 2016-based sub national population projections are based on a method that is largely consistent with that used for the 2014-based population projection but using more up-to-date data and based on improved mid-year population estimates. As part of the 2016-based household projections publication, the ONS included an output which applied the previous CLG 2014-based household formation rates to the new 2016-based population projection (variant output 2) which provides up-to-date figures using the previous method.
- 5.25 It is also notable that the ONS published variant outputs for the 2016-based sub-national population projections in April 2019, and variants to the household projections in September 2019. It seems likely that comparable variant scenarios will be included as part of the 2018-based projections which will enable the Government to propose an alternative scenario when the Standard Method is fully revised.

Housing Delivery Test

- 5.26 In 2018, the government announced that they would be introducing a Housing Delivery Test for every local authority in England. This represents the housing supply side equivalent of the Standard Method for Local Housing Need, in that it would assess if the local authority was delivering enough homes to meet their housing need. It represents a test as to whether the local authority is delivering enough homes. This is despite local authorities lacking any tools, apart from allocating more land, to ensure that more homes are being built.
- 5.27 The Housing Delivery Test is a percentage measurement of the number of net homes delivered against the number of homes required, over a rolling three-year period. During a transition period which will continue until 2021, the calculation of the number of homes needed is a complex process based upon recent household projections, Local Plan housing targets and the Standard Method Local Housing Need depending upon the Local Plan status of the local authority. However, following the transition period it will eventually only be based upon the housing target in a Local Plan adopted in the past 5 years, or the Local Housing Need figures for those who do not have a Local Plan adopted in the past 5 years.
- 5.28 Therefore, if a local authority does not have a plan adopted in the previous 5 years, they will be expected to rely solely on their Local Housing Need figures to determine how many homes they should be delivering. ORS have successfully helped one local authority argue that this is not a rational policy because the Local Housing Need figure was not based on defensible evidence, but this did represent an exceptional circumstance⁵. Unless local authorities can show that their Local Housing Needs figures contain clear errors

⁵ Appeal A Ref: APP/P0240/W/18/3206495 Land west of New Road, Clifton SG17 5JH June 2019

which make them indefensible and therefore exceptional circumstances, they will be forced to rely upon them at both planning appeals and in their Local Plan.

- ^{5.29} Under the Housing Delivery Test, any authority who fails to deliver sufficient homes must take remedial action. For those who deliver under 85% of their identified need there is a requirement that they add a 20% buffer on their housing land supply, while those under 45% face the National Planning Policy Framework's presumption in favour of sustainable development. A presumption in favour of sustainable delivery means proposed developments should be granted planning permission unless their adverse impacts significantly and demonstrably outweigh their benefits. In practice this means that far more land can be considered for development and planning inspectors could be expected to approve sites at appeal which are not in accordance with the Local Plan, particularly in rural areas.
- ^{5.30} The Housing Delivery Test results 2019 were delayed due to the General Election, but were published in February 2020. Figure 27 shows the outcomes for Dorset and highlights that all authorities except for West Dorset and Weymouth and Portland had delivery rates below 85% of their target and are therefore required to demonstrate an additional 20% housing supply in their land supply calculations. While no authority in Dorset has seen a presumption in favour of sustainable development, it was considered in February 2020 that up to a third of all local authorities in England will fall in to this category without remedial action by 2021. However, as a result of the Covid 19 pandemic slowing the rate of dwelling delivery, it is possible that the majority of local authorities in England will fall in to the presumption in favour of sustainable category in 2021 unless the rules are adjusted.

Figure 27: Housing Delivery Test Results 2019 (Source: MHCLG)

Area name	Total number of homes required	Total number of homes delivered	Housing Delivery Test: 2019 measurement	Housing Delivery Test: 2019 consequence
Bournemouth	3,064	2,010	66%	Buffer
North Dorset	741	524	71%	Buffer
Poole	1,710	1,270	74%	Buffer
Purbeck	411	286	70%	Buffer
Christchurch; East Dorset	1,606	1,317	82%	Buffer
West Dorset; Weymouth & Portland	1,872	2,330	124%	None

Local Housing Need for Dorset Using the Standard Method

- ^{5.31} Figure 28 sets out the uncapped housing need based on the Government's Standard Methodology for each local authority. This uses 2018 affordability data because from 2019 onwards the data is only published for the combined authorities. We have chosen the uncapped figures because if they are not met within plans the government expects that the plan will be subject to an early review. This does not consider the plausibility of the MHCLG 2014-based household projections or the Standard Method as a robust basis for each area in Dorset; however, it will be irrelevant whether the projections or method are robust unless they are challenged as an appropriate basis for identifying housing need through the plan-making process.
- ^{5.32} We have included the annual rate of housing growth generated by the uncapped Standard Method for each local authority. For comparison, the England wide figures give a growth of 1.24% of the dwelling stock per annum and the South West figures show an average growth of 1.08% per annum. Therefore, the figures for BCP UA are well above the national and South West average.

Figure 28: Annual housing need based on the Standard Methodology for former Dorset LPAs without caps (Source: CLG and ONS Population and Household Projections and ONS Affordability Data)

Local Planning Authority	MHCLG 2014-based household projections 2020-30	ONS median workplace affordability ratio 2018	Affordability uplift	Annual housing need based on Standard Methodology (uncapped) 2020-2030	Annual percentage growth
BCP UA					
Bournemouth	1,114	8.44	28%	1,426	1.59%
Christchurch	254	12.95	56%	396	1.65%
Poole	608	9.28	33%	809	1.18%
BCP UA sub-total	1,975	-	-	2,631	1.44%
DC UA					
East Dorset	321	12	50%	482	1.20%
North Dorset	264	9.39	34%	354	1.11%
Purbeck	131	9.94	37%	179	0.78%
West Dorset	396	11.03	44%	570	1.09%
Weymouth	188	8.7	29%	243	0.75%
DC UA sub-total	1,301	-	-	1,827	1.02%
Combined Dorset Total	3,276	-	-	4,458	1.22%

^{5.33} To test the robustness of the current Standard Method numbers, in Figure 29 we have re-run the calculation using the ONS 2016 based household projections. While the government have explicitly said not to use this data, they have also acknowledged that they are the most recent and robust household projections so there are clear questions around the rationality of this statement.

^{5.34} The ONS 2016 based household projections shows a much lower rate of growth in housing need, with an overall total of 3,341 dwellings across Combined Dorset.

Figure 29: Annual housing need based on the Standard Methodology for former Dorset LPAs without caps using 2016 based household projections (Source: CLG and ONS Population and Household Projections and ONS Affordability Data)

Local Planning Authority	ONS 2016-based household projections 2020-2030	ONS median workplace affordability ratio 2018	Affordability uplift	Annual housing need based on Standard Methodology (uncapped) 2020-2030 Using 2016 based projections	Annual percentage growth
BCP UA					
Bournemouth	714	8.44	28%	914	1.02%
Christchurch	198	12.95	56%	309	1.29%
Poole	362	9.28	33%	481	0.70%
BCP UA sub-total	1,274	-	-	1,704	0.93%
DC UA					
East Dorset	271	12	50%	407	1.02%

Local Planning Authority	ONS 2016-based household projections 2020-2030	ONS median workplace affordability ratio 2018	Affordability uplift	Annual housing need based on Standard Methodology (uncapped) 2020-2030 Using 2016 based projections	Annual percentage growth
North Dorset	232	9.39	34%	311	0.98%
Purbeck	117	9.94	37%	160	0.70%
West Dorset	356	11.03	44%	513	0.99%
Weymouth	191	8.7	29%	246	0.76%
DC UA sub-total	1,167	-	-	1,637	0.91%
Combined Dorset Total	2,442	-	-	3,341	0.92%

^{5.35} In March 2020, the ONS published new 2018 based sub-national population projections for every local authority in England. At this stage these are only the population projections, not the household projections which are expected to be published on June 29th 2020. To make an estimate of the effect of the new population projections on the projected household growth in Dorset we have used the 2016 based HRRs and combined this with the 2018 based population projection. Figure 30 shows that since the 2014 based household projections, the data for BCP UA has fallen by 61%, which in turn would generate a Local Housing Need figure for the authority of just over 1,000 dwellings per annum. This figure may be too low for BCP UA and fail to support the local economic aspirations, but it does indicate the underlying issues with the Standard Method. The figures for Dorset Council have risen in the 2018 based data, but the overall figures for Combined Dorset are down considerably.

Figure 30: Annual projected household growth for Dorset (Source: CLG and ONS Population and Household Projections)

Local Planning Authority	CLG 2014-based household projections 2020-2030	ONS 2016-based household projections 2020-2030	ONS 2018-based population projections with 2016 based ONS HRR 2020-2030
BCP UA	1,975	1,274	767
DC UA	1,301	1,167	1,369
Combined Dorset	3,276	2,442	2,136

^{5.36} For comparison, housing targets, delivery, and MHCLG assessed need for each local planning authority are brought together below based on the tables earlier in this report:

Figure 31: Comparison of housing targets and delivery for Dorset Local Planning Authorities (Sources: Local Planning Authority Local Plans and Annual Monitoring Reports (AMR), or equivalent monitoring documents), and; Standard Methodology for Dorset) (NOTE: the Local Plans and AMRs for each authority cover different time periods as shown in Figure 3 and Figure 4)

Local Planning Authority	Delivery - Annual Monitoring Reports (AMR) (Annual average)	Local Plans Housing Targets - set following existing guidance (Annual average)	Housing need based on MHCLG methodology	
			Annual housing need based on Standard Methodology (uncapped) 2019-2029 using 2014 based projections	Annual housing need based on Standard Methodology (uncapped) 2019-2029 Using 2016 based projections
BCP UA				
Bournemouth	683	720	1,426	914
Christchurch*	183	210	396	309
Poole	337	710	809	481
BCP UA sub-total	1,203	1,640	2,631	1,704
DORSET COUNCIL				0
East Dorset*	183	210	482	407
North Dorset	206	285	354	311
Purbeck	133	120	179	160
West Dorset	394	775	570	513
Weymouth and Portland	174		243	246
DC UA Council sub-total	1,090	1,390	1,827	1,637
Combined Dorset Total	2,283	3,030	4,458	3,341

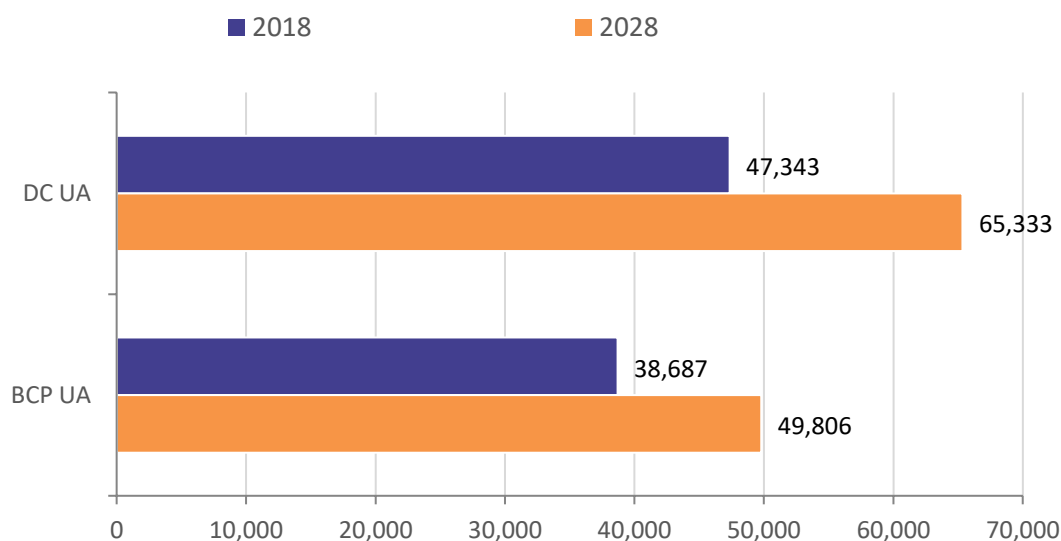
- 5.37 When considering Dorset's future housing needs, it is right to take account of likely changes to the population including the impact of established trends. It is necessary to plan for an increased population and reductions to average household sizes. However, there is no justification for inflating the rates of net migration or assuming that the reduction in average household sizes will accelerate, and the local market signals do not justify any significant further adjustments.

Needs of specific population groups

- 5.38 There are four specific population groups who will affect the amount and type of housing required in parts of Dorset; older people, wheelchair users and people with mobility problems, students and young families.

Older people

- 5.39 The ONS 2016-based sub national population projections project that the population aged 75 and over in Dorset will rise from 86,000 in 2018 to 115,100 in 2038; an increase of 29,100.

Figure 32: Dorset districts population aged 75+ in 2018 and 2028 (Source: Sub National Population Projections 2016)

^{5.40} The Housing Learning and Improvement Network (LIN) published *“More Choice, Greater Voice: a toolkit for producing a strategy for accommodation with care for older people”*⁶ in February 2008; and subsequently published the *“Strategic Housing for Older People (SHOP)”*⁷ resource pack in December 2011. Both the toolkit and the resource pack provide standardised rates for estimating the demand for a range of specialist older person housing products, based on the population aged 75 or over.

^{5.41} The LIN figures represent national rates and should be treated with caution for any local authority but give an indication of the amount of specialist housing required for older people, including Leasehold Schemes for the Elderly (LSE), conventional sheltered housing, extra care housing and housing for people with dementia.

^{5.42} In total the LIN models suggest that between 180 and 250 units of specialist accommodation are required for every 1,000 persons aged 75+. Based on these rates, an increase of 29,100 in the 75+ population of Dorset would require between 5,200 and 7,300 additional units of specialist accommodation.

^{5.43} Building specialist accommodation for older people has the important advantage that many single older people who move there will release a family home to the market or affordable rent. However, it is essential that specialist accommodation is attractive to older people and well located, particularly to older home owners, to encourage them to move from their existing homes.

Wheelchair users and people with mobility problems

^{5.44} The English Housing Survey (EHS) 2015/16 provides useful figures at an English national level, some of which can be applied at a local level to give indicative figures where no local figures are available. The EHS identified that around 814,000 (4%) of households in England included a wheelchair user in 2014. Around 210,000 of these households (26%) contained someone who used a wheelchair all the time, 84,000 households (10%) had someone who only used their wheelchair when indoors and the remaining 521,000 households (64%) only used a wheelchair outside the home (EHS paragraph 2.33). While these figures are for England and

⁶ http://www.housinglin.org.uk/library/Resources/Housing/Support_materials/Reports/MCGVdocument.pdf

⁷ <http://www.housinglin.org.uk/library/Resources/Housing/SHOP/SHOPResourcePack.pdf>

individual local authorities would need a bespoke analysis of the need, it is likely that somewhere between 25% and 35% of households including a wheelchair user will include a wheelchair user who uses their chair in the home. This suggests that between 1.0% and 1.5% of all households will include a wheelchair user who uses their chair in the home.

- ^{5.45} Part M of the building regulations requires new housing to be built with standards that enable disabled people, particularly wheelchair users and those with mobility problems, to visit a dwelling and have access to ground floor living space and a toilet.

Students

- ^{5.46} The University of Bournemouth has 17,000 students. Students are usually accommodated in Purpose Built Student Accommodation (PBSA) or in shared rented housing which is not then available for a family. Universities and local authorities often see PBSA as a preferable alternative to students renting houses that are effectively removed from the general housing stock while they are student lets. When planned carefully, PBSA can be used to build to high densities on brownfield sites in urban areas where families may not wish to live, such as in city centres.
- ^{5.47} There are two important points about student accommodation. Firstly, building PBSA reduces the number of students looking for rented houses. Secondly, though student accommodation is almost entirely a city phenomenon, unless there are sufficient rented properties, then some families will need to move out to cheaper rural areas if they cannot afford to rent in the cities.

Young families

- ^{5.48} It is clear from Figure 13 that there is a net out-migration from Combined Dorset among the 20-29 age group, which contrasts with the net in-migration of people aged 30 and over. While many out migrants aged 20-29 will be students and single people looking for work, it is equally possible that the figures indicate some movement out of the County by young families.
- ^{5.49} At the same time, it is likely that the flow of families with parents aged 30 or over is into Combined Dorset. While it is impossible to quantify the extent of movement by families with parents aged 20-29, there appears to be a pressure on this group to migrate. Suitable housing for this group needs to be affordable and practicable, such as being reasonably close to schools, along with other criteria. Older households dissolving will release some family housing, but that may not be in the right position, or affordable. Another option is for councils to maintain existing policies which encourage the supply of appropriate housing for young families in areas which suit their needs or adopt such policies where they do not exist already.

Table of Figures

Figure 1: Dorset, showing local authority boundaries	9
Figure 2: Establishing the overall housing need (Objectively Assessed Need – OAN)	11
Figure 3: Housing targets for Dorset Local Planning Authorities produced under the existing published guidance	13
Figure 4: Number of dwellings built in Dorset Local Authorities (Source: Local Planning Authority Annual Monitoring Reports (AMR), or equivalent monitoring documents) Note: Dates covered differ due to the availability of published AMRs	14
Figure 5: Change in population, households and dwellings from 2008 to 2018 (Source: ONS Mid-year Population Estimates, ONS Household Estimates, CLG Dwelling Stock Estimates)	16
Figure 6: Drivers of household growth in Combined Dorset 2008-2018 (Source: ONS Mid-year Population Estimates, ONS Household Estimates)	18
Figure 7: New dwellings completed in Dorset Local Authorities 2008-2018 (Source: MHCLG Live tables on house building: new build dwellings, Table 253).....	19
Figure 8: Percentage of dwellings built on Greenfield and Brownfield Sites (Source: Local Planning Authority Annual Monitoring Reports (AMR), or equivalent monitoring documents) Note: “ - “implies that no data was found	19
Figure 9: Proportion of vacant dwellings (Source: Census 2001 and 2011).....	20
Figure 10: Proportion of Dwellings Classed as Second Homes in Dorset 2009-2019 (Source: Ministry of Housing, Communities and Local Government Council Tax Base).....	20
Figure 11: Number of Long-term Vacant Dwellings in Dorset 2008-2018 (Source: Ministry of Housing, Communities and Local Government Council Tax Base Table LT_615).....	21
Figure 12: Percentage of Long-term Vacant Dwellings in Dorset and England 2018 (Source: Ministry of Housing, Communities and Local Government Council Tax Base Table LT_615).....	21
Figure 13: Net migration to and from Combined Dorset between 2008-2018 (Source: Office for National Statistics Mid Year Population Estimates)	22
Figure 14: Net 10-year migration of persons aged 15-24 (Source: Office for National Statistics Internal migration; detailed estimates by origin and destination local authorities, sex and single year of age)	23
Figure 15: Net 10-year migration of persons aged 25 to 54 (Source: Office for National Statistics Internal migration - Detailed estimates by origin and destination local authorities, sex and single year of age).....	24
Figure 16: Net 10-year migration of persons aged 55+ (Source: Office for National Statistics Internal migration - Detailed estimates by origin and destination local authorities, sex and single year of age).....	25
Figure 17: Real house prices comparing median prices in 2019 to the peak to trough prices following the financial crisis (Source: ONS; Bank of England. Note: all prices adjusted to 2019 values using Consumer Price Index)	26
Figure 18: Comparison of median prices paid in lower-layer super output areas (LSOA) for the year ending June 2019 (Source: ONS).....	27
Figure 19: Overall median house price compared with newbuild median and lower quartile house price 2019 by district (Source: ONS. Note: Figures derived using population weighted average of Local Authority data)	28
Figure 20: Ratio of Lower Quartile House Price to Lower Quartile Residence-Based Earnings (Source: Office for National Statistics (ONS). Note: Dorset figure derived using population weighted average of Local Authority data)	29
Figure 21: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)	30

Figure 22: Percentage of Households by Tenure 1981-2011 (Source: UK Census of Population).....	30
Figure 23: Private rental market median rents per calendar month 2018 (Source: Valuation Office Agency private rental market statistics)	31
Figure 24: Private rental market Median 2-bedroom rents per calendar month with the 2011 rents adjusted to 2018 values using Consumer Price Index (CPI) (Source: Valuation Office Agency private rental market statistics)	31
Figure 25: Projected change in population, households and dwellings from 2018 to 2028 (Source: ONS Mid-year Population Estimates, ONS Household Estimates, CLG Dwelling Stock Estimates).....	32
Figure 26: Comparing past trends and projected household growth (Source: ONS Mid-year Population Estimates, ONS Household Estimates, CLG Dwelling Stock Estimates)	33
Figure 27: Housing Delivery Test Results 2019 (Source: MHCLG)	39
Figure 28: Annual housing need based on the Standard Methodology for former Dorset LPAs without caps (Source: CLG and ONS Population and Household Projections and ONS Affordability Data).....	40
Figure 29: Annual housing need based on the Standard Methodology for former Dorset LPAs without caps using 2016 based household projections (Source: CLG and ONS Population and Household Projections and ONS Affordability Data)	40
Figure 30: Annual projected household growth for Dorset (Source: CLG and ONS Population and Household Projections)	41
Figure 31: Comparison of housing targets and delivery for Dorset Local Planning Authorities (Sources: Local Planning Authority Local Plans and Annual Monitoring Reports (AMR), or equivalent monitoring documents), and; Standard Methodology for Dorset) (NOTE: the Local Plans and AMRs for each authority cover different time periods as shown in Figure 3 and Figure 4).....	42
Figure 32: Dorset districts population aged 75+ in 2018 and 2028 (Source: Sub National Population Projections 2016).....	43

Glossary of Terms

Glossary of Terms

Definitions

Affordability is a measure of whether housing may be afforded by certain groups of households.

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2018, which specifies the main categories of affordable housing to be: affordable housing for rent; starter homes; discounted market sales housing (sold at a discount of at least 20% below market value); shared ownership, relevant equity loans, other low cost homes for sale and rent to buy.

Category 2 and 3 are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the SHMA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

Census Output Area is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

Concealed families are defined as; *“family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”*⁸.

Dwelling in the 2011 Census is defined as a unit of accommodation which may comprise one or more household spaces (a household space is the accommodation used or available for use by an individual household). A dwelling may be classified as shared or unshared. A dwelling is shared if:

- » the household spaces it contains have the accommodation type “part of a converted or shared house”,
- » not all of the rooms (including kitchen, bathroom and toilet, if any) are behind a door that only that household can use, and
- » there is at least one other such household space at the same address with which it can be combined to form the shared dwelling.

Dwellings that do not meet these conditions are unshared dwellings.

Equity is the difference between the selling price of a house and the value of the outstanding mortgage.

Headship rates are defined by CLG as: *“the proportion of people in each age group and household type who are the ‘head’ of a household”*⁹

⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf

⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf

A household is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

Household formation refers to the process whereby individuals in the population form separate households. 'Gross' or 'new' household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting 'successor' households, when the former head of household dies or departs). 'Net' household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

A Housing Association or Registered Provider is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

Housing demand is the quantity of housing that households are willing and able to buy or rent.

Household income includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

Housing market areas are geographical areas in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay.

Housing need is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

Housing requirements encompasses both housing demand and housing need, and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

Housing type refers to the type of dwelling, for example, flat, house, specialist accommodation.

Intermediate affordable housing is housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

Lending multiplier is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

Low cost home ownership or Shared ownership is intermediate affordable housing designed to help people who wish to buy their own home, but cannot afford to buy outright (with a mortgage). Through this type of scheme you buy a share in the property with a Housing Association or other organisation.

Lower quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

Lower Super Output Area is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

Market housing is private housing for rent or for sale, where the price is set in the open market.

Market signals are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

Migration is the movement of people between geographical areas. In this context it could be either local authority districts, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

Registered Social Landlord/Registered Provider see Housing Association.

Secondary data is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

Shared ownership see Low Cost Home Ownership.

Social rented housing is provided by social landlords and rented for less than would be paid if renting privately.

Specialised housing refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).