

# **North East Wales Housing Market Assessment**

Executive Summary

**March 2008**

## Executive Summary

GVA Grimley Ltd were commissioned alongside the University of Bangor by the Partnership of Flintshire and Denbighshire County Councils and Wrexham County Borough Council to undertake a joint Local Housing Market Assessment (LHMA) to broadly cover the administrative areas of the Partnership Councils.

The purpose of the study is to inform Local Authority Housing Strategies and Development Plans (UDP/LDP) for 2007.

This is the first HMA to be undertaken across the three authorities which make up North East Wales. The analysis of housing market areas clearly identified that this study area forms a functional housing market area reinforcing the need for continued joint working between the authorities.

Given the close spatial relationships between the three authorities defined as the Core Study Area it is the recommendation of this report that the authorities consider developing complementary housing policy through their respective planning policy frameworks. The production of this HMA has ensured that the three Housing Strategies being produced by the authorities all share a joint evidence base and on this basis are therefore complementary in their content. In the medium to long term there may be potential to undertake a closer partnership approach to policy on key issues such as housing supply and distribution and potentially to develop joint Housing Policy/Strategy.

However, the research has also reinforced the significant relationships with bordering authorities creating adjacency issues with Chester and Ellesmere Port in the east and Conwy in the West. Consideration has therefore been given throughout the assessment to these adjacency issues and the implications they will have for future policy development.

The HMA is structured to answer five key questions for the North East Wales Housing Market:

- **Where are we now?** – A clear understanding of the current housing market has been presented along with an identification of inherent challenges and distinct characteristics based on a robust analysis of the evidence base;
- **How did we get here?** – Identification of the current and future drivers of change within the housing market using analysis of past trends impacting on the housing market;

- **Where are we going?** – Assessment of the key strategic drivers of change within the housing market to identify a likely future trajectory of change and the development of the key characteristics/nature of the projected housing market forward up to 2021;
- **What are the implications?** – A clear identification of the likely broad future scale, type and location of housing demand; and
- **How do we get there?** – Recommendations regarding the best way to meet these challenges and the required changes to ensure that the objectives of housing and planning policy are achieved.

## Where are we now?

The HMA has used a range of socio-economic, housing and market indicators to profile the current operation of the housing market and its distinguishing features.

The Core Study Area is made up of 376,700 people and the total dwelling stock comprises 158,441 dwellings.

The housing market has been consistently strong across the three authorities with marked house price increases over the last five years. In line with the national market house prices within the Core Study Area have risen exponentially over recent years, the average house price within the area has risen from £74,753 to £155,032 between 2001 and 2006<sup>1</sup>.

This has followed wider national trends but has also been driven through market pressures exerted from across the border in particular in relation to the housing market in Chester. This high level of demand is reflected in low levels of vacancy across all three authorities leaving limited capacity to absorb new and additional demand using existing stock.

In terms of the physical stock of housing the tenure composition reveals 82% private sector housing and almost 18% social housing, although this masks distinctions between the three authorities and settlement areas. Within this, there is a strong reliance on local authorities to house social occupiers, with over 14% of total stock made up by local authority property, as compared to just under 4% being registered social landlords. This is particularly acute in Wrexham, where over 21% of all stock is local authority managed.

Overall the existing housing stock within the Core Study Area represents a relatively balanced offer, although there is an above average level of detached and semi-detached houses as

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<sup>1</sup> Overall average prices rises taken from quarter 4 (Land Registry)

compared to Wales and England, and a below average proportion of terraced and flats/maisonettes set against Wales and England averages<sup>2</sup>. Recent developments have not contributed to re-addressing this balance with the new build stock profile skewed towards the delivery of medium sized family properties (e.g. 3-bed mews or semi-detached properties). However, pressure to deliver higher densities and meet new emerging demands has led to the development of new products in for example Wrexham town centre, where town centre flatted developments have started to be seen with a pipeline also planned for the future.

## How did we get here?

A number of key drivers have been identified through a detailed assessment of the current housing market which have impacted on its evolution and will continue to impact on future housing requirements.

The HMA has highlighted that the authorities have experienced an unprecedented period of growth over recent years driven in the major part by high levels of migration. This trend of growth and the pace at which it has occurred needs to be understood in the context of North Wales' wider labour force and housing relationships. In order to fully understand these relationships and their implications on the current level of housing demand and indeed the future level of demand for the Core Study Area it is necessary to accept that:

- North East Wales is not a self-contained economy. Over time it has developed strong labour force and business links with neighbouring authorities and in particular the City of Chester, Ellesmere Port and Neston and part of Wirral
- These related areas have emerged as strong economic drivers in the North West economy and inter alia of great importance to North East Wales
- This economic growth has contributed to increasing household demand, rising house prices and increasing competition for housing
- Over time this has extended demand for housing over a wider area with commuting patterns increasing between North East Wales authorities and those bordering the area

These drivers are explored in more detail broken down under a number of specific sub-headings below.

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<sup>2</sup> Proportions calculated from 2001 Census

### *Demographic Drivers*

The populations of all three authorities have grown over the last 20 years, with the Core Study Area witnessing an increase in population of 8.7% between 1985 and 2005 with migration playing a major role in this growth over this time period. This has been driven in part by pressure from the overheating housing market in Chester.

Alongside this the age structure of the population has changed over recent years with the three areas witnessing growing working age and elderly populations.

Changing demography, increased rates of household dissolution and changing lifestyle aspirations have also led to changing trends in household sizes, with the average household size having fallen notably over recent years therefore contributing significantly to an increased demand for housing.

### *Economic Drivers*

All three authorities have witnessed a period of employment growth with the most obvious drivers being Manufacturing, 'Tourism' (or hotels, distribution and restaurants) and the public sector. This has led to a significant drop in unemployment with the economy almost reaching full employment.

Despite this growth trend, the structure of the sub-regional economy is skewed towards manufacturing sectors, which are exposed to increasing globally competitive pressures. Manufacturing employment is under increasing pressure within the UK, the impact of which has been evidenced through falling employment levels within these sectors in the Core Study Area and recent job losses in major employers in Wales.

### *Housing Demand Drivers*

The analysis indicated that all three authorities are undergoing a period of transition with new service sector jobs replacing employment losses in traditional manufacturing sectors. This changing employment structure has also had implications with regard to the levels of income and the ability to purchase housing shown by households within the authorities in relation to the rise in house price rises. The relative level of income change against house price change has led to a notable gap calculated through an affordability ratio using these two indicators.

The analysis within the HMA has shown that all three authorities have seen affordability issues becoming a problem for an increasing number of households. Average income to price ratios

in the authorities range from 4.3 in Flintshire to 4.7 in Denbighshire based on lower quartile house prices and median income<sup>3</sup>. This has significant implications for First Time Buyers and other households looking to purchase housing who do not have existing levels of equity, leading in turn to increasing pressure on other housing tenures. It is important to note that this is a national trend but that the ratios recorded in the Core Study Area are of notable concern when benchmarked against other authorities in the north of England.

### *Housing Supply Drivers*

On average 785 private sector units have been delivered each year between 2000 – 2004, with levels growing year-on-year since 2001. However, market evidence suggests that the new supply of stock has been heavily dominated over recent years by developments of 3-4 bedroom housing. Flintshire has also seen a lack of large-scale development in the last few years as a result of the current status of its UDP, which remains un-adopted and is currently undergoing a Planning Enquiry.

A falling quantum of social rented stock has impacted on the balance of housing choice available to households, with this trend identifiable across all three authorities. This has been driven by Right To Buys and a notable lack of development activity to replace stock lost. Between 2000 and 2004<sup>4</sup> there were 3,392 local authority Right To Buy sales in all three core authorities. In contrast there were 307 affordable units developed directly by registered social landlords in the same period and no units developed by local authorities this has further compounded the rising level of housing need driven by house price rises which have outstripped increases in salary.

## **Where are we going and what are the implications?**

A detailed assessment of the likely requirements of future housing provision has been undertaken taking into account the major drivers identified and summarised in answering the preceding questions. These drivers are closely related to those which have driven the housing market historically and the most up-to-date projections for demographic and economic drivers have been used to explore a range of scenarios generating additional pressure on the housing market.

Examining the drivers behind the current housing market it is clear that this Core Study Area has played an important role in the economic growth of the sub-region through the provision of

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<sup>3</sup> Sourced from CACI Paycheck data

<sup>4</sup> Figures represent the latest recorded Welsh Housing Statistics

new housing to meet emerging economic and associated housing demand in the Wider Reference Area which includes authorities in England, in particular Chester.

This has been reflected in high levels of migration into each of the authorities over the last five years fuelling high levels of demand for housing which has been matched through high levels of completions.

In forecasting future housing requirements the analysis within the HMA has identified that a number of factors are likely to change these relationships and therefore potentially the role of the Core Study Area in the future. These factors are listed below and will have been identified as critical in assessing the likely quantum/type/tenure of housing within the Core Study Area in the future:

- A narrowing of the house price gap in those areas bordering English authorities;
- Generation of increased employment opportunities in Denbighshire;
- A pipeline of speculative economic development projects which will continue to enhance local employment opportunities;
- A changing policy environment within the bordering English authorities with higher rates of housing permitted under the draft RSS;
- Increasing commitment to boosting the supply of new housing in English authorities<sup>5</sup>;
- A forecast decrease in household size;
- The increasing importance of international migration; but
- Relatively stable patterns of natural change.

The inter-relationship between these factors will be key to levels of demand for housing in the Core Study Area in the future. The increased supply of housing in the bordering English authorities and the narrowing of the price differential could lead to a reduction in migration of households into the Core Study Area which coupled with a forecast stable level of natural population change would lead to a level of demand which is lower than that witnessed over the last five years. However, this will not happen quickly with a notable lag-time likely to be witnessed. A number of the other factors could also offset the impact of this reduced demand on recent levels including the strengthening of local economies, falling household size and the continued attraction of international economic migrant workers to the area.

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<sup>5</sup> 'Housing Green Paper – Homes for the future: more affordable more sustainable' CLG – July 2007

### *Future Quantum of Housing Required*

A range of scenarios regarding future housing requirements have been explored in Section 10. This analysis concluded that for the above reasons caution needs to be applied in the use of trend data from the last five years to forecast future demand, i.e. planning at levels of growth witnessed over recent years. However, despite this assertion it is anticipated that these drivers will take time to impact on the level of household demand – in the short term demand is likely to remain high. In particular demand for affordable housing is likely to remain at the forefront of the policy agenda and increasing the stock of affordable products is key to maintaining a balanced housing market and facilitating economic growth.

Therefore it is recommended that over the plan period the authorities jointly plan to deliver future growth which is informed by longer term trends in household growth but importantly ensures that policy takes into account the fact that demand is likely to remain high over the next few years. Extending the analysis of previous rates of growth beyond the last five years reveals a more moderate rate of increase, at which it is appropriate to plan over the forthcoming period. This therefore projects a moderated level of growth which takes into account the factors outlined above which are likely to affect demand within the Core Study Area.

The following housing requirements are presented in Section 10 and have been agreed by the authorities in North East Wales as part of a wider process which has run alongside the production of this HMA.

Figure i: Proposed annual requirements

	<b>Annual requirement</b>	<b>Requirement 2003 - 2020 (17 years)</b>
Denbighshire	425	7225
Flintshire	480	8160
Wrexham	420	7140
Core Study Area	1325	22525

Source: Annual requirement figures sourced from the North Wales Local Planning Authorities Discussion Paper – May 2007

The analysis within the HMA has reinforced the arguments for planning at this projected rate of growth however, a number of other scenarios have also been explored and should be given consideration in developing a responsive planning framework. As this HMA has sought to illustrate housing markets and the local economy are dynamic and by their nature require careful monitoring in order to track their development and inter-relationship. Given the pipeline

of major economic development projects that is recorded, the future impacts of economic growth need to be monitored and this information disseminated to influence policy.

### *Locating Housing*

Section 12 identified a number of sub-markets based on travel to work and migration patterns. These provide a further refinement in terms of identifying the way in which policy should respond to delivering the housing numbers identified through the HMA.

The key distinctions between the sub-markets suggest that they are likely to be affected in differing ways by the changing housing market and require different policy approaches to deal with their key issues in order to deliver balanced and sustainable housing markets.

Significant levels of future housing requirements are proposed within the authorities. In Denbighshire and Flintshire rates of building are likely to be increased in order to meet these targets. The capacity section has reviewed the location of existing potential sites to deliver this new supply of housing within each of the authorities; however, consideration needs to be given to the location of future housing both in relation to the existing capacity and future new sites.

The map of extant planning permissions in section 11 clearly shows that there is a significant pipeline of housing development in and around Wrexham town centre stretching along the A541 up towards Flintshire and therefore falling within the Wrexham sub-market. There is an absence of other large clusters within the other authorities although there are a significant number of smaller pipeline housing developments within the Deeside, Chester sub-market area.

These two sub-market areas include employment hubs and also both have very good linkages to Chester (another significant employment hub) via the A483 and the A55. This reinforces the location of significant proportions of the future housing requirements within these areas ensuring that housing is delivered in close proximity to employment. It is important however, that good quality employment sites are not compromised along these routes as this transport network and the proximity to Chester represents the best strategic locations for developing new office space to assist in the future economic growth of the area.

Significant employment is forecast in Denbighshire and the major employment hubs and infrastructure are located within the North Denbighshire sub-market. This area is well connected to other elements of the Core Study Area and Conwy by the A55. Preference

should therefore be given to locating housing within those areas where connections are strong and where sustainable links can be created to employment opportunities.

A key element of supplying new housing is looking to alleviate affordability issues which have been identified as a problem across much of the authorities (Section 9 and Appendix 1) Consideration therefore needs to be given in distributing future housing growth to ensuring that the supply of housing addresses this issue, with this including the need for new housing in the more rural sub-markets.

#### *Tenure of Housing Required in the Future*

The analysis undertaken within this HMA has reinforced the assertion that there is a significant undersupply of affordable housing within the core study area and each of the constituent authorities given the recent increases in house prices, the reduction in the amount of available social rented housing and the current lack of development activity to bring forward new affordable (including intermediate) housing.

House prices have led to the rapid rise in all levels of the housing market with even those properties which in the past would have been considered as entry level properties now recording prices which are beyond the reach of those on low income or lacking existing equity.

Affordability for indigenous households and first time buyers remains one of the biggest delivery challenges for all three authorities. The housing needs work considered as part of this study shows marked differences between local income levels and house prices. There is a significant unmet housing need within the Core Study Area and a mismatch between supply and demand. The following wards are identified through the analysis as having particularly high income to house price ratios:

- Denbighshire – Ruthin, St. Asaph West, Trefnant
- Flintshire – Saltney Mold Junction, Saltney Stonebridge, Mold West
- Wrexham – Acton, Cartrefle, Queensway

The analysis has also indicated that more affordable housing will be required in the future as the economic circumstances of households change. Future changes in occupation (and therefore income) are likely to result in the following proportions of new households requiring affordable housing in the future. These should be treated as maximum thresholds as they

necessarily hold equity constant<sup>6</sup> and provide an important indication of the future level of affordable housing sought through policy.

Figure ii: Tenure – Net additional demand 2003-2021

Authority	% of new households likely to require affordable housing 2003 - 2021 (Social Rented/ Intermediate)
Denbighshire	59%
Flintshire	38%
Wrexham	27%

Source: GVA Grimley, 2007

The relatively low levels of social rented stock within Flintshire and Denbighshire and the high demand for stock and increasing affordability issues associated with house prices and shifts in the economic structure means that there is a clear need to develop further social rented housing to meet demand in the future. Within Wrexham emphasis should be placed on delivering intermediate housing to provide greater choice of affordable housing options and looking to adapt low demand social rented properties and align with future requirements.

Assessing the different benchmarks for entry into different tenures and the spread of household incomes has suggested that where intermediate housing is developed it is important that it offers **significant discount** against market value. This is supported by the income profile and the ratios of affordability which suggest that simply reducing the value of market housing by a small percentage will not make it affordable to newly forming households. The methodology undertaken to establish benchmarks into certain tenures should be considered when new housing developments are proposed and the level and type of affordable housing provided reflective of the level of need established<sup>7</sup>.

The following table shows a headline assessment of the level of finance which could be reasonably expected to be raised against average household income levels for each of the authorities to serve as an example of the approach noted above. These represent average incomes and the analysis within Sections 7 and 9 and Appendix 1 has refined this to show the differing spread of incomes and indeed the spatial differentiation across the Core Study Area

<sup>6</sup> At the current time there is not a reliable estimate of private equity in property, disaggregated by occupational groupings. It is therefore necessary to hold equity levels constant.

<sup>7</sup> This should recognise through an assessment of the local level of household income (CACI data as analysed in Section 7 goes down to 6 digit postcode level) that housing costs should not represent more than 25% of overall household income e.g. interest only mortgage repayment or rent should not exceed this level. Relative levels of mortgage lending available to households should be considered i.e. around 3.5x income to provide a robust assessment of whether proposed housing is affordable or not.

with a significant proportion of households identified as having notably low levels of income. Therefore the incomes fed into this assessment should be based on the local average income identified within and around the development, where the development is of a major scale consideration should be given to the affordability assessment of the whole authority as undertaken within this HMA.

Figure iii: Indicative Finance available based on Average Income

	CAI Average Income 2006 <sup>8</sup>	Entry level purchase price assuming 3.5 x income	Entry level purchase price assuming 5 x income	Entry Level price assuming mortgage constituting no more than 25% monthly income <sup>9</sup> (approx)
Denbighshire	£24,000	£84,000	£120,000	£100,000
Flintshire	£26,000	£91,000	£130,000	£111,000
Wrexham	£24,000	£84,000	£120,000	£100,000

Source: GVA Grimley, 2007

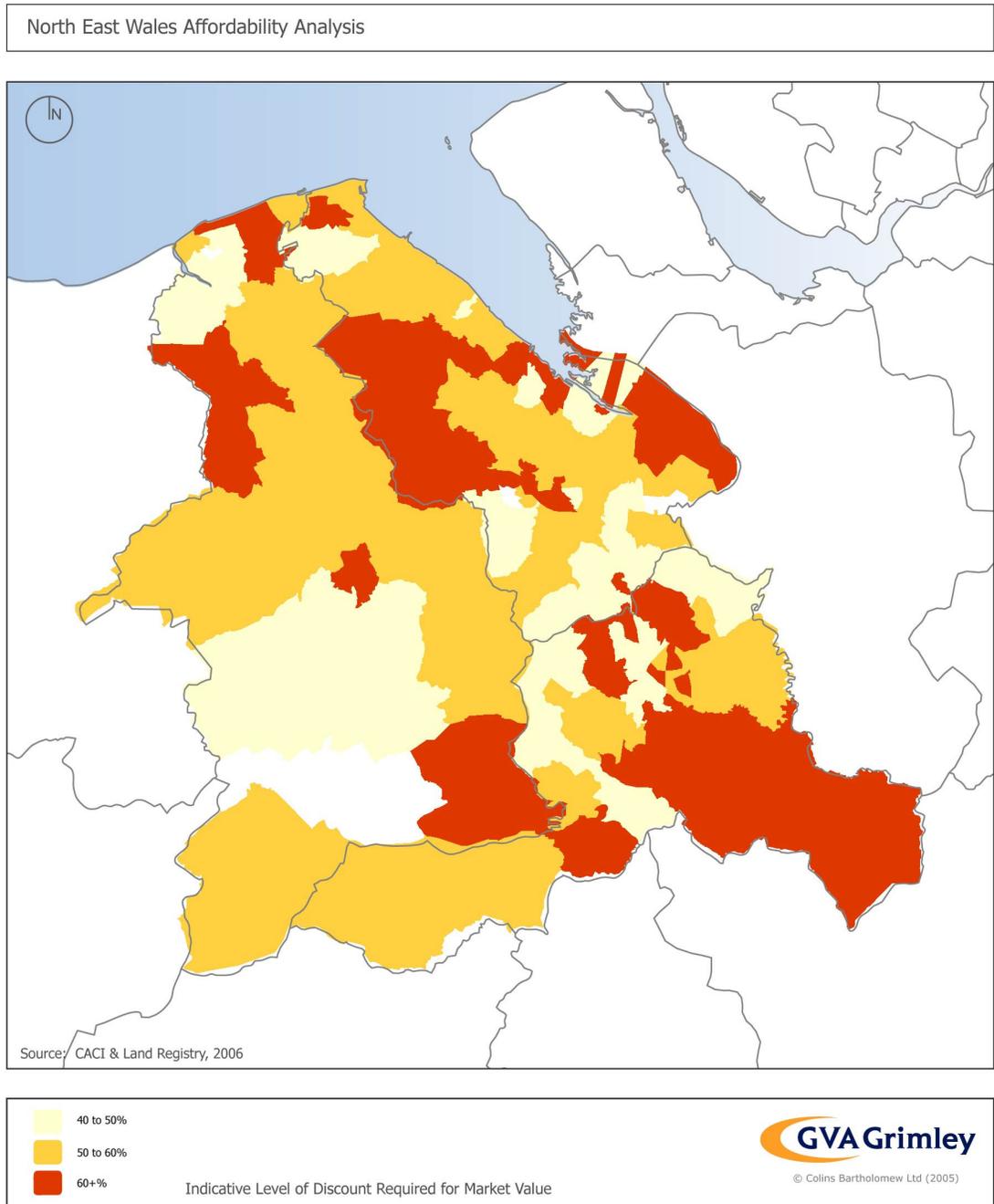
This approach has been used to identify at a ward level the level of discount required to purchase entry level properties<sup>10</sup>. The following plan indicates the spatial spread of discounts required, clearly identifying those areas where larger discounts would need to be sought to meet local need.

<sup>8</sup> Note: these incomes should be varied to reflect the local average income in proximity to where the development is proposed. Consideration should also be given to the spread of incomes as the analysis within Section 9 identifies and local affordability issues examined within Appendix 1.

<sup>9</sup> Based upon interest only repayments on a 25 year mortgage at 6% interest, monthly payments are therefore £500 for Denbighshire and Wrexham and £550 for Flintshire. Note respective repayment monthly charges would be £652 and £717 respectively.

<sup>10</sup> Note: the price of entry level properties has been estimated based on the average of all house sales with the exception of detached properties. An assumption has been made that households would be able to secure a 5% mortgage.

Figure iv: Spatial spread of discount required on market housing to meet local need



Source: CACI and Land Registry 2006

Wards requiring the highest level of discount (over 65%) include:

- In Denbighshire – Ruthin, St.Asaph West,
- In Flintshire – Argoed, Brynford, Saltney Mold Junction, Flint Oakenholt
- In Wrexham – Acton, Cartrefle, Llay

The levels of discounts identified are clearly linked to the wide gap between the social rented sector and housing on the open market. It is a recommendation of this report that the authorities work with social housing providers to design appropriate intermediate housing products tailored to their areas which reflect the level of discount required.

#### *Delivering More Affordable Housing*

A number of constraints to the delivery of affordable housing have been highlighted within Section 11, these include:

- The 'pending' status of some existing potential stock transfers (e.g. Wrexham);
- A number of plot sizes brought forward by the market have been too small to make affordable housing viable without external subsidy, even when they qualify within existing policy thresholds. This issue may be particularly acute in rural areas where greater land constraints and lower inherent development value (e.g. through density) mean that residual values are particularly sensitive to affordable housing discounts;
- Existing policy and associated negotiation processes may not be sufficiently cognitive of site viability and inherent residual values. Within this the selective review of the National Housing Strategy for Wales<sup>11</sup> has identified a lack of co-ordination and joint working between Housing and Planning functions as a potential source of influence;
- Registered social landlord's (RSLs) have highlighted that the existing public grant mechanism is too limited in terms of quantum and tenure flexibility to significantly increase supply;
- Existing land values are pricing RSLs out from acquiring sites and self-developing;
- 'Affordable discounts' (i.e. discount off open market value) as prescribed through S106 negotiations are still too high for RSLs to acquire within existing public subsidy arrangements;
- There is limited RSL and local authority owned vacant land available to secure private investment and through this further social stock;

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<sup>11</sup> Welsh Assembly Government, National Housing Strategy for Wales, A Selective Review (November 2006)

- A lack of understanding and/or organisational commitment among RSLs to alternative methods of affordable housing, including specifically intermediate products such as Low Cost Home Ownership models.

In terms of solutions, the HMA has highlighted that there may be some key 'early wins'; these being process related solutions which might be resolved in the short-term. It is important that these continue to build on the progress made through, for example the Affordable Housing Liaison Group in Denbighshire.

- A greater dialogue between RSLs and LAs regarding affordable housing and specific delivery models, perhaps in the form of monthly meetings between relevant stakeholders including planning and housing LA functions, and key active RSLs;
- Improved monitoring of the performance of affordable housing policy in terms of successes, failures, reasons etc. (e.g. types being delivered, locations, partners, mechanism structures and associated best practice). Current monitoring is de-centralised and inconsistent.
- A more transparent process of negotiation between developers and LAs, involving key delivery partners (e.g. RSLs) at an early stage to establish key success factors. LAs may seek to view and interrogate developer appraisals here, should such information be available.

#### *The type of housing required in the future*

The stock profile analysed in Section 6 indicates that all three authorities had higher than average quantities of larger houses (detached/ semi-detached). Recent supply of new housing has reinforced this stock profile. The analysis of future housing types required has revealed a need to build a more balanced stock of new houses. In practice this means not exclusively building one type of housing and demanding that developers not only provide a mix of tenures but a range of house sizes. Given the prevailing trend towards smaller household sizes, this should include smaller stock that comprises units that are suitable for single and family occupation, including the elderly.

An analysis of waiting list data (Section 10 and Appendix 1) indicates that there is a notably high level of demand for smaller social rented property. This data shows that within Flintshire almost 60% of requests could be met through a 1-bedroomed property. Within Wrexham and Denbighshire demand is greater for 2-bedroom units (51% and 44% respectively) which could presumably be smaller housing or flatted properties.

Waiting list data can be used as a proxy for the size of affordable housing needed to meet existing household demand. Breaking waiting list data down into the size of properties, the following needs are revealed.

Figure v: Demand by property size – waiting list data

<b>Authority</b>	<b>1-bed</b>	<b>2-bed</b>	<b>3-bed</b>	<b>4-bed or larger</b>
Flintshire*	59%	34%	4%	2%
Denbighshire**	29%	44%	20%	7%
Wrexham***	32%	51%	17%	1%

Source: Local authority waiting lists, 2008.<sup>12</sup>

This demand for smaller properties is likely to reflect the fact that First Time Buyers are increasingly being priced out of the market and therefore forced to seek alternative housing options, be they private rented or the social rented tenure. It is possible that this demand may in part be fuelled by current market conditions which may alter over the coming years with house prices forecast to stabilise. However, the gap between income and house prices is unlikely to reduce significantly in the next five years, coupled with increasing problems with obtaining mortgages, the overall trend is likely to be a continued demand from this element of the housing market for smaller social rented stock types in the future.

## How do we get there?

In this final section, policy considerations and recommendations are provided. These recommendations are the opinion of the consultancy team and are provided for the purpose of informing policy discussions and decisions amongst the three authorities in the development of future policy.

They have however been informed through the key stakeholder consultations conducted as part of the assessment and the cross authority consultation event held in Wrexham in April.

## 1. Continuing to plan for the real economic and housing geography

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<sup>12</sup> \* Figure doesn't include those on the waiting list aged under 18 it also only represents waiting list data for Council Stock. Households have been prescribed to a property size based on the smallest unit size within the category. \*\* Figure represents total waiting list for authority and housing association stock requesting general properties not inclusive of sheltered housing. However, people may register for more than one property type and be on more than one waiting list. \*\*\* Figure represents total waiting list for authority managed stock - size of property is based upon the minimum number of rooms requested

The HMA has identified a strong level of functionality between the three authorities defined as the Core Study Area and has reinforced the existence of a shared housing market within this area and the strong linkages with adjacent authorities, particularly Chester, Ellesmere Port and Conwy.

Housing markets are dynamic by their nature and over time it is more than likely that the extent of the market area and the strength of functional relationships will alter. Changes in policy influencing the level of supply and location of housing and new employment opportunities will both influence choices available to those moving house and will therefore affect the scope of the 'market area' and impact on the demand and need for the planned level of future housing required.

Continuing to plan across the three authorities of North East Wales is therefore very important in ensuring that the level of housing planned for reflects this functional geographical area. If relationships with adjacent authorities continue to strengthen there will be a need to ensure that plans are prepared in tandem following the same timetable and methodologies.

Through policy partners should therefore:

1.1 - Continue to plan together to delivery future housing policy.

1.2 - Ensure dialogue with adjacent authorities and discuss changes in policy.

1.3 - Consistently monitor and update housing market research as part of a phased programme.

## 2. Planning for the right level of growth

The HMA has illustrated that North East Wales has been in many respects a victim of its own success and its connectedness with buoyant market areas in West Cheshire, Merseyside (Wirral) and to a limited extent Shropshire. The delivery of comparatively high levels of housing completions within the three authorities has attracted the migration of households to this area with adjacent authorities including Chester limiting the supply of housing through policy further fuelling this movement.

Housing supply has therefore come forward over recent years that has met what is essentially externally fuelled demand, albeit meeting elements of local, indigenous household demand.

A number of factors have been identified within the analysis which suggest that this high level of in-migration and therefore demand in housing resulting from a rapidly growing population is

unlikely to be sustained throughout the plan period. Demand is likely to remain high in the short-term; however, the overall level of future housing to be planned for should represent a more moderated picture reflecting a reduction in levels of migration.

It is clear through an examination of the economy that the three authorities are forecast to generate additional employment opportunities, the delivery of housing advocated by the HMA will assist in facilitating this growth. However, should employment generation be accelerated through the successful delivery of economic projects or the attraction of new inward investment rates of housing delivery may need to be raised to ensure this growth is sustainable.

The policy implications emerging therefore relate to:

2.1 - The necessary provision of market housing to sustain economic growth and prosperity. The following annual provision targets are therefore suggested: Denbighshire 425, Flintshire 480, and Wrexham 420.

2.2 - Delivering a level of housing which meets current high demand but also reflects the possible reduction in demand over the longer term.

2.3 - Ensuring that the impact of new employment generating projects are reflected through the delivery of housing which assists in encouraging sustainable travel movement.

### 3. Meeting current and future housing needs

Within the three local authorities the local occupational profile has been less 'dynamic' than the changing stock profile over recent years which as noted above has been meeting external as well as local demand. This factor, when combined with a 'rising tide' of house values, has exacerbated issues of housing affordability. Coupled with market forces, the static social stock profile and relatively narrow range of affordable housing that has been delivered intensifies unmet demand for affordable housing.

The prognosis for the economy and housing market implications suggest that there will not be a structural break with the trends that have caused and created the identified affordability issues facing all three authorities. The policy implications emerging therefore relate to:

3.1 - The need to secure greater levels of affordable housing as part of market housing developments.

3.2 - The need to protect the existing stock of social rental housing in all three authorities (albeit with a managed approach to ensuring the stock profile matches demand).

3.3 - The need to deliver a greater choice of intermediate housing products to 'boost' the stock of affordable homes. This should address the current and future need for smaller quality affordable units (one and two bedroom properties) with greater numbers of young households likely to be excluded from entering the private housing market (linked to mortgage issues and a large gap between house prices and income).

3.4 - Development of new social rented stock within Denbighshire and to a lesser extent Flintshire which both have relatively low levels of this tenure as part of their overall housing offer. Focus should be placed on delivering quality smaller products (flatted or small townhouses) to reflect the current unmet need for these property types and the likely continued growth in young households unable to enter the private housing market.

3.5 – Retention of social rented stock within Wrexham and future consideration of the need to realign stock to meet household demand for this tenure e.g. smaller households and elderly provision alongside the provision of adequate family housing.

3.6 - Ensuring that the indigenous housing needs of rural areas are met: Maximise the delivery of affordable housing units on remaining potential housing sites and any surplus public land that arises during the plan period.

A number of additional specific recommendations regarding specific requirements of BME households, international economic migrants and the Gypsy and Traveller population are included within a report produced alongside this HMA<sup>13</sup>.

## 4. Achieving a good housing mix

The occupational forecasts suggest the need to continue to ensure the delivery of a range of housing types to ensure the delivery of a balanced market in the future.

The current stock profile across the Core Study Area is distinguished by above average proportions of semi-detached and detached properties, which has been further compounded by high levels of completions of this type of property. Emphasis should therefore be placed within policy on encouraging a more diverse mix of properties within new developments.

The centre of Wrexham has started to witness the introduction of flatted properties. Continuing to develop this market, at an appropriate level, will help to develop a greater mix of housing and vary the overall housing offer whilst also creating a resident population to sustain shops and services. Opportunities should also be identified in other urban centres for delivering a

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<sup>13</sup> 'BME / Gypsy & Traveller / Economic migrants – An assessment of housing service provision' – GVA Grimley, June 2007

quality flatted product which aimed at new households which will contribute towards meeting the increased demand for smaller single person or couple households projected through the demographic projections.

The demographic projections forecast an increasingly ageing population which will place additional pressure on the existing housing stock, an issue which was also confirmed through the market testing exercise. New housing developments should therefore look to integrate Lifetime Home Standards<sup>14</sup> in order to ensure that units are sufficiently flexible to continue to meet household requirements in the future. The delivery of new housing targeted at the elderly demographic should be included within new large developments where it is appropriate. The location of these properties is important with proximity to services and public transport links important to assist those with mobility issues.

A range of provision for elderly households should be explored, with further work required across the authorities to ascertain the level of specialist housing required. Housing options could include:

- Sheltered housing – schemes typically consist of between 15 and 60 dwellings which may be self-contained flats, bungalows or luxury apartments for purchase or rent.
- Extra care housing – Often self-contained houses which can be represented by many built forms, including blocks of flats, bungalow estates or retirement villages.
- Care homes – units owned and operated by a separate body which could be a private company/individual, charity or the local authority.

Although this HMA has not examined specifically issues relating to increasing numbers of HMO's, particularly along the coastal areas of Denbighshire given the high levels of migration into the authorities, including new economic migrants, this is likely to become an increasing issue<sup>15</sup>. Management measures are therefore required in order to ensure that the housing offer meets this particular 'demand' without impacting negatively on neighbourhoods and the wider housing market.

The policy implications emerging therefore relate to:

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<sup>14</sup> 'Lifetime homes 21<sup>st</sup> Century Living – Quality, Flexibility and Choice' – [www.lifetimehomes.org.uk](http://www.lifetimehomes.org.uk)

<sup>15</sup> Note: the analysis in Section 4 suggested a propensity for economic migrants and BME households to be proportionally over-represented within the private rented sector.

4.1 - Ensuring that new housing developments of a sufficient size incorporate a good mix of housing, incorporating family housing alongside starter homes and homes which are suitable for elderly households.

4.2 - Identifying appropriate areas to develop new housing products which are relatively underrepresented within the Core Study Area including quality flatted developments within urban centres reflecting the forecast increase in smaller single person and couple households.

4.3 - Monitoring market led changes in tenure from owner-occupied to rented properties to meet increasing demand resulting in part from affordability issues but also from increasing numbers of economic migrants. The introduction of the licensing of private landlords should be considered in areas where the private rented sector has grown significantly. Again this may be of greatest significance to coastal towns with seasonal economies.

## 5. Planning to accommodate future demand

Sufficient capacity has been identified within each of the authorities with the exception of Flintshire to deliver the projected rates of housing required over the forthcoming years. Consideration needs to be given to the correct phasing of opportunity sites to ensure that supply of sites is linked to economic opportunities.

In the case of Flintshire the current supply is not representative of the true capacity with the authority having just completed a UDP Inquiry, the outcome of which will be a new supply of housing sites to meet future housing requirements. The identification of sites is intended to reflect the requirements for future growth already established and identified within this HMA.

The levels of extant planning permissions indicate a significant amount of pipeline supply with the Core Study Area this impacts on the ability to shape the market in the short-medium term in both the type of housing and also the potential to extract planning gain to deliver new tenures and service provision. This issue is particularly apparent in Wrexham which has recently seen a very large amount of residential application granted permission.

Where new social rented stock is intended to be delivered (in particular relating to Flintshire and Denbighshire) this stock should be sufficiently flexible to meet future needs, adhering to the Lifetime Homes Standards<sup>16</sup> and should be integrated within new mixed community developments.

The policy implications emerging therefore relate to:

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<sup>16</sup> 'Lifetime homes 21<sup>st</sup> Century Living – Quality, Flexibility and Choice' – [www.lifetimehomes.org.uk](http://www.lifetimehomes.org.uk)

5.1 - Maximising the delivery of affordable housing on remaining land, with this being particularly important in Wrexham where a considerable amount of future capacity consists of sites which already have planning permission.

5.2 - Ensuring the careful management of the land supply in Flintshire following the adoption of the UDP to ensure that development is phased and achieves the policy recommendations made within this HMA.

5.3 - Monitor carefully level of windfall development and the contribution this makes to meeting future housing requirements.

## Monitoring

Housing markets are by their very nature extremely dynamic and the HMA includes a full monitoring framework. Continuing to update the assessment on a regular basis through the monitoring of key indicators will ensure that policy is responsive to changes and able to react quickly where issues emerge.

The HMA has identified a number of deficiencies in the level of data collected or the manner in which it is recorded which should be the focus of attention to ensure the development of the continuing development of a comprehensive evidence base in the future. Key data 'gaps' or issues are identified below:

- Update scenario projections on the release of new household, population and economic projections;
- Key indicators used to calculate Housing Need. For example there is a need to ensure that waiting lists are robustly maintained and the approach used aligned between authorities. There is also a need to align and 'clean' waiting lists data held by the authorities and active RSL's within the area; and
- Monitor the impact of housing policy in adjacent English authorities, particularly in light of authority's intentions regarding Growth Point status and the uplift in supply this would involve.