



Colchester Borough Council

Strategic Housing Market Assessment

Update 2009

Update of the Strategic Housing Market Assessment for Colchester

The document is organised to give you a detailed understanding of the Broad demographic changes to population and migration, an insight into the factors which affect the housing market and have an impact on prices and demand and the factors which may also affect housing need and the demand for affordable housing. Data was compiled in March 2009.

- Introduction and Summary
- Population Growth
- Migration
- The existing housing stock including empty homes
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- Market Activity
- Affordability and Incomes
- Private rented costs including the Local Housing Allowance
- Housing Need including homelessness applications and acceptances

Introduction and Summary

Colchester, Chelmsford and Braintree published their first Strategic Housing Market Assessment in February 2008. Since then the Housing Market has experienced significant change due to the credit crunch and the restricted availability of mortgages for borrowers to buy new homes. In addition the recession has now taken hold of the economy and is impacting on unemployment levels and in many cases reducing income. This update provides you with a snapshot of the information which influences the housing market as well as commentary on current market activity.

Population Growth

Overall household growth projections will be a key indicator of housing need. As you can see from the table below the number of households in Colchester is expected to grow significantly up to the period 2031 and by a faster rate than any other borough. By 2031 it is clearly expected that Colchester will have by far the largest population of any district in Essex. The possible reasons for this are explored below.

Table 406: Household estimates

(thousands)	1981	1986	1991	1996	2001	2002	2003	2004	2005	2006	2011	2016	2021	2026	(thousands) 2031
Essex County	434	466	496	519	546	552	558	564	571	578	617	660	701	740	776
Basildon	53	59	63	66	69	70	71	71	72	72	76	80	84	88	91
Braintree	41	44	47	50	54	55	56	57	58	59	64	69	74	79	83
Brentwood	26	27	28	29	29	29	29	29	30	30	32	34	35	37	39
Castle Point	31	32	33	34	35	36	36	36	37	37	39	40	42	44	45
Chelmsford	49	56	60	63	65	65	66	67	68	69	73	78	82	86	90
Colchester	50	53	58	61	64	65	66	68	70	71	81	91	100	108	115
Epping Forest	43	44	47	49	51	51	51	51	52	52	54	57	60	63	65
Harlow	28	29	30	31	33	33	33	33	34	34	35	36	37	38	39
Maldon	18	19	20	22	24	25	25	25	26	26	28	30	31	33	35
Rochford	26	28	29	30	32	32	33	33	33	34	35	37	39	41	43
Tendring	47	50	54	58	62	63	63	64	65	65	70	76	82	88	94
Uttlesford	22	24	25	27	28	28	28	28	29	29	31	32	34	36	38

Household projections by household type

To understand more than just numbers of households we should examine which types of households are likely to be increasing. The table below shows the growth by household type which should give us some indication of the types of homes that will be needed, for example if there are going to be lots more families with children then clearly family housing is needed or if there is a significant growth in one or two person households without children then this may result in a different type of housing being needed.

HOUSEHOLD ESTIMATES/PROJECTIONS

1530 Colchester	Thousands						
	2000e	2004e	2006p	2011p	2016p	2021p	2026p
Household types:							
married couple	32	32	32	32	33	34	34
cohabiting couple	6	7	8	10	11	12	13
lone parent	4	4	5	6	6	6	7
other multi-person	4	4	4	5	5	5	6
one person	17	20	21	25	28	32	35
All households	63	68	70	77	83	89	95
Private household population	150	158	163	173	182	191	199
Average household size	2.379	2.342	2.318	2.251	2.187	2.136	2.1

This table shows a steady growth in all household types until 2016 but the greatest percentage growth is for one person households which will see a 66% growth between 2006 and 2026 as opposed to a 40% increase in lone parents and a 17.5% increase in married and co-habiting couples.

Migration Information

Our SHMA survey in 2007 identified the followed moves had happened or were very likely to be made by people currently living in the Borough.

Households planning a move within the next 2 years: where households would like and expect to move to (numbers)			Households planning a move within the next 2 years: where households would like and expect to move to (percentages)		
Location of next home	Like	Expect	Location of next home	Like	Expect
Babergh	179	128	Babergh	1.4%	1.0%
Basildon	77	19	Basildon	0.6%	0.1%
Braintree	252	223	Braintree	1.9%	1.7%
Brentwood	95	95	Brentwood	0.7%	0.7%
Chelmsford	270	136	Chelmsford	2.1%	1.0%

Colchester	8,140	9,086	Colchester	62.4%	69.6%
Maldon	286	89	Maldon	2.2%	0.7%
Tendring	354	301	Tendring	2.7%	2.3%
Elsewhere in the South East	1,129	1,108	Elsewhere in the South East	8.6%	8.5%
Elsewhere in the UK/Abroad	2,274	1,870	Elsewhere in UK/Abroad	17.4%	14.3%
TOTAL	13,055	13,055	TOTAL	100.0%	100.0%

Households who have moved within the last 2 years: previous residence		
Location of previous home	No.	%
Babergh	197	1.3%
Basildon	101	0.7%
Braintree	344	2.3%
Brentwood	28	0.2%
Chelmsford	239	1.6%
Colchester	9,843	65.1%
Maldon	181	1.2%
Tendring	758	5.0%
Elsewhere in the South East	1,508	10.0%
Elsewhere in the UK/Abroad	1,927	12.7%
TOTAL	15,125	100.0%

Source: Colchester SHMA 2007 – household survey data

Of the 13,055 moves planned over the next two years nearly 70% of them expect to stay within the Borough of Colchester suggesting a relatively high degree of self containment for the Housing markets which exist in the Borough. In terms of neighbouring districts Tendring, Braintree and Chelmsford account for the most popular destinations comprising 5% of all expected moves, but by far the biggest destination is elsewhere in the UK or abroad.

Another source of information which helps us understand migration is the NHS patient register records which are taken from when someone moves and registers with a new GP. It does over represent groups which are more likely to register with a GP such as older people and families with children but is still a valuable tool to understand where people are moving from and to. The final column shows the net migration between each area and Colchester Borough and is rounded up or down to the nearest multiple of 10. Some districts numbers have been highlighted below because they were part of the Housing Market Partnership which produced this SHMA or because they are partners in the Greater haven Gateway Housing sub region. Districts where no migration occurred in either direction have been excluded from the data.

Inflow

Outflow

**Net
change**

	0-15	16-24	25-44	45-64	65+	All ages	0-15	16-24	25-44	45-64	65+	All ages	
Luton UA	0	10	0	0	-	20	0	10	0	0	-	10	10
Peterborough UA	10	10	10	0	-	30	0	10	0	0	0	20	10
Southend-on-Sea UA	20	20	40	20	0	100	10	30	20	0	0	60	40
Thurrock UA	20	30	40	10	0	110	10	10	20	0	0	40	70
Bedford	0	0	-	-	-	0	10	10	10	-	-	30	-30
Mid Bedfordshire	0	10	-	0	-	10	0	10	10	0	-	20	-10
South Bedfordshire	0	10	0	0	-	20	0	0	0	-	-	0	20
Cambridge	10	20	20	0	-	50	0	50	20	0	0	80	-30
East Cambridgeshire	0	10	10	-	-	20	0	0	0	0	-	10	10
Fenland	0	10	-	0	0	10	10	0	10	0	0	20	-10
Huntingdonshire	0	10	0	0	-	20	10	0	10	0	0	20	0
South Cambridgeshire	0	0	10	-	0	10	10	10	10	10	0	40	-30
Basildon	30	40	50	20	10	150	20	20	40	10	-	80	70
Braintree	160	130	360	140	50	840	70	70	200	80	30	450	390
Brentwood	20	20	20	10	10	70	10	10	20	0	0	40	30
Castle Point	10	10	10	0	0	40	10	20	10	0	0	30	10
Chelmsford	70	60	180	60	10	380	20	50	90	20	10	180	200
Epping Forest	20	10	30	10	10	90	10	10	10	0	0	30	60
Harlow	20	10	20	0	0	50	-	10	10	-	-	10	40
Maldon	60	50	120	70	30	340	40	30	80	20	20	200	140
Rochford	10	20	20	0	10	60	0	10	10	0	0	40	20
Tendring	230	250	470	200	100	1240	210	140	430	240	140	1170	70
Uttlesford	0	20	10	10	0	40	20	10	10	10	0	50	-10
Broxbourne	0	0	10	0	0	20	0	0	0	0	-	10	10
Dacorum	0	-	10	-	-	10	0	10	10	0	-	20	-10
East Hertfordshire	10	10	10	10	-	40	10	10	10	0	-	30	10
Hertsmere	0	0	10	-	-	10	0	0	0	-	-	10	0
North Hertfordshire	10	10	20	-	0	40	0	0	0	-	-	10	30
St Albans	10	0	10	0	-	20	0	10	0	0	-	10	10
Stevenage	0	0	0	0	-	10	0	0	0	-	-	0	10
Three Rivers	0	0	-	0	-	10	0	0	0	-	-	0	10
Watford	0	10	10	-	-	10	0	0	0	-	-	10	0
Welwyn Hatfield	0	10	0	0	-	10	0	10	10	-	-	20	-10
Breckland	0	10	10	10	0	30	10	0	10	10	0	30	0
Broadland	0	10	10	0	0	30	0	0	10	10	0	20	10
Great Yarmouth	0	10	10	-	0	20	0	0	0	0	-	10	10

King's Lynn and West Norfolk	0	0	0	0	10	20	0	0	0	10	0	20	0
North Norfolk	0	10	-	0	0	10	0	0	0	10	0	20	-10
Norwich	0	30	20	0	-	50	0	30	20	10	-	60	-10
South Norfolk	0	10	10	0	0	30	10	10	10	10	0	40	-10
Babergh	50	70	120	40	20	310	110	40	210	130	30	510	-200
Forest Heath	0	0	0	0	-	10	0	10	0	-	-	10	0
Ipswich	20	40	70	10	-	160	30	40	110	40	10	230	-70
Mid Suffolk	10	10	20	10	0	50	30	20	50	30	10	130	-80
St Edmundsbury	10	10	10	10	0	50	0	0	10	10	0	30	20
Suffolk Coastal	10	20	30	10	10	70	30	30	50	30	20	150	-80
Waveney	0	10	10	0	-	30	10	10	10	10	0	40	-10
Eastern Region sub totals	820	1040	1820	650	270	4750	710	750	1540	700	270	4050	700
Greater London sub totals	220	430	590	180	30	1530	50	420	420	50	0	1050	480
ENGLAND AND WALES	1500	2400	3200	1100	500	8700	1200	2100	2800	1100	400	7700	1000
ENGLAND	1500	2400	3200	1100	500	8600	1200	2100	2800	1100	400	7500	1100

Source NHS Patient Migration Data 2007 estimates

The data suggests that the net immigration mostly comes from other districts in the East of England with 480 individuals moving into Colchester from the region and 480 individuals move into the district each year from Greater London. Significant migration occurs between Colchester, Tendring, Braintree, Chelmsford and Ipswich. This suggests that Colchester participates in a number of broad overlapping housing markets which are not contained within the borough boundaries. While there is significant inflow and outflow to and from Greater London, almost all of the net inflow is from east London boroughs such as Newham, Barking and Dagenham, Havering and Redbridge, while the net outflow from Colchester is to central London Boroughs such as Westminster, Camden, Wandsworth, Islington and Kensington and Chelsea.

Migration by age

Age	Inflow	Outflow	Balance
0-14 years	1500	1200	+300
15-29 years	2400	2100	+300
30-44 years	3200	2800	+400

As you can see by the age breakdown the overwhelming proportion of people moving into the Borough are younger families, adults up to the age of 44 and more than half of those moving in are children and young adults. While there is some in migration from retired people it is less than 10% of the overall population.

45-64 years	1100	1100	0
65+	500	400	+100
Total all ages	8700	7600	+1100

Stock information

Change in stock since the SHMA fieldwork was undertaken by dwelling type and by tenure:

In our SHMA we reported that the total stock of dwellings in the borough was: 68,800. This figure has changed. The most recently available figure was the Housing Investment Programme total stock figures for tenure and AMR 2008 for dwelling type. At 1st April 2008 there were approximately 72,634 dwellings within the Borough of which 58,465 were privately owned.

New build properties

A net of 1,243 homes were built between 1 April 2007 and 31 March 2008. Under current policies, 830 dwellings are expected to be built in the Borough each year up to 2023/24. 265 units of affordable housing were completed between April 2007 and March 2008. A total of 211 were socially rented Registered Social Landlords (RSLs) and 54 were shared ownership RSLs. The affordable housing completions for 2007/08 represent only 21.3% of total housing completions, although this is an improvement on the previous year (14.5% 2006/07).

There has been an annual completion of 921 flats and 555 houses in Colchester between 2007 and 2008. The number of flats has increased significantly from the previous year (735 flats in 2006/07) whilst the number of houses has risen only slightly (515 houses in 2006/07). This reflects an increasingly high rate of flat completions in recent years resulting from some high density developments in locations like East Colchester and the inclusion of more flats into mixed density schemes. High density and mixed density developments are delivering more dwellings whilst consuming less land.

A study by the District Valuation Office indicated that in 2001, flats and maisonettes represented about 15% of total housing stock and probably occupied less than 5% of housing land. Between 2000 and 2006, about 31% of new dwellings constructed were flats and maisonettes, whilst 69% were houses or bungalows. In 2006, flats and maisonettes represented about 17% of total housing stock. Although more flats and maisonettes are being constructed in recent years the overall proportion is still relatively low.

Between 2007 and 2008, 72.7% of residential completions were either two or three bedroom properties. The majority of residential completions were two bedroom dwellings (54.7%, 694 dwellings). This is a slight decrease from the previous year when 56.4% of completions were two bedroom dwellings. A further 15.4% of dwellings had four or more bedrooms at this time (195 dwellings).

This probably reflects the high delivery of flats during the 06/07 period. The longer term trends showing an increasing number of 2 bedrooms dwellings is also influenced by the longer term demographic trends (e.g. smaller households), housing affordability trends (e.g. price of large houses is unaffordable to many), and sustainable development trends (e.g. compact urban form).

Of the 72,634 dwellings in Colchester 327 were deemed 'unfit' to live in between 2007 and 2008. This is a significant decrease from the previous year's total of 2,111 dwellings deemed unfit.

Empty Homes in the Private Sector

A number of homes are empty at any one time due to sales and movement. Our work focuses on those homes which have been empty for more than 6 months as these are more likely to become a problem and represent an underutilised resource which could contribute to the supply of homes in the Borough. The figures in the table below show the numbers which were empty on the 1st April in the private sector for more than 6 months:

Year	Number empty	% of total private stock	% change from previous year	% change over period
2006	494	0.88%	-	-
2007	522	0.91%	+5.7%	+5.7%
2008	883	1.51%	+69.2%	+78.7%
2009 (projected)	908	unavailable	+2.8%	+83.8%

Source – Council Tax records and HIP return.

Housing Costs information

These costs indicate the affordability levels of housing in the Colchester market. There has been a decrease in costs for most types of homes since the publication of the SHMA in 2008.

Comparative housing costs by tenure (per week)				
Size of property	Tenure			
	Affordable rented	Private Rented	Second hand homes to purchase	New build homes to purchase
1 bedroom	£63	£125	£125	£171
2 bedroom	£77	£133	£166	£206
3 bedroom	£90	£157	£201	£275
4 bedroom	£103	£219	£290	£356

Source: Strategic Housing Market Assessment, April 2008

The costs of market housing were updated in December 2008/January 2009 to reflect the changing market conditions. The numbers are below: The percentage change in price for each dwelling size is: -28% for 1 beds, -23% for 2 beds, -16% for 3 beds, -13% for 4 beds since the SHMA fieldwork was undertaken in April 07.

Comparative housing costs by tenure (per week)				
Size of property	Tenure			
	Affordable rented	Private rented	Second hand homes to purchase	New build homes to purchase
1 bedroom	-	114	109	130
2 bedroom	-	137	153	182
3 bedroom	-	173	203	247
4 bedroom	-	230	304	287

This table is intended to show the affordability of different housing options which has been updated since the publication of the SHMA in 2008. The costs were established by using a rightmove search of properties available, a report produced by Hometrack and using the same assumptions made about mortgage interest and LTV ratios made in the original SHMA. While it is acknowledged that produced products used as an indicative guide to weekly housing costs are no longer available it is a useful basis for comparing the changes to the affordability of housing costs one year on from the publication of the SHMA.

Size of property	Local Housing Allowance (private rented costs) Feb 09	Entry level purchase price SHMA April 07 fieldwork	Lower quartile sales price RM/Hometrack Dec 08/ Jan 09	New build purchase price	Median Sales Price RM/ Hometrack Dec08/Jan09	Average sales price RM/Hometrack Dec 08/Jan09
1 bedroom	£109.62	£100,000	£71,987	£111,500	£79,736	£86,875
2 bedroom	£137.31	£133,000	£101,886	£157,150	£119,610	£127,279
3 bedroom	£167.31	£161,000	£135,333	£213,600	£159,475	£174,870
4 bedroom	£219.23	£232,000	£202,008	£248,300	£243,650	£268,686

**Household type breakdown report - Essex Council
Comparison of March 2007 - December 2008**

	March 2007	December 2008
Detached (£)	314,967	297,041
Semi-detached (£)	197,847	186,587
Terraced (£)	160,017	150,910
Maisonette/Flat (£)	123,707	116,666
All (£)	198,470	187,175

**House Price Index report - Essex Council
Comparison of March 2007 - December 2008**

	March 2007	December 2008
Index	297.9	281
Average Price (£)	198,470	187,175
Sales Volume	2,835	-

Affordability and Incomes

SHMA identified the following household incomes:

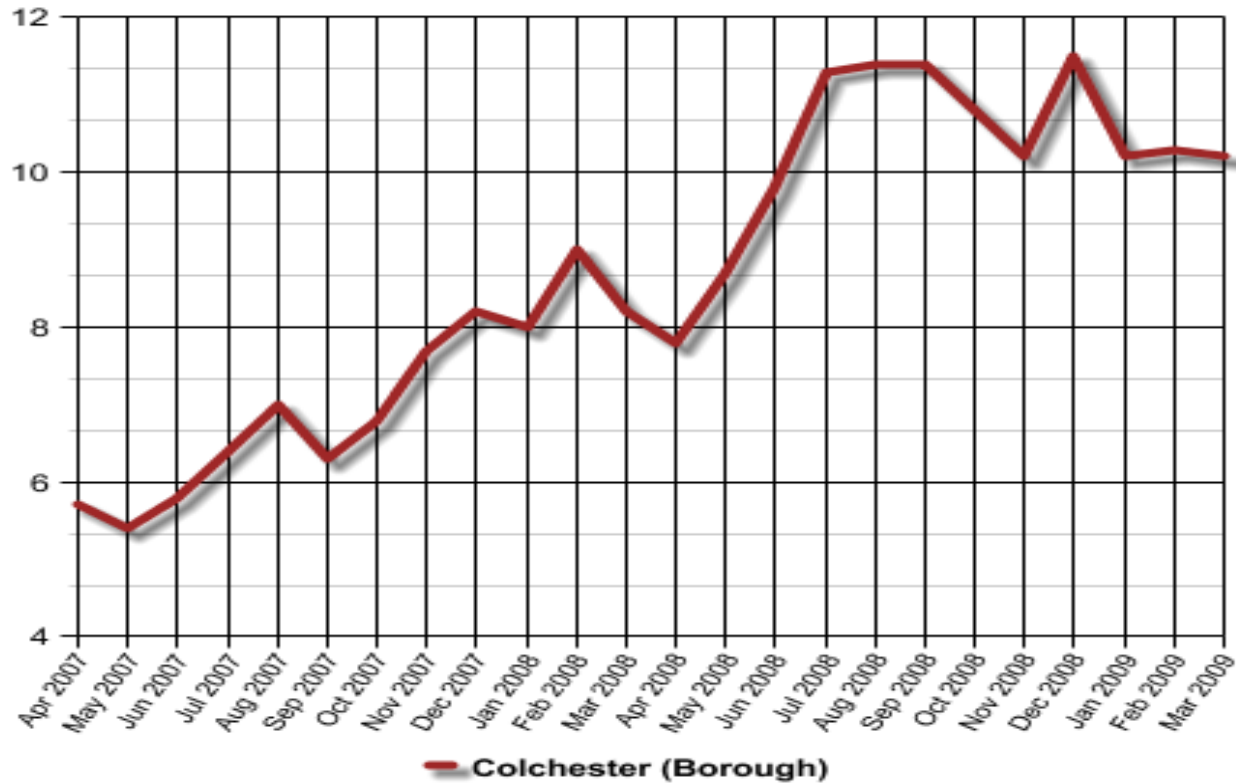
	SHMA data	% up rate ASHE	Gross Household Income 2009
Average Household Income	£31,396	-2.0%	£30,768
Median Household Income	£23,874	+4.1%	£24,853

These have been updated using the district specific figures and percentages identified by the Annual Survey of Hours and Earnings. The ASHE ratings reflect the range of jobs and the current pay rates and then compare them with what they were a year ago. The changes may therefore reflect different types of jobs available at different pay rates rather than a simple change in pay for exactly the same jobs which were measured a year ago.

Market Activity

Average Time to sell a property is an indicator of the health and wellbeing of the housing Market. At its peak homes were selling in a very short space of time, typically less than 6 weeks. As the market has worsened the time taken to sell has typically lengthened to between 10 and 12 weeks, an increase of almost 100%.

Time to sell (weeks)



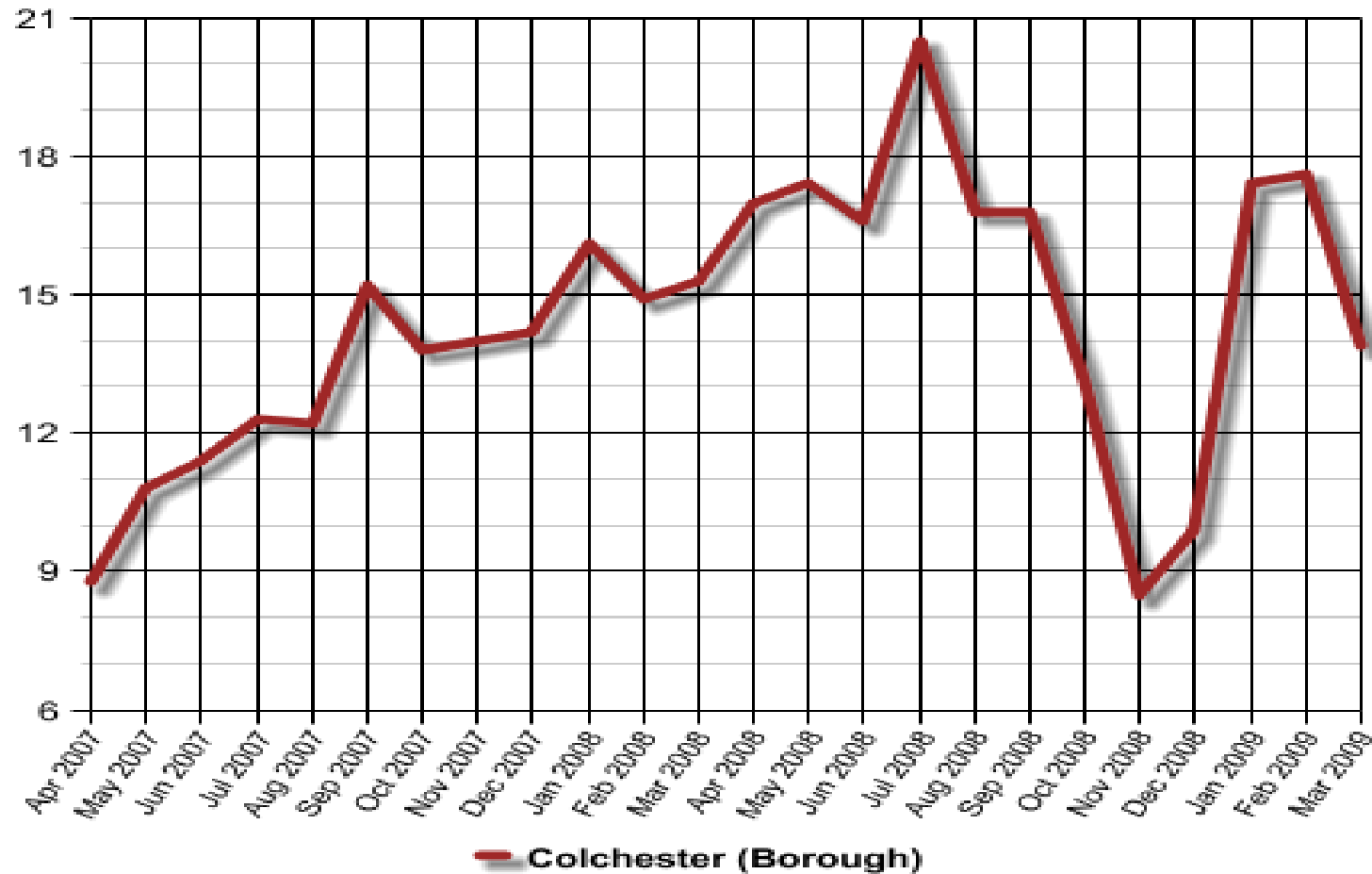
© Hometrack

Note

This graph shows the average time taken to sell a property in weeks. The data comes from Hometrack's monthly survey of estate agents and is based at postcode district level (e.g. SE5 or NE12).

Source: Hometrack; © Hometrack

Number of viewings per sale



© Hometrack

Note

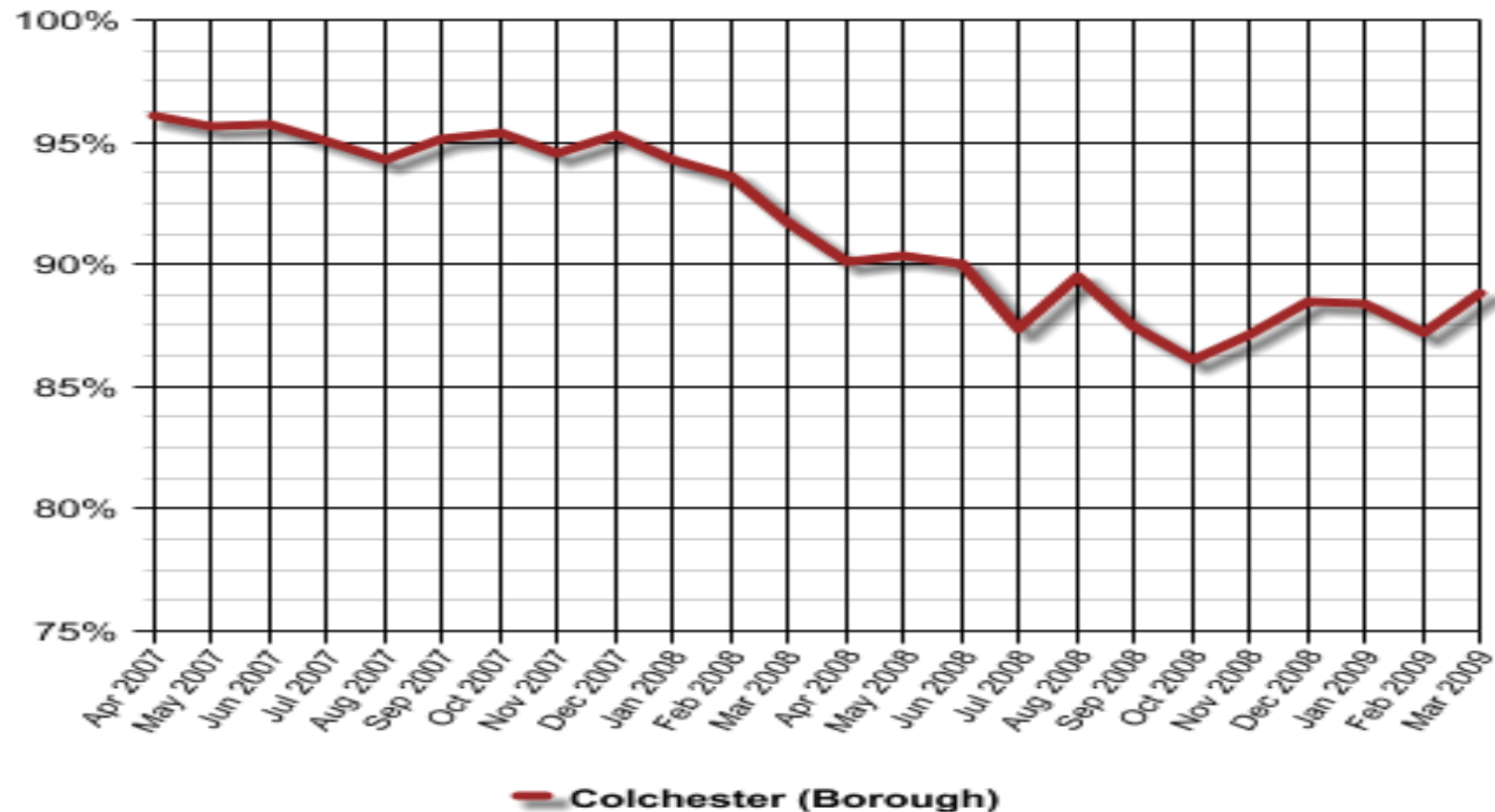
This graph shows the average number of viewings between an average property in the area going on the market and going 'under offer'. The data comes from Hometrack's monthly survey of estate agents and is based at postcode district level (e.g. SE5 or NE1 2).

Source: Hometrack; © Hometrack

Viewings per sale

Sales to asking price

Sales to asking price



© Hometrack

Note

This graph shows the typical proportion of the asking price that is achieved for all sales agreed over the month. The data comes from Hometrack's monthly survey of estate agents and is based at postcode district level (e.g. SE5 or NE12).

Source: Hometrack; © Hometrack

Repossessions

Repossessions indicate a problem people are having financially, possibly because of a significant change in circumstances or even because in some cases they may have take on responsibilities which they could not afford in the long run. The figures below are provided by the court service from Colchester County court which also covers some parts Braintree, Babergh and Maldon and most of Tendring.

Number of mortgage ¹ and landlord ^{2,3} possession actions in Colchester county court by each quarter , 2007-2008						
	Qtr	Mortgage possession actions		Landlord possession actions		
		Claims issued	Orders Made ^{4,5}	Claims issued	Orders Made ^{4,5}	
2007	1	279	203	234	194	
	2	297	191	204	142	
	3	308	197	231	169	
	4	293	187	191	146	
2008	1	351	207	233	137	
	2	300	339	230	221	
	3	271	249	226	188	
	4	190	220	214	189	

The numbers of mortgaged homes being repossessed has increased very slightly over the period in the table above but with significant fluctuations, the highest being 339 in qtr 2 2008 and the lowest being 187 in qtr 3 2007 representing an 81% increase in a 6 to 9 month time period. The significantly reduced number of claims issued in the last quarter of 2008 reflects the introduction of a mortgage arrears pre court action protocol to ensure that every option is exhausted before court action is taken. This should result in fewer orders being made in 2009/10 once figures are available. The figures above represent 1793 homes being repossessed over a 2 year period. It is not possible to know what proportion of these were home owners and what proportion were buy to let properties.

Landlord possession actions have remained broadly similar at above 200 claims issued per quarter. The court service is unable to break down whether these are private or affordable rented. Orders made have experienced slight fluctuations but generally averaged at 173 per quarter.

The figures in the table above represent 3179 households losing their home in the two year period or an average of 132 households per month facing the prospect of losing their home.

Homelessness

Homelessness Acceptances are a key indicator of housing need.

Applications and Acceptances in Colchester since 2003

There has been a decline in the number of homelessness applications since 2003. This reduction is linked to the increased prevention work of CBC

Year	Homeless applications	Acceptances	% of applications
2002/2003	1,453	428	29.50%
2003/2004	1,614	557	34.50%
2004/2005	1,351	342	25.30%
2005/2006	1,239	336	27.19%
2006/2007	1,225	367	29.95%
2008/2009**	1065	285	26.70%

The table above shows that the number of cases accepted as homeless is just over a quarter of applications for assistance under homelessness law. These applications include people who are not in priority need and may have been helped to secure accommodation in the private sector such as single non-vulnerable people.

The table and line chart below provide a breakdown of Homelessness decisions made by CBC over the past few years.

Homeless decisions					
Year	Accepted	not in priority need	not homeless	intentionally homeless	ineligible households
2002/2003	428	845	149	27	4
2003/2004	557	763	206	53	1
2004/2005	342	818	149	39	3
2005/2006	336	719	133	50	1
2006/2007	367	684	130	40	4
2007/2008	306	684	116	22	2

Not homeless households include those who have a legal right to remain in their home.

Housing benefit and the Local Housing Allowance

Size of property	Local Housing Allowance Feb 09	LHA April 2009	LHA June 2009.	% change over period
1 bedroom	£109.62	£109.62	£109.62	0%
2 bedroom	£137.31	£137.31	£137.31	0%
3 bedroom	£167.31	£163.85	£161.54	-3.5%
4 bedroom	£219.23	£210.69	£213.46	-2.6%

The Local Housing Allowance gives an indication of the affordability of private rented homes in the area. The figures above are the median rent for this type of property in the Broad Rental Market Area. This includes Tendring, and parts of Braintree and Babergh but excludes Tiptree and Dedham in the Colchester Borough.