EXECUTIVE SUMMARY

Background

1. In September 2008, the Central Lancashire Housing Market Partnership (Chorley Council, Preston City Council and South Ribble Borough Council along with Homes and Communities Agency, Registered Social Landlords, house builders, estate agents and mortgage lenders) commissioned Outside Consultants to undertake a comprehensive Strategic Housing Market Assessment.

2. The aim of the commission was to undertake a comprehensive survey of housing, including the housing market and local housing needs requirements, across all tenures and client groups, within the Central Lancashire Housing Market Area. The evidence from the Strategic Housing Market Assessment will inform the development of planning policy and housing strategy in individual districts and the sub-region.

3. The Strategic Housing Market Assessment used a combination of quantitative and qualitative methods in order to obtain the information required. The research drew upon a combination of primary research, telephone interviews and analysis of existing and emerging secondary data sources. The primary research was undertaken December 2008-January 2009 and took the form of a postal survey of 20,000 randomly selected households across the three areas.

Population

4. In 2007 Chorley’s resident population was 103,775; 29.8% of the Central Lancashire sub-region. Chorley’s population is forecast to grow by 12.8% (7,807) by 2017. The principal driver of this change is natural population change (as opposed to migration). In 2001, 40.8% of the Chorley population was over 45. By 2017, this group will make 47.8% of the population, with the greatest increase expected in the 65-74 age group.
5. In 2007 Preston’s resident population was 136,122 persons; 39.1% of the Central Lancashire area. Preston’s population is forecast to grow by 4.0% (2,979) by 2017. As in Chorley the proportion of the population over 45 will grow; in Preston from 36.4% to 41.0%, with the greatest increase of 21.4% in the 55-64 year old age group.

6. In 2007 South Ribble’s resident population was 108,103 persons; 31.1% of the Central Lancashire area. South Ribble’s population is forecast to grow by 8.2% (5,408) by 2017. As elsewhere in the sub-region the population over 45 will grow from 41.8% to 48.5% by 2017, with the greatest increase of 48.1% in the 65-74 year old age group.

### Households

7. Chorley had 43,996 households in 2007, an average of 2.36 persons per household; down from 2.39 persons in 2001 and projected to decrease to 2.07 persons per household by 2026. Preston had 57,351 households in 2007, an average of 2.37 persons per household; down from 2.40 in 2001 and projected to decrease to 2.09 persons per household by 2026. South Ribble had 46,271 households in 2007, an average of 2.34 persons per household; down from 2.42 in 2001 and projected to decrease to 2.12 persons per household by 2026.

8. The national trend towards diminishing household size is reflected in the projected shift in household composition to 2026. The largest proportional increases in household types are single person households increasing between 2001 and 2026 by 81.8% in Chorley, 47.1% in Preston and 72.7% in South Ribble.

9. Coupled with the ageing population, the decreasing household sizes suggest that the requirement for future dwellings will not necessarily be met by one bedroom dwellings since those smaller households in middle age and old age will need a spare bedroom for guests (children or carers) and/or flexible working.

10. The most significant driver of population change in Chorley and Preston is natural growth. In addition Preston records significant net out-migration compared to both Chorley and South Ribble. In terms of population change in South Ribble net inward migration from neighbouring authorities (mainly Preston) has been the principal driver of resident population change.

11. Preston has experienced an increase in inward migration of international economic migrants, over the three-year period from 2005/06 to 2007/08. A 40.4% increase in inward economic migrants was recorded between 2006 and 2008.
Employment

12. In the North West region, 76.8% of the population is economically active. Whilst Preston has the same rate, the proportions in South Ribble and Chorley are higher: 84.0% and 79.0% respectively.

13. Full-time gross weekly pay in South Ribble (£449.20) and Chorley (£442.60) is higher on average than in the region (£432.70), though slightly below the national average (£459.00). In Preston it is considerably lower (£388.70).

14. Only 44.6% of South Ribble working residents work in South Ribble; the main outward commuting destinations are Preston (28.2%) and Chorley (6.9%). 49.1% of Chorley working residents work in Chorley; the other half commutes primarily to South Ribble (12.3%), Preston (9.7%), Bolton (4.5%) and Wigan (3.8%). In comparison, 68.5% of Preston working residents work in Preston.

Housing stock

15. 83.2% of housing in South Ribble and 78.2% in Chorley is owner-occupied; this is greater than the Region (68.7%) and nationally (67.7%). Preston is closely aligned with the regional distribution. The social and private rented sectors are at their largest in Preston compared to South Ribble and Chorley. It may be the size of the private rented sector is larger than official statistics suggest; it could now be as large as 13% in Preston and 11% in South Ribble.

16. Semi-detached and detached properties account for 62.2% of stock across the Central Lancashire Housing Market Area. Disparities between the Districts and the Region suggest an undersupply of apartments in South Ribble and Chorley and an undersupply of detached family properties within Preston. Preston has a higher proportion of Council Tax Band A properties (46.0% of total stock), approximately 20% higher than the national average.

17. In terms of housing delivery, Preston has averaged 346 dwellings per year between 2002 and 2008. 33 affordable dwellings were delivered during 2007/08. There exists an estimated capacity for 4,355 dwellings in Preston. Based on the current annual RSS target of 507 units, the supply of outstanding residential land equates to a gross supply of 8.6 years.

18. Chorley averaged 428 dwellings per annum between 2002 and 2008. A total of 9 affordable dwellings were delivered during 2007/08. There exists an estimated capacity
for 3,995 dwellings. Based on the current annual RSS target of 417 units, the supply of outstanding residential land equates to a gross supply of 9.6 years.

19. South Ribble housing completions averaged 470 dwellings per annum between 2002 and 2008. A total of 8 affordable dwellings were delivered during 2007/8. There exists an estimated capacity for 3,655 dwellings. Based on the current annual RSS target of 417 units, the supply of outstanding residential land equates to a gross supply of 8.8 years.

### Housing market activity

20. UK house prices fell 15.9% in the twelve months to September 2008 although the slowdown was less severe in the North West than in other regions. Despite the recent downturn, North West overall prices increased by 45.6% between 2003 and 2008.

21. In terms of price growth 2003-08, Chorley under-performed compared to regional trends with growth of 29.6%. In the twelve months to September 2008, overall mean prices fell 5.3% compared to 3.8% across the North West. The average overall property price was £169,279. Terraced properties experienced the most significant price increase 2003-08; up 118.1%. As with the UK market, overall transaction rates for 2008 were down 47.3% on the same period in 2007.

22. In terms of price growth 2003-08, Preston under performed compared to regional trends with growth of 43.2%. In the twelve months to September 2008, overall mean prices fell 7.9%. The average overall property price was £153,795. Terraces and apartments experienced the most significant price increases during the five-year period recording 80.8% and 92.3% price growth respectively. Overall transaction rates within Preston for 2008 were down 62.9% on the previous year.

23. In terms of price growth 2003-08, South Ribble under performed compared to regional trends with growth of 25.5%. In the twelve months to September 2008, overall mean prices fell 13.5%. The average overall property price was £161,983. Terraces and semi-detached dwellings experienced the most significant price increases during the five-year period recording 72.6% and 47.3% price growth respectively. Overall transaction rates within Preston for 2008 were down 59.9% on the previous year.

24. Private sector rents in Chorley are between £275-£400 per month for a one bedroom apartment, £425-£495 per month for a two bedroom flat/terraced property and £500-£600 for a three bedroom semi-detached property. Rents in Preston start at £295 per month for a one bed house, £350 -£550 per month for a one bedroom new build apartment, £400-£700 for a two bedroom property and £450-£800 for a three bedroom property. Rents in
South Ribble range between £450-£500 per month for a one bedroom flat, £500-£595 for a two bedroom property and £595-£700 for a three bedroom property.

### Sub-markets in Central Lancashire

25. Preston has an origin-based self-containment of 65.8%\(^1\) and as such represents a relatively contained market. Within Preston three sub-markets have been identified:

- **Preston North** – Ashton, Cadley, College, Garrison, Greyfriars, Ingol, Larches, Lea, and Sharoe Green
- **Preston South** - Brookfield, Deepdale, Fishwick, Moor Park, Ribbleton, Riversway, St George’s, St Matthew’s, Town Centre, Tulketh and University
- **Preston Rural** - Preston Rural East and Preston Rural North

26. South Ribble is located between Preston to the north and Chorley to the south. South Ribble has an origin-based self-containment of 62.0% and as such represents a relatively contained market, albeit less so than Preston and also Chorley. Within South Ribble four sub-markets have been identified:

- **Bamber Bridge** - Bamber Bridge East, Bamber Bridge North, Bamber Bridge West, Lostock Hall, Tardy Gate, Walton-le-Dale
- **Leyland** - Farington East, Farington West, Earnshaw Bridge, Golden Hill, Leyland Central, Leyland St. Ambrose, Leyland St. Mary’s, Lowerhouse, Moss Side, Seven Stars
- **Rural West** - Broad Oak, Charnock, Howick and Priory, Kingsfold, Little Hoole and Much Hoole, Longton and Hutton West, Middleforth, New Longton and Hutton East, Whitefield
- **Rural East** - Coupe Green and Gregson Lane, Samlesbury and Walton

27. Chorley is located in the south of Central Lancashire and as such looks to both the City of Preston and north Manchester. Chorley has an origin-based self-containment of 63.7% and is a relatively contained market. Within Chorley three broad sub-markets have been identified:

- **Chorley Central** - Astley and Buckshaw, Chorley East, Chorley North East, Chorley North West, Chorley South East, Chorley South West, Clayton-le-Woods and Whittle-le-Woods, Clayton-le-Woods North, Clayton-le-Woods West and Cuerden, Coppull, Euxton North, Euxton South
- **Chorley East** - Adlington and Anderton, Brindle and Hoghton, Heath Charnock and Rivington, Pennine, Wheelton and Withnell
- **Chorley West** – Eccleston and Mawdesley, Chisnall, Lostock.

---

\(^1\) i.e. 65.8% of Preston residents when moving relocated to a location within Preston
28. The median gross household income in Chorley is £29,642, which gives a house price to income ratio of 1:5.7. The median gross household income in Preston is £28,138, which gives a house price to income ratio of 1:5.5. The median gross household income in South Ribble is £32,769, which results in a house price to income ratio of 1:4.9.

29. The latest CLG guidance recommends that the lower quartile house price (LQHP) should be taken as a proxy for indicating entry-level property prices. The LQHP for Chorley is £105,000, for Preston is £93,000 and for South Ribble is £115,000. The annual income required for a household with two incomes to purchase a property in Chorley is £32,586, in Preston is £28,862 and in South Ribble is £35,845 per annum. Households with a single income would need £27,000, £23,914 and £29,700 respectively.

30. Based on 2006/07 private rent levels, households in Central Lancashire pay a mean average rent per calendar month of between £376.65 in Preston and £421.29 in South Ribble. This means a household would require an annual income between £18,079 and £20,222, making the private rented sector more affordable than owner-occupation, albeit with a far more limited supply.

31. The housing needs of older people covers a population spanning two or more generations. The lifestyles and expectations of the age group 55-74 are likely to be very different to the generation aged over 75. Even within each age cohort there are a multiplicity of needs, demands and aspirations.

32. Almost half the households in Central Lancashire contain at least one member aged 60 or above. Households with older members are distributed across all three districts, but there appear to be higher concentrations in the more outlying rural areas that the inner urban areas of each district. This will have an impact on access to services and support as people get older and their health and mobility needs increase.

33. As people age, and particularly from the ages of 75 upwards they are more likely to live alone. This has implications for care and support services within Central Lancashire as it suggests that as older people age and their support needs increase they are less likely to benefit from care and support within their own home provided by another member of their household.

34. 7.8% of households in Chorley, 8.0% of households in Preston and 6.7% of households in South Ribble with a member over the age of 60, felt that their home was not suitable for
their needs and the main reason was that the accommodation was too large. Over a quarter of households with at least one member aged 60 or above are under occupied.

35. 7.5% of Chorley households, 9.6% of Preston households and 7.3% of South Ribble households indicated that their homes required adaptations to meet their household’s needs.

36. The majority of respondents aged over 55 stated they would prefer to stay in their own home in older age and have services come to them. Sheltered accommodation was the next most popular option followed by housing for older people. Moving to live with family and moving into extra care housing were the least popular options.

**Requirement for affordable housing**

37. The model to estimate the annual shortfall in affordable housing is based on the latest CLG guidance and each stage is described in detail in the main report.

38. Chorley has an estimated annual shortfall of 723 units, Preston of 397 units and South Ribble an estimated annual shortfall of 660 units. This produces an estimated annual shortfall of affordable housing across the Central Lancashire area of 1,779 units.

39. Affordable housing provision includes both social rented housing and intermediate tenures. By identifying the households able to afford 76-99% of the lower quartile threshold price, it is possible to estimate the split between social rented housing and intermediate tenures for each District. This analysis indicates splits of 26:74 in Chorley, 32:68 in Preston and 11:89 in South Ribble.

40. 32.5% of Preston households intending to move and 25.5% of Chorley households intending to move are interested in shared ownership. In the case of South Ribble the interest is greater than the affordability measure would suggest: 29.4% of households intending to move would or could be interested in shared ownership compared to only 11.2% who could afford it.

41. In Preston, the level of interest in social rented housing for both existing households and potential new households is proportionate to the overall provision of social renting within the district, but in Chorley and South Ribble, particularly amongst potential new households the proportional interest in social rented housing is much greater than the supply.
Of all the households in Chorley that intend to move over the next two years and would like social rented accommodation, just over a third are looking for a flat and just over a fifth are looking for a one bedroom flat. However, across all housing types, two and three bedroom accommodation is in the highest demand. Demand for bungalow property is quite high.

The type and size preferences for affordable housing in Preston are similar to those in Chorley, but with a higher proportion demanding two-bedroom accommodation and a correspondingly lower proportion demanding three-bedroom accommodation.

Demand for affordable housing in South Ribble is more varied in its type and size than evident in Chorley and Preston, with 33.7% indicating that they would be interested in a range of housing types. 16% would like two bedroom bungalows and a further 16% would like a four bedroom detached house. Overall, as with Preston the highest demand is for two-bedroom properties (59.8%).

Size and type preferences for market housing are different from the preferences for affordable housing. Detached and semi-detached properties feature more strongly as do larger properties with demand for more three and four bedroom houses. In Chorley, 21.1% of households would like either a two or three bedroom bungalow. Demand for one-bedroom flats in market housing is only 1.7%.

In Preston, the single highest demand is for three bedroom semi-detached homes (20.9%), followed by four-bedroom detached houses (15.7%). As with Chorley the demand for one-bedroom flats is very low at just 1.2%.

In South Ribble, demand is high for detached (30.1%), semi-detached (25.2%) and bungalow properties (24.6%). 62.0% of households indicate a demand for three or more bedrooms. Interest in one-bedroom flats is as low as in both Preston and Chorley.

In terms of developing affordable housing targets in local development documents, the Strategic Housing Market Assessment provides indications of suitable targets. It is important that the statistical modelling used to derive the evidence is set alongside other evidence (for example affordable housing viability assessments) to arrive at final policy decisions.
49. Chorley is expected to build on average 417 units per annum to meet the requirements of RSS and the housing needs model (which is unconstrained) would imply an affordable housing target greater than all new provision.

50. Preston is expected to build on average 507 units per annum to meet the requirements of RSS and the housing needs model would imply an affordable housing target of over 90%.

51. South Ribble is expected to build on average 417 units per annum to meet the requirements of RSS and the housing needs model would imply an affordable housing target greater than all new provision.

52. As the figures suggested by the models are in most cases greater than the Districts' total completion targets for all dwellings as well as past performance on delivery of affordable housing, there is clearly a need to look very carefully at the sites coming forward in the future and their suitability for mixed, sustainable developments as the Councils may need to seek a considerably higher proportion of affordable housing than has been the target in the past.

53. By maintaining the model and updating annually, it will be possible to see whether an increase in the delivery of affordable housing through firmer and higher targets than have been achieved previously has the desired effect of reducing the shortfall across Central Lancashire.