

## APPENDIX 7: STAKEHOLDER CONSULTATIONS

Consultation with stakeholders is an essential part of the SHMA process. Many of the findings and interpretations from this are incorporated into the main report, but this appendix forms a more thorough record and part of the 'audit trail'.

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## 7) STAKEHOLDER CONSULTATIONS

### 7.1 Leicester and Leicestershire SHMA Local Authority Consultations April 2008 position statement

- 7.1.a Representatives from all of the eight Local Authorities involved in the study were interviewed in person by a member of the project team to discuss their Authorities strategic and policy position at an early stage of the research. In most cases a senior officer from both the planning and housing services was present to inform the discussions. The notes of the interviews were confirmed with the relevant Local Authority officers and it must be stressed that this is an indication of the issues and not a definitive policy position. For detailed and up to date advice, please contact the relevant Local Authority Officer.
- 7.1.b The members of the project team held a triangulation meeting to consider the key issues that have been presented by each Local Authority and agree a common method of presenting this information.
- 7.1.c The consultation interviews were undertaken under four distinct headings using a standard series of prompts as follows;

#### *Housing market definition and dynamics*

Where do the local housing market boundaries or sub-divisions lie ?

What are the underlying reasons for this?

- Commuting/transport links?
- Schools and other local social infrastructure?
- Exclusive and/or unpopular/stigmatised areas?
- What are currently the most important housing market pressures driving policy?
- Regeneration?
- Affordable housing provision?
- Green wedge preservation?

#### *Market sectors*

- Is there over (or under?) provision of particular dwelling types?
- Underlying forces behind imbalances?

- Role of new build – is this meeting extant demand?
- What is the current policy position on affordable housing?
- What level of affordable housing is being achieved through S106 negotiations?
- How does this compare with identified/evidenced needs and targets?
- What are the factors that influence the outcome in terms of land supply and house prices?
- Are there any differences in policy and application across the authority with regard to rural issues?
- Latest housing need survey conclusions (and how recent?)
- What are the key messages about the market (balancing tenures etc).

### *Delivery issues*

- Based upon this initial discussion what are the key constraints to effective delivery of a balanced market?
- Land use, existing market pressures, planning, viability?
- What is the Housing Land Availability study saying?

### *Looking forward*

- What are the key housing market issues looking forward?
- What would you least like the SHMA to show in relation to your area?
- What would you most like to see the SHMA show in relation to your area?.

7.1.d The summary of the consultation sessions is as follows, these are of a general nature and it must be restated that they do not provide a definitive housing or planning policy position.

## *7.2 Blaby District Council*

### *Housing market definition and dynamics*

7.2.a A recent HMA study has been completed by Housing Vision.

The Travel To Work Area (TTWA) is an important factor -

Proximity/transport links to the City, M69 corridor and M1.

7.2.b There are three distinct HMA areas, a Leicester urban fringe, Countesthorpe and Eastern villages gravitating to Oadby and Wigston and the South West villages gravitating to Hinckley and on to Nuneaton. The main reasons are transport links, house prices and employment. Education is also important, particularly the links to Desford, Countesthorpe, Enderby and Wigston senior schools. Importantly, a new secondary school is likely to be required to service the planned West Leicester urban extension.

7.2.c Exclusive areas are Kirby Muxloe and Aston Flamville, whilst the stigmatised area is the city side of Braunstone Town.

A pro active approach to affordable warmth is a District wide issue.

7.2.d The most important pressures are; providing more affordable housing and more intermediate housing to bridge the rapidly extending affordability gap with earnings and house prices. Both the green wedges and the Authority's countryside policy will need to be amended in the medium term to allow additional residential development to take place.

#### *Market sectors*

7.2.e Additional development of all tenures is required, most property sizes and types are required to meet existing demand pressures. In particular, there is a need for additional smaller units to balance the existing market and create affordable rented and low cost market ladders. Historically, the Authority has monitored the units produced and not bedspaces or size.

7.2.f An SPG for housing is in place, from the Fordhams HNS need 228 affordable units per annum. Recent HMA establishes the need for social rented 2 bed flats and 3 to 4 bedroom houses. The target is to achieve 245 affordable units by 2010 and on present projections this is unlikely to be achieved. At present a 30% affordable housing planning policy is in place, with 90% social rented and 10% shared ownership - a couple of exceptions sites are coming through.

7.2.g The new SPD for affordable housing will be drafted by Spring 2008 and adopted by the year end. Unfortunately, most sites are under the existing threshold of 25 units, the new SPD will address this issue.

Land ownership an important issue, Leicestershire County Council estates section is a key player and need good links with LCC over future transport (especially highways) improvements.

- 7.2.h Politically the Authority is keen on limiting growth to 290 units per annum, however, the emerging Regional Plan suggests 340 per annum.

#### *Delivery issues*

- 7.2.i There are limited allocations for residential development and relying on brownfield and windfall sites is an issue. It may take 4 to 5 years to get the full allocations document in place, the planning process itself is a time constraint.
- 7.2.j The links to the Regional Spatial Strategy (RSS) are very important, on the existing RSS draft Blaby has enough land for 6.9 years. Additional units would be welcomed as the RSS is finalised in 2008.
- 7.2.k Affordable housing sites are difficult to find in a very “overheated” speculative market. Good local developers are active, The LPA are keen on a sustainable approach and high eco code ratings.

#### *Looking forward*

- 7.2.l The key issue is to re-balance the existing market (a 20% price reduction would be helpful to make housing more affordable). Blaby would like the SHMA to show evidence about need and support or comment upon the RSS targets for dwellings per annum.
- 7.2.m There is potential in the social sector to remodel sheltered housing for younger people, when the LA stock transfer to Three Oaks Homes (a member of the East Midlands HA Group) goes ahead a more strategic approach to land holdings and development should be possible. For example, the 32 Cornish units at Huncote would be demolished and the site developed.
- 7.2.n The new HMA is suggesting about 340 affordable units per annum are required. The District is very positive about future growth and keen to “stretch” the RSS target.

### 7.3 Harborough District Council

#### *Housing market definition and dynamics*

- 7.3.a It must be emphasised that the local HMA boundaries do not coincide with LA boundaries and that all the sub-markets within the LA area are externally driven. Harborough District is impacted by many arterial routes including the A47, A6, A14 and M1/M6. In general housing is more affordable in the West of the district than in the East. However due to the large disparity between average incomes and average house prices the strategic issue for the district is the lack of affordable housing.
- 7.3.b Currently the provision of flats is about right but there is concern that may be over provision of flats in the pipeline, particularly in Market Harborough, in terms of meeting locally generated need. (highlighted the issue that 2 bed property favoured by developers for economic reasons is flats, but families need houses).
- 7.3.c There are severe problems of affordability for the local population with average incomes unable to sustain existing prices for market housing.

The need for property outstrips supply across all tenures and this is even more accentuated in terms of affordable housing – existing policy sets a target of 30% of new provision of affordable housing, but HNA suggests that 70% is required just to break even.

- 7.3.d The local HMA identified 7 sub-market areas within the district. The SHMA will test this and may identify a different pattern of sub market housing areas within the district.
- 7.3.e However, in general terms there are 4 distinct housing markets within the district:

#### *Market Harborough*

- 7.3.f There is a strong interplay between Market Harborough and Northamptonshire. Market Harborough and the surrounding villages fall within the Travel to Work area of Kettering, Desborough and Rothwell which offer cheaper housing beyond the Harborough administrative boundary.

- 7.3.g It will be interesting to see the impact of the Milton Keynes South Midlands 'growth area' and the regeneration of Corby on the Market Harborough market and whether some of the demand generated within Harborough district can be accommodated by this external growth.
- 7.3.h There is a local perception that Market Harborough itself falls within commuting distance of London with travel times to the centre shorter than from some outer London Boroughs by rail. However, it is unclear to what extent this potential price inflation for market housing impacts upon the market.
- 7.3.i In terms of housing market balance Market Harborough is probably the best balanced in terms of jobs, housing and infrastructure. It is similarly probably best balanced in terms of housing tenure, but it is overly skewed towards owner occupation. The private rented sector is growing, possibly fuelled by 'buy to let' – this may be providing some intermediate housing.

#### *Lutterworth and Broughton Astley*

- 7.3.j There is a strong interplay between Lutterworth and Rugby. Further the M1, M6, A14 corridor is in very close proximity and creates easy commuting and access to housing in this sub-market. As a result there is potentially strong influence from the Leicester boundary, particularly from Blaby District on Broughton Astley.
- 7.3.k In terms of housing market balance Broughton Astley is predominantly housing and lacks economic infrastructure and services. Lutterworth is much better balanced in this respect and provides a good mix of housing services, facilities and infrastructure. Private sector housing is still dominant, however this submarket is better balanced than in other parts of the district in terms of house types and house price inflation.

#### *The rural market*

- 7.3.l A clear rural market exists and 'Rutlandification' has led to eastern parts of the district experiencing the same pressures and constraints as those within the more expensive area of Rutland leading to high prices and low affordability. The rural exclusivity and perceived affluence add to the inflationary pressures on all forms of housing. House prices in this area are some of the highest in the East Midlands region.

7.3.m In terms of housing market balance this area is clearly out of balance, there are very high levels of owner-occupation and a predominance of large properties. This is coupled with a very low turnover in market rented and social housing. As a result any smaller properties available are too expensive, this has led to a changing demography with a higher than average percentage of over 55s as younger households are forced to move out of the area.

#### *The Leicester fringe A47 corridor*

7.3.n Along the A6 corridor, including the areas of Great Glen and Fleckney there is very visible developer activity which is more influenced by the City of Leicester housing market. There is outward migration from Leicester into this area which is perceived as offering better housing and a more attractive lifestyle.

*In terms of housing market balance the situation is very similar to the rural market, however, there is a supply of 'affordable' housing available due to some recent reasonably sized developments in Scraftoft, Fleckney and generally along the A47 and also the availability of more affordable housing across the border in Leicester which is in very close proximity.*

#### *Delivery issues*

7.3.o Market Harborough very constrained physically in landscape terms as the town has very high ridgelines. In addition the town sits very close to the administrative boundary with Daventry District limiting growth in that direction. The good transport routes across the District coupled with peoples relative mobility result in significant pressure on the market from outside the area. This may be reduced if more radical policies to tackle climate change by reducing car use come into play. In Lutterworth and in particular in Broughton Astley there is an interesting market structure reflecting a high level of development during the 1970s that was not accompanied by community infrastructure and this could affect the future sustainability and popularity of these settlements.

7.3.p In the rural areas development has been severely constrained by very high land values and the lack and size of suitable sites coming forward. Additional policy considerations in this rural context must be considered, particularly in relation to exceptions sites.

### *Policies for delivering affordable housing*

- 7.3.q The adopted SPD requires 30% affordable housing contribution on sites of 5 units and above. This threshold is the lowest in Leicestershire and is being delivered. The Corporate target is to achieve 80 affordable homes pa however, historically the District has only delivered 60 pa. This is not a smooth pattern and there is a need to monitor future progress as these totals should rise as larger schemes are built out.
- 7.3.r The low threshold seems to have reduced the number of small sites coming forward and this may take time for landholders and developers to recognise the new economics of provision. A 75%:25% split between social rent and LCHO provision is sought from the planning system. However, some shared ownership packages have been proven to be unaffordable in some areas such as Husbands Bosworth where the shared ownership properties had a 50% mortgage of £71k and then a monthly rental on the remainder with the RSL of £261 which is no more affordable than an open market house.
- 7.3.s There is an exceptions site policy, however, so far this has not been successful in delivering affordable housing in the district.
- 7.3.t The SHLAA is currently underway and will include a section looking at potential exceptions sites adjacent to villages with identified needs.

### *Looking forward*

- 7.3.u The SHMA needs to provide:
- Robust and clear advice on helping to rebalance the current housing markets within Harborough district and what type of housing is needed (currently too many executive homes and potentially future saturation of flatted accommodation)
  - Whether different affordable housing requirements should be sought in rural and urban areas;
  - What % affordable housing should be required (is 30% sufficient?)
  - Whether the shared ownership option should continue in some of the more expensive areas of the district and whether this is a viable option for developers to consider. Can the SHMA identify other LCHO products to generate better affordability?
  - Viability assessments
  - Judgements on how distinctive the sub-markets are and needs

clearly identified at that level.

- Understanding of the inter-play between sub-markets and across HMA boundaries, potentially informing different ways and locations for delivery
- Weight to be given to affordable housing contributions, particularly on regeneration sites.
- Information both electronic and written to be provided in a user friendly, understandable and accessible format.

#### 7.4 Hinckley and Bosworth

##### *Housing market definition and dynamics*

- 7.4.a A clear East / West divide exists; the West of the District is more rural. “Pull” locations are Leicester, North West Leicestershire, Nuneaton and Bedworth, Charnwood, Coventry and to a lesser extent Birmingham. Affordable housing in the rural areas is a key concern. A clear urban core exists around Hinckley, Burbage, Barwell and Earl Shilton. Markfield, Desford, Ratby and Groby are influenced by the urban pull of Leicester.
- 7.4.b Historical reasons, such as the fact that workers from the West Midlands manufacturing sector bought property in the District as it was more affordable, are important considerations.
- 7.4.c TTWA linked to Leicester, Coventry and Birmingham. The M69, and to a lesser extent the M1, are key arterial routes, while the Earl Shilton bypass, opening Winter 2008-09, is expected to benefit both Hinckley and Earl Shilton town centres.
- 7.4.d Pockets of deprivation exist at Bagworth and in Hinckley, Barwell and Earl Shilton. Regeneration of these areas is a key priority for the Council.  
Bosworth Community College at Desford attracts pupils from a very wide area, including significant numbers out of catchment area from within the City boundary.
- 7.4.e Exclusive areas include: Burbage, Market Bosworth, Congerstone and Twycross – these areas have very high house prices and a lack of affordable housing provision. A dynamic agenda is developing with the Parish Councils, in particular, an agreed need for more rural affordable provision.

### *Market sectors*

- 7.4.f A reasonable provision of housing for sale exists; gaps in this market are one-bed flats and 2-bed houses although developers are keen to provide 2 bed “apartments” due to the land economics. Houses in particular are not being produced (particularly in settlements such as Hinckley) in the quantities required to maintain a balanced market.
- 7.4.g The existing SPG target of 20% affordable housing is being achieved on sites above the threshold of 25 units. A major issue has been the number of applications for between 16 and 24 units as these fall beneath the affordable housing threshold. The present target of 20% affordable provision is being met , the current ratios of affordable housing are 90% rented and 10% shared ownership.
- 7.4.h The new affordable housing SPD uses National definitions and will have a lower general threshold of 15 units, in rural areas 6 units; these will be requested in a ratio of 75% rented and 25% shared ownership (or intermediate).
- 7.4.i The 2004 Housing Needs Survey (HNS) is seen as having little relevance when the SHMA is adopted.
- 7.4.j There is a clear need to direct regeneration activity to the four sites identified above and provide more affordable housing in a wide range of locations.

### *Delivery issues*

- 7.4.k Land supply has been a key constraint, land economics have meant that most urban schemes (especially in Hinckley) have been apartments and there has been a lack of rural schemes in the high value areas.
- 7.4.l There are currently no preferred RSL partners so a number of RSLs are active in the District.
- 7.4.m Locally there is a concern that shared ownership is not really affordable and certainly does not meet the highest need cases.  
On one site a developer offered to provide 100% affordable housing (to

meet other obligations), this was reluctantly accepted but more mixed communities are desirable.

- 7.4.n The LA officers are disappointed that developers are “leading” the process, rather than a strategic plan from the Council being followed, although the new SPD and the SHMA should help to redress this balance. When the new SPD is in place (April 2008) it is expected that more affordable housing will be provided.

#### *Looking forward*

- 7.4.o Would like to “up the quality” of the housing market intelligence on a sub-regional basis. The key issue is to provide a more balanced housing market, with clear statements of what types of property and what tenure they should be in the sub-markets across the District provided by the SHMA.
- 7.4.p A split between rural and urban priorities would be very helpful.
- 7.4.q The Authority intends to influence planning policy and housing supply on the back of the SHMA and, in particular, avoid over-saturation of specific types of accommodation.
- 7.4.r The urban extensions suggested in the RSS are broadly supported.
- 7.4.s The SHMA should support the RSS numbers position (at least). One concern is that the SHMA may be too “numbers driven” and provide excessive raw data without a clear steer towards policy development. The pressures of work within the LA may make it hard to interpret the research.

#### *7.5 Oadby and Wigston*

##### *Housing market definition and dynamics*

- 7.5.a Three distinct HMA areas exist, Oadby, Wigston and South Wigston - each has its own socio-economic profile and housing characteristics. The major reason for this is the pattern of communications and especially the road network - the A5199 is a key arterial route.
- 7.5.b There are several good quality educational institutions around Wigston, attracting pupils from inside the City boundary in large

numbers. Regeneration is required in a small area of South Wigston and in part of the St Peters ward in Oadby as these are areas where there is higher deprivation than in the rest of the Borough.

7.5.c Oadby has a distinct village identity with some high quality shopping to support the generally high quality residential stock, many residents aspire to live in Oadby. The Town Centre Masterplanning process is looking to enhance the retail offer.

7.5.d Demand and need are strong across all areas and tenure/types of property.  
The green wedge policy is being considered in conjunction with the County Council, amendments may be required to meet regional Plan housing targets.

7.5.e In geographical terms, the Borough is effectively a suburb of the City of Leicester. However, the Borough is politically distinct from the City and there is a strong consensus that it has, and should retain, its own identity as a Borough.

#### *Market sectors*

7.5.f In general terms there appears to be an adequate cross section and supply of market family housing with severe localised gaps in social rented and intermediate provision. An ageing population means there is a potential need for an extracare facility or similar specialist accommodation. There is an emerging market in apartments for sale, particularly two bedrooled units, due principally to land economics and the profits that can be made from this type of development.

#### *Delivery issues*

7.5.g The Residential Land Availability Study has been completed and proven that there is an adequate supply for the next five years. Land availability is a problem in delivering a balanced housing market (along with the general economics favouring apartments). Affordable units have not been pepper-potted within schemes and tend to be “blocks” of mono tenure rented housing. The issue of a poor design quality for these social rented units has been a particular concern for planners. Administering the S106 payments that are negotiated is an issue with inadequate internal employee resources.

7.5.h The local plan policy has a requirement of 25% affordable

units on new sites above the threshold (25 units). The Housing Needs Survey (HNS) in 2005 identified that 30% should be the minimum requirement. This level is now being requested of – and accepted by – developers on all new sites coming forward. This higher level is set out in the emerging LDF and is applicable to all sites of more than 10 units.

- 7.5.i The HNS requires more than 100% of all housing provision to be affordable so is clearly unworkable (i.e. 149 units per annum). The level of 30% that has been reached is considered to be realistic and achievable in the circumstances.  
There is a limited provision of supported housing in the Borough.

### *Looking forward*

- 7.5.j The Regional Spatial Strategy has suggested 55 dpa are required whilst existing delivery is an average of 90 units per annum over the last 5 years. The Authority is keen to challenge the RSS figure and obtain support for 90 dpa, as per the representation to the RSS Examination in Public.
- 7.5.k It is hoped that the SHMA will show the overall picture in the Borough and “future proof” housing provision for the next 5 to 10 years and provide a sound basis for future policy development. The Authority does not wish to have the same “facts” repeated from the HNS. Officers and members are keen to see a green and carbon neutral housing development take place, both as a demonstration project and for future policy development. The gypsy and travellers issue is contentious, a single site may need to be provided in the local area if required by the RSS, although historically there have been very few and infrequent travellers or gypsies in the Borough.

## 7.6 Melton Borough Council

### *Housing market definition and dynamics*

#### *Rural Areas*

- 7.6.a The Vale of Belvoir is a reasonably distinct sub market. Being located to the north of the town, it is characterised by very expensive village properties. The Bottesford area is particularly distinct from the rest of the borough, and displays a strong degree of self containment. The Vale of Belvoir is well connected to Rushcliffe, Grantham and for commuting into Nottingham and Leicester and the main road networks

are accessible, A53, A606, A46.

- 7.6.b The south west of the district can be characterised as a reasonably distinct sub market. This part of the market follows the A607 Melton Road which provides people with good links to Leicester.
- 7.6.c The (central and south) east side of the district is more similar to Rutland. The key characterising feature is stone built villages (e.g. Somerby, Burrough and Pickwell), commuter links to the A1 to the east.
- 7.6.d There is a general Melton Mowbray influence on the villages which are located in close proximity to Melton Mowbray which include Scalford, Kirby Bellars, Asfordby, Ab Kettleby and Great Dalby.
- 7.6.e Asfordby has its own market but is closely linked to the Market within Melton Mowbray as well as there is a demand from people living in Melton Mowbray to move to Asfordby and vice versa. This is in part driven by the fact that Asfordby has its own local amenities including good transport connections to Melton Mowbray and has a relatively high number of smaller terraced houses located to the west of the village which are some of the most affordable properties for people looking to access home ownership.

#### *Melton Mowbray*

- 7.6.f Melton Mowbray town consists of many small and very distinct estates, which often do not relate well to neighbouring area, for example the priority neighbourhoods within the town which are the least popular and lowest cost locations for housing are in close proximity to highly desirable executive housing. The priority neighbourhoods were all Council housing estates which have been subject to RTB to different degrees. The Fairmead estate within Melton Mowbray is particularly stigmatised area and has not been subject to as much RTB as other areas within the town.

#### *The current market – demand and supply*

- 7.6.g The district has seen considerable price growth over the past five to ten years. Over the past six months however the market has come to a standstill and people are finding it difficult to sell their homes.
- 7.6.h Melton's economy has historically been based upon agriculture and this has been affirmed in the recent policy decision to maintain the cattle

market as a functional agricultural focus. Traditionally the large national stores have avoided the town. A town centre Masterplan which is currently being drafted and the LDF will be looking at the provision of retail space in the town centre including the potential to regenerate the town station site (site adjoining the railway station).

- 7.6.i The airfield site at Great Dalby was allocated in the Local Plan to become a new village and was to have yielded a significant number of new homes which would have linked up with the industrial sites to the south side of the town (combined with a proposed by-pass). Planning permission for this development has however now lapsed. Changes in national planning policy mean that this is no longer a viable option. Additional infill development has occurred in the town in lieu of this. Most new housing in the rural areas has been in very small sites, predominately single infill developments.
  
- 7.6.j The LDF Core Strategy proposes a significant urban extension of approximately 1000 new homes on the edge of the town. Currently several sites are being appraised as part of the LDF process. This proposal will also incorporate a partial by-pass to the town.

#### *Existing policies*

- 7.6.k The current affordable housing policy position is 35% on site delivery on qualifying sites. The current threshold is set at 15 dwellings. Melton BC typically secure a relatively high proportion of intermediate housing, typically 66% social rented and 33% shared ownership. They have had relatively few problems with developers on viability grounds and have successfully secured 35% of housing on sites of 15 or more dwellings.
  
- 7.6.l The HNS Update (2006) suggested an annual shortfall of 185 affordable housing units in the borough. Delivery of new units has been on average less than 20 per annum with more properties lost through RTB sales than gained as new affordable housing completions every year over the last 10 years. The HNS update suggested that the need for intermediate AH was increasing as higher house prices are now affecting a larger proportion of households. The low delivery levels have been attributed to the large number of small development sites which come forward which have been below the threshold for affordable housing contributions.

- 7.6.m The Core strategy preferred options document was released in January 2008 and prior to this a consultation SPD has also proposed to require an affordable housing contribution on all housing developments with a policy target to 40% on sites of 6 or more dwellings with a financial contribution being sought on smaller sites. A project to be carried out to assess the economic viability of development of various types of sites in the Borough.
- 7.6.n Right-to-buy has taken its toll on the supply of affordable units. RTB has reduced the supply of Council homes from around 5,000 units to around 2,000. Melton BC manage the stock themselves (Tenants voted against stock transfer).
- 7.6.o The level of RTB sales has significantly reduced over the last few years, ex-council RTB housing is no longer affordable. Households need to be able to raise a mortgage sufficient to finance a purchase price of at least £100,000.

#### *Delivery issues*

- 7.6.p As elsewhere, the main problem of housing in rural areas is un-affordability. Melton BC has historically been relatively successful in delivering Rural Exception sites. RESs have been achieved in Wymondham (another scheme imminent with planning), Somerby, Scaford, Asfordby and Old Dalby. The parishes of Somerby, Bottesford and Asfordby are currently working to deliver RES schemes for approximately 45 dwellings and Clawson, Hose & Harby parish is considering RES's for the three villages which are covered by the parish. The new housing stock in the rural areas compounds affordability problems it is generally executive housing built to be attractive to commuters/in-migration.
- 7.6.q There is an emerging frustration in the mix of housing proposed in market housing schemes, a number of applications have come in for large executive houses and apartments, which are not considered desirable in market or affordable housing terms, e.g. 4/5bed exec homes, 3 storey town houses and 1/2 bed apartments with no smaller houses units coming forward with developers providing small flats in lieu of small houses, but apartments are limited in appeal and evidence that private market flats are not selling very well in the Town.

## *Looking forward*

- 7.6.r There is a general shortage of smaller units. There is a shortage of one and two bed everywhere across the district. Households trying to access the housing market in Melton Mowbray are finding they have to access three bed units or new build flats, which have a new build premium. The shortage of smaller units is exacerbated in the villages where supply is even more skewed to the provision of larger and more expensive dwellings.
- 7.6.s There is also emerging concerns about older peoples housing needs and whether they are being met. Feeling that many are 'asset but rich income poor' and do not have sufficient incomes to afford to sell their homes to move to bungalows/more suitable properties which they might desire, in particular those who exercised the RTB who have a low income base, also concerns about financing repairs to properties etc in the long term on their limited incomes.
- 7.6.t Those older people with larger homes cannot find properties to downsize into because of the shortage of smaller/suitable/desirable properties and their relative expense. The aging population is having an effect on the housing market in the long term, need more evidence and information about what we can do to support this growing section of society and impact of their housing choices as most are in the private sector.
- 7.6.u Key Issues:
- Improve delivery of affordable housing
  - Improve the mix of housing to re-address shortfall of smaller units
  - Aging population and policy implications
  - Melton Borough as a whole does not function as part of a Leicester & Leicestershire HMA. Expectation that the SHMA will recognise this. Concern about any direction/recommendations based at HMA level which may not be suitable for the borough or sub-market areas within the borough

## 7.7 Leicester City

### *Housing market definition and dynamics*

- 7.7.a The Leicester City Council administrative area covers a large swathe of urban development. As with similar cities sub markets tend to be defined by the city centre, the inner ring (dense terraced housing) and the suburbs. Leicester, like other Midlands cities (e.g. Nottingham) has a number of outer low density local authority estates, notably Beaumont Leys, North Braunstone, New Parks, Eyres Monsell and Netherhall.
- 7.7.b In general terms the south side of the city has higher house prices than elsewhere; areas such as Stoneygate and Knighton are higher priced and in recent years areas such as Clarendon Park have 'come up', benefiting from proximity to the city centre and to Leicester University.
- 7.7.c The east side of the city has tended to be the focus for the Asian community – from inner city locations such as Spinney Hill through to north Evington to the east and Rushey Mead to the north
- 7.7.d During the last 5-10 years a market for housing (almost exclusively apartments) has developed. This has helped to regenerate the city centre to a significant extent but at the same time has raised questions about the balance of housing provision coming forward in the City Council's area. There does not appear to be any specific 'sub markets' within the city centre apartment market. Rather the value of the schemes tend to be defined by the quality of the build or conversion as well as the availability of parking (of high importance in terms of marketability).

### *The current market – demand and supply*

- 7.7.e The chief concern from a planning and housing policy perspective is that recent developments have not brought forward a balance of housing units. Flats have predominated in the city. Despite the current concerns about over supply of flats, the number of applications coming in for apartment schemes is still very high.
- 7.7.f Although the city of Leicester is not generally developed densely, there

is a land shortage for housing and development has expanded, most notably to the north and north east, up towards the Council's boundaries. There are some locations where intensification can take place from very low density (large plot) housing but this will not yield a significant number of units.

- 7.7.g Some new development near the city centre (notably at Abbey Meadows) will include a balanced mix of family and smaller units and this development will furthermore include an element of affordable housing. There is believed to be housing association interest in larger sites currently in commercial use which could bring forward a high percentage of affordable homes.
- 7.7.h Right-to-Buy has created a significant 'dent' in the stock of affordable homes. Some estates, most notably Eyres Monsell have proven extremely popular as locations where people have purchased their Council dwellings.
- 7.7.i There is very high demand for the Council stock, even in areas which historically were perceived as 'hard to let'. North Braunstone for example has a strong waiting list.
- 7.7.j The City has in recent years lost around 1440 units through demolition. Significant numbers of units were lost through the demolition of four tower blocks at St Matthews and Rowlatts Hill. There are no further plans for demolition on any significant scale.

#### *Existing policies*

- 7.7.k The policy position on affordable housing for the City is 30%. This policy will apply in line with PPS3, at a threshold of 25 dwellings. The PPS3 threshold of 15 dwellings was applied from April 2007, but has reverted to the Local Plan position of 25 dwellings following an appeal in January 2008. 91% of the need is for Social Rent and 9% for home ownership. 56% of need is for housing with four bedrooms or larger (Housing Needs Survey 2002).
- 7.7.l The City Council, in conjunction with the Federation of Tenants Association and the Leicestershire Chamber of Commerce, have set up 'HomeCome' a not-for-profit organisation. The objective of this initiative is to provide a sub market rental solution for people on the City Council's housing register. HomeCome can purchase properties in the existing market. The proceeds of Section 106 negotiations (commuted

sums) can be channelled through this resource to help meet housing needs where they are not met on new development sites.

- 7.7.m What is being developed on the outer green field sites (best example Hamilton) meets market demand and there are few problems in achieving 30% affordable housing.

The main challenge is delivering larger four bed homes to meet requirements in the affordable sector.

### *Delivery issues*

- 7.7.n The Regional Spatial Strategy sets housing targets at such a level requiring an increase from the current output. The RSS targets are in line with the New Growth Point Strategy. Leicester should deliver some 24,500 homes by 2026.
- 7.7.o A very significant proportion (some 3,500 homes) should be developed at Ashton Green, a City Council Greenfield site. This will bring forward a substantial number of affordable units. There are still development opportunities on the north east side of the city at Hamilton, another green field area. Total green field housing supply is currently estimated at around 7,000 dwellings.
- 7.7.p There are in addition three key locations for new housing development in the city: Abbey Meadows, Waterside and St Georges. Development strategy is covered by three bespoke policies for these areas. Elsewhere across the city, small to medium sized sites (range 0.1 Ha to 0.25 Ha) will bring forward more new housing from a combination of infill vacant land, redundant industrial sites and conversions of larger Victorian housing.
- 7.7.q Delivering affordable housing in the city centre has proven difficult. Developers have consistently argued that affordable housing makes sites unviable. For the initial conversion schemes these arguments tended to prevail as the main policy objective was regeneration. More recently the City Council have begun to scrutinise developer objections to affordable housing on viability grounds more rigorously. Whether affordable housing, either in the form of on-site or as a commuted sum, can be delivered will also be highly reliant on the current state of the market for apartments, which is currently weak. There is an irony in that some developments which resisted an affordable housing allocation have not sold well and the units are now being sold to

housing associations.

- 7.7.r There is a question mark over whether land owners and investors in the city are, in many cases, serious about bringing forward sites. There is a discrepancy between the current state of the market for apartments and the number of planning applications coming through; i.e. much of the interest in this market may be longer term.
- 7.7.s There is scope for estate renewal in some of the outer city estates. Some demolition might help to redevelop areas on a mixed community basis (mixed tenure). However, a key constraint to this happening is the value of Right-to-Buy homes. These can be over £100,000 which means acquisition costs are extremely high. The same homes ten years ago typically were around one tenth of this value.

### *Looking forward*

- 7.7.t The challenge for the City is considerable in terms of meeting housing needs and demand. The RSS and the Growth Point agenda set high expectations for the area. There are some opportunities to deliver new housing strategically (notably at Ashton Green and Hamilton), although lower density family type housing looks increasingly difficult to deliver nearer to the town centre. Problems with local infrastructure (particularly schools) make it difficult to encourage family house building.
- 7.7.u The city centre apartment market is currently a matter of concern. However, there is still interest longer term in buildings that may successfully convert or be re-developed for housing.
- 7.7.v Delivering affordable housing has proven difficult in city centre schemes on viability grounds. However, there is now more optimism that the process for negotiation is tightening to enable contributions (either on site or as a commuted sum) to be delivered.

### *7.8 Charnwood*

#### *Housing market definition and dynamics*

- 7.8.a There are a number of sub-markets within Charnwood ,the influence of Leicester to the South of the Borough creates a distinct sub market contrasting with Loughborough, the primary

settlement to the North West. Key markets are;

#### *The Leicester fringe*

- 7.8.b Includes the settlements of Anstey, Thurmaston and Birstall. Possibly offering the first step out of the city. It is still closely connected economically and socially, but falls outside the City boundary. May be a place of aspiration for some city residents

#### *Loughborough*

- 7.8.c There is a recognition that there are sub-markets within Loughborough, which in part reflect and respond to school catchment areas particularly for middle (High) schools.
- 7.8.d There is a progression of the market from east to west with greatest deprivation and number of ethnic households in the east and north of the town. This is also where the older housing is located.
- 7.8.e The University has a significant impact on the housing market in terms of demand for housing and what it makes Loughborough as a place to live and work. In addition, through student housing it has an impact on the cost and availability of lower cost housing. Purpose built student accommodation is now being developed and this may release traditional private rented stock back into the general needs market.

#### *Shepshed*

- 7.8.f Anecdotal evidence suggests Shepshed provides lower priced market housing than Loughborough and this takes demand that is displaced from the Loughborough market. This may become apparent from an analysis of Travel to Work data.

#### *Soar Valley*

- 7.8.g These are primarily dormitory settlements but with significant variation in their housing market characteristics. Quorn, Barrow and Rothley are very desirable whilst Mountsorrel, Sileby and Syston are less so, partly due to their industrial heritage.

### *Charnwood Forest*

7.8.h These communities are considered very desirable and the market is shaped by demand from those who commute to work across the East Midlands and policies of constraint have been required. The Forest location of villages results in an extra premium as they are set within a particularly attractive landscape area which is recognised Regionally and attracts a substantial number of tourists.

### *Wolds villages*

7.8.i These settlements are primarily orientated more to Loughborough and Melton. There are a number of villages outside of the SHMA boundary that are part of this group including East Leake and Stanford On Soar. The perception is that this is a fairly static market and that it is an area of constraint.

## 7.9 Market Sectors

### *Leicester fringe*

7.9.a Generally it was felt that this area met intermediate housing needs/demands. The perception is that there is a shortage of social housing. There is a noticeable unmet demand from people who wish to be near the city but do not want to live within the boundary. Compared with the rest of the Borough it is relatively cheap, but more expensive than the city. Thurmaston has a large established BME population who have moved out of the city. The private rented sector is small but probably greater than Loughborough.

### *Loughborough*

7.9.b Generally, there appears to be a good balance in the housing market, apart from an area of older terraced housing on the edge of the town centre, known as the Golden Triangle which is dominated by student lets. New developments are bringing 'city centre' type developments in to the town centre. However, there is a perception that the value of flats is falling and the market for some recent flatted developments is weakening.

- 7.9.c The largest concentration of social rented homes in the Borough are in Loughborough. Even with this stock, the declining supply means that there are no areas of low demand, although there is some sheltered bed sit accommodation in Loughborough and across the Borough which is harder to let.
- 7.9.d Although a number of sites have provided Low Cost Home Ownership products there is a shortage of information on the levels and types of need that these homes have addressed.

#### *Shepshed*

- 7.9.e The town has a reasonable balance of stock. Historically market housing has been cheaper in Shepshed than Loughborough. Recent LCHO development sold very quickly, but this only provided a small number of units. There is a relatively good supply of social housing with accompanying high demand.

#### *Soar Valley*

- 7.9.f In Rothley, Barrow and Quorn the owner-occupied sector dominates. There is significant demand for properties and prices are high. A site solely for affordable housing has recently been completed in Quorn as a 'departure' from usual policy.

In Mountsorrel, Syston and Sileby the housing market is probably more balanced.

#### *Charnwood Forest and Wolds villages*

- 7.9.g The market is skewed towards expensive market housing. Demand and prices are high with very little available at entry level prices. Some social rented housing is still available in Woodhouse Eaves.

#### *7.10 Delivery issues*

- 7.10.a Affordable housing policies are set out in SPD. Across the Borough there is a threshold of 15 units on which a 30% affordable housing contribution will be sought. This should be 75% social rent and 25% LCHO. There is a rural exception site policy and commuted sums will be taken in exceptional circumstances.

7.10.b Future policy will consider reducing this threshold .The Core Strategy Development Plan Document (DPD) will consider allocating strategic major urban extension sites, followed by a separate allocations DPD identifying smaller sites. Currently 16% of all new development is affordable housing. This is expressed as a proportion of all development, rather than just on sites where an affordable housing contribution is sought. The current target for new affordable housing provision is 90 units per annum and currently this target is being met, but this target falls substantially short of the annual need identified through the last housing needs survey.

7.10.c Barriers to greater delivery are:

- A lack of opportunities coming forward for rural exceptions sites coupled with a need for better understanding of a sites economic viability
- There is remaining uncertainty of the use of Social Housing Grant for quota (S106) developments

*Looking forward*

7.10.d Charnwood expect the SHMA to support them in their future policy development across a range of housing and planning issues.

## 7.11 North West Leicestershire

*Housing market definition and dynamics*

7.11.a The District does not fit neatly in to the Leicestershire SHMA boundary. The M42 and A42 provide strong economic links to the South West of the Midlands area. Castle Donington and Kegworth relate to Derby, whilst Coalville and the villages relate to Loughborough and to Leicester City. Ashby relates more closely to Burton Upon Trent.

7.11.b The quality of schools is not perceived as a particular issue in terms of influencing the housing market. Ashby Grammar School is very popular and accepts pupils from a wide geographical area (outside of Leicestershire).

7.11.c Osgathorpe is a particularly expensive village. Other villages South of Measham including Newton Burgoland, Snarestone, Swepstone and

northwards through Coleorton towards Diseworth, are attractive rural communities which attract commuters.

- 7.11.d There are two large social housing estates at Agar Nook and Greenhill in Coalville where property prices are low in relation to the district average, as is Ellistown.

#### *Regeneration issues*

- 7.11.e The regeneration of Coalville town centre is a district council priority likely to be retail led complemented by residential development.

It is proposed to re-open the Ashby canal to Measham and this may provide opportunities for waterside development.

#### *Affordable housing*

- 7.11.f A new SPD for affordable housing has been adopted from October 2007. From Oct 2008 the Council will require 40% affordable provision on sites of more than 15 units in areas outside the Coalville Urban area. In Coalville a 30% requirement will be in place to encourage regeneration.

#### *7.12 Market sectors*

- 7.12.a There is an oversupply of Local Authority sheltered bedsits and this is particularly acute in some sheltered schemes. Conversely, there are very few small bungalows to rent in the District.

- 7.12.b Additional bungalows are required across all tenures, especially two beds or larger. At present, bungalows demand a premium price compared to houses due to their relative scarcity and the ageing population of the area.

- 7.12.c Low cost home ownership (LCHO) flats and lower value for sale apartments are “sticking” in the present market due to their relative unaffordability and a perceived mismatch between demand and supply.

#### *Delivery*

- 7.12.d Social rented is the key priority for the district council. The Homebuy

scheme with initial entry levels of 25% equity is acceptable as intermediate housing. In addition intermediate housing at an open market discount of 50% of the full market value is also acceptable.

7.12.e The area has in planning terms an “over provision” on Greenfield sites, although there has been a significant increase in development on brownfield sites. Developer interest is very high. In the past the semi-urban and semi-rural characteristics of the district has affected funding opportunities in relation to the National and/or Regional strategic priorities for capital funding.

7.12.f The housing strategy is now fit for purpose and the council is working corporately to support the provision of affordable housing as a priority. It is hoped this will encourage higher levels of future capital investment.

#### *Looking forward*

7.12.g The LA would like the SHMA to provide;

- Reliable evidence
- The need for new stock/remodelling
- An increase to the RSS target re: affordable housing.
- A pro-active approach to the future market
- A realistic/pragmatic series of options
- Further clarity on what the strategic issues are
- Policy advice and options.

#### *7.13 Leicestershire County Council*

7.13.a As the County is not a Housing Authority the discussion was more focussed around the following strategic issues;

- Economic Development
- Education
- Sustainability
- Transport

#### *Housing market dynamics*

7.13.b The approach to SHMA at a County level was analysed, LCC believe it

is “fuzzy” around the edges and they support the County as the basis for analysis.

7.13.c The Regional Spatial Strategy was considered, LCC are a section 4 Authority and believe they have worked well in developing the RSS with the 7 Districts ( Leicester City is a unitary and therefore also a section 4 Authority).

7.13.d There is a need to link the SHMA to the RSS targets and consider these alongside the “emerging” LCC sustainable community strategy . The Local Area Agreement (LEA 2) may also be considering targets towards housing provision.

#### *Housing delivery issues*

7.13.e The County sees itself as an honest broker, working with the 8 other Local Authorities in partnership.

7.13.f They support the urban extensions set out in the RSS but may conflict with the Districts approach to planning if “proper infrastructure” is not an element of the consents. In particular, approximately 4000 to 5000 houses will require a new secondary school.

7.13.g The Eco Towns initiative is supported but they believe that the Pennbury application (15000 units - 5000 affordable) is in the wrong location. Existing land ownership should not lead to less than optimum planning outcomes. LCC believe that the Burton/Leicester corridor is more suited to major new housebuilding such as an Eco town.

7.13.h The green wedges policy is important as it is a structure plan policy and LCC have requested it is a saved policy as the Local Development Framework is implemented ( potential conflict with the Districts ??). The green wedges provide the green infrastructure of the County.

#### *Looking forward*

7.13.i LCC would like the SHMA to be supported fully by the County and Districts working together and would like to see it being in agreement with the RSS panel outputs.

7.13.j The Loughborough Science Park is a key economic regeneration

initiative and it may provide an element of residential development opportunities.

7.13.k The progress of the strategic housing land availability assessments (SHLAA) will be of interest, the LCC owned land is mainly farmland in the wrong locations for residential development (conflicts with Blaby's opinion).

7.13.l The importance of housing and more importantly rural housing is clear, working with the parish Councils and rural enablers should allow more units to be provided.

7.13.m An approach that analyses local services in connection with planned residential developments (as per the Lichfield DC model) is useful and the Leicestershire Rural Partnership will work with the District agendas to deliver future growth.

7.14 RSL Development Directors - Update March 2008: Discussion with SHMA researchers regarding current market trends

Three leading Regional RSL Development Directors discussed very openly the current market trends with the research team.

7.14.a How is the general market in Leicestershire at present? - e.g. generally a buyer's or seller's market?

- Most certainly a buyers market. Developers are offering apartments in “of the shelf packages” at 75 to 80% of the initial asking price in Rothley and at several sites in and adjacent to Leicester City Centre. Buyers are staying away given the economic uncertainty and prices are definitely falling. The small developers are the worst hit as their cash flow situation can become difficult very quickly (say 3 to 6 months time).
- RSL's are being offered stock from developers who have refused to do business with them in the past !!. It is unnerving how some parties are acting.
- The biggest problem is that many of these units DO NOT meet HC standards( especially for social rented provision), in either size or eco rating terms. If the HC (Regionally) were able to lower it's standards for SHG eligibility RSL's could make some fantastic deals.
- The buy to let market appears to have collapsed as a result of the credit crunch, we have been told that 80% of apartments sold recently in Leicester City Centre were buy to let.
- Not all RSL's will be keen to get involved.

7.14.b Have these changes been consistent across all property types and locations?

- No.
- Many individual sales seem to have “frozen”, RSL's would be interested in off the shelf Intermediate or social rented schemes of between 12 and 24 units. None of the respondents was interested in “large” schemes of apartments – anywhere in Leicestershire (over 50-60 units).

- Houses for outright sale are still of interest, but a heavy discount would need to be secured by the RSL.
- A general attitude exists that another 6 months to a year is required to allow the market to “bottom out”.

7.14.c Have average prices risen or fallen over the last six months? , and the last 2 years?

- There have been dramatic price falls over the last 6 months.
- Many developers are really struggling to make the site economics work and RSL's have already heard of employees being “laid off” due to a lack of new starts on site.
- Where the options to purchase land have been signed at the “peak” of the market the scheme will not proceed.
- Up until last Autumn prices had risen on a month by month basis. The Northern Rock and news for America has really spooked the stakeholders involved.

7.14.d Which areas are growing in demand and which are not?

- NO AREA is growing in demand, with clever marketing and the right price some houses will sell but the market needs more confidence.
- Buyers are aware that prices are falling and are merely standing back until prices have stabilised.
- Social rented units would be in massive demand, perhaps another housing market package is on the horizon.

7.14.e Do you think landowners expectation on prices in Leicester and Leicestershire are realistic?

- Absolutely not.
- Owners will need to accept prices substantially below current expectations. This element is the biggest single problem as the richest owners can afford to sit tight and may even be taking out

options on other sites.

- There is a general belief from RSL's that the March 2008 problems with prices will take 18-24 months to resolve.

7.14.f What key dynamic issues affect these land prices?

- Site density, planning position and owners out dated expectations (as well as usual viability measures).
- The regular market engagement meetings with the HC have become very interesting, the HC could soon be in a position to benefit from the change of sentiment and RSL's might get some social rented houses in great locations to meet the sustainable communities agenda. There is a need to balance low prices with quality.

7.14.g How do you expect the market to develop over the next year?

- Once the line has been drawn under falling values RSL's expect the market to stabilise, although this could take another 6 to 12 months. The market for social rented housing will be very bullish, there is some cynicism that the Government (or is that the HC) are enjoying the price falls and will "step in" when prices have decreased by enough to stabilise the situation. This would mean the Govt could achieve its ambitious house building targets at a reasonable cost.

7.14.h How do you expect the market to develop over the next three years?

- This depends on the turnaround in the next 12 months, once price stabilisation has occurred prices will increase very moderately for the medium term (5 to 10 years).
- RSL's believe that Harborough villages will be very popular for all tenures and family social rented housing will be in huge demand anywhere in or near to Leicester. Market and intermediate housing will also work well in Leicester if the asking prices are reasonable.

7.14.i Are there any changes needed to make the market work better?

- A general feeling that the private sector has been too greedy (especially landowners) and planning delays exacerbating the situation.

- There is a general consensus that RSL's need to tie activity on the ground (across all tenures) to the movements in the private market better.
- RSL's would like to build more social rented houses.
- An interesting problem with pepper-potting, if the Developer is now not proceeding with building the site out where can an individual RSL (or indeed the HC) spend SHG within tight time constraints ??.

7.15 Leicestershire SHMA (Developers): Confidential Opinion Survey  
(supplement to consultation day)

*Introduction*

7.15.a This is a totally confidential opinion survey, circulated by the HBF to its members and returned to the researchers at BLine information with no identification. The aim is to build upon the comments at the consultation day held on October 16th (and the comments received subsequently) to ensure a balanced perspective on the “qualitative” aspects of the research.

We thank you in advance for your kind cooperation.

*The Leicestershire market*

7.15.b How is the general market in Leicestershire at present? - eg, generally a buyer's or seller's market?

- The market is a buyers market and has been for some time, although the underlying position is supportive to sellers. Low inflation / interest rates and suppressed supply due to lack of developable land

7.15.c Have these changes been consistent across all property types and locations?

- Yes but particularly true for flat market as there is an oversupply in this sector. Leicester City administrative area remains difficult in the context of oversupply of apartments and differing education provision.

7.15.d Have average prices risen or fallen over the last six months? , and the last 2 years?

- Mixed response from areas rising over the past two years to areas where prices have fallen over the last 6 months having been static at best for the previous 18 months. The price of flats has been falling for the two year period due to a lack of demand and a reduction in the buy to let market.

7.15.e Which areas are growing in demand and which are not?

- Geographically South Leicestershire is good while the city is not. In terms of types of accommodation family houses are good.
- Town houses are reducing in appeal and flats are not popular unless they are in good locations.
- Family housing on sites below the affordable housing threshold in good residential areas.
- All other sectors have seen falling demand and in particular sites for flats as previously stated.

### *Planning issues*

7.15.f Do the planning policy of (the various LAs) assist development ? Is the approach to S106 working well in your opinion?

- No. Planning policy is becoming far too restrictive and imposing increasingly onerous requirements which are affecting scheme viability and design. Local Authorities are pushing the boundaries of what is reasonable for Section 106 requirements through SPD policy formulation which is not being properly tested as it should be through more formal LDD preparation. Developable land is constrained and increasing supply has to be extensively justified.

7.15.g If not, what are the main constraints and how could they be overcome?

- Section 106 is seen as a tax on land value and affects the willingness of landowners to sell. Many new requirements have a direct impact on scheme viability and consequentially house prices. Affordable housing has the greatest impact and the overall percentage and split of tenure is critical as is the proposed distribution on site. True pepper-potting can have a disastrous effect on sales values and although perhaps desirable in planning terms is simply not practical if successful viable schemes are to be delivered in line with required housing trajectories.
- Land supply provided through allocations in Development Plans is a significant constraint. LDF process subject to extensive delay with NIMBY opposition placing further pressures on the system.

7.15.h Why are flats often built? What needs to be done to develop more suburban type housing?

- Flats have been built to increase density and square footage in line with planning policy and to improve scheme viability. Land values often dictate increasing numbers of flats as does the desire to increase density. This has led to the oversupply of flats and as a consequence very few developers now consider flats an option. As a result the market will automatically turn towards delivery of more suburban houses. More realistic land values will only arise from greater supply of land.
- Local Planning policies and development briefs could specify suburban housing at maximum densities to avoid flatted schemes but only if justified in local market terms.

7.15.i How do costs increase/decrease pro-rata with size of house built?

- It is more economic to develop bigger houses at a lower density if you are able to achieve the same overall sq footage .This is due to economies of scale.
- Development costs are based upon square footage generally, however, flats include efficiency savings as do 2 to 3 storey houses

7.15.j Are there any impacts of providing social rented housing on one of your sites?

- The impact of this is massive and cannot be underestimated. Many private buyers will not consider buying on sites if affordable housing is also provided. Social rent has a much more significant impact on private housing than shared ownership. Housing associations are now experiencing a similar effect on mixed tenure schemes. Significant impact on revenues. Rented units typically are sold to RSLs for less than 50% of market value.

7.15.k Are there any impacts of providing intermediate (shared ownership/market rent) housing on one of your sites?

- While it does not have the impact of social rented units as stated above it is still significant. 50 units attract up to 75%.

*Looking forward*

7.15.l Do you think landowners expectation on prices in Leicester and Leicestershire are realistic?

- Unrealistic due to publicity of high land values and lack of understanding about impact of infrastructure costs and section 106 and the cost of providing affordable housing which often involves free serviced land and a building subsidy. This will remain while land supply is constrained.

7.15.m What key dynamic issues affect these land prices?

- See previous response. Land supply through allocations. Competition between developers for a scarce resource.

7.15.n How do you expect the market to develop over the next year?

- Much will depend on interest rates in the New-Year. However it is believed the impact of affordable housing will continue to present a problem and prices are expect to fall as a result of this but recover.

7.15.o How do you expect the market to develop over the next three years?

- Similar to above unless something changes! It will be a slow improvement as greater land is released through the planning system although this will take time.

7.15.p Are there any changes needed to make the market work better?

- Please see all previous responses, in particular greater release of land, more certainty at national, regional level in respect of planning policies.

*Any other observations*

7.15.q Is there anything else you'd like to add about the Leicestershire housing market?

- Concerned to see how results of SHMA will influence planning/housing policy particularly in areas of mix and affordable housing.

7.16 Feedback from the Developer Workshop held in Leicester on 16<sup>th</sup> October 2007

*Overview*

7.16.a As an ongoing part of the SHMA a developer Workshop was held to test the views of developers on a range of delivery issues relating to building in Leicestershire. It was explained to participants that the SHMA is a Government requirement that will provide the arguments for new development policies reflecting housing numbers, housing mix and tenure throughout Leicestershire for the next 20 to 30 years. It will assist the process of forward planning for these authorities and will be a 'material consideration' as it is adopted to the Regional and local statutory planning framework.

The following were in attendance

Tim Whatton, The House Builders Federation  
Richard Graves, Hinckley and Bosworth BC  
Neil Farmer, Derwent HA  
Lance Wiggins, David Wilson Homes  
Richard Walters, Hallam Land  
John Coleman, William Davis  
Andrew Golland, Three Dragons  
Derek Doran, Derek Doran Consulting  
Bob Line, B Line Housing Information

*Scope of discussion*

7.16.b The following topics were included in the scope of discussion:

- Local areas with highest/lowest demand – and reasons for this; any 'no go' areas – and why?
- Development mix and density – what works – where (best) – and why?
- Emerging markets – city living, private investment market, student housing;
- Tenure – affordable housing; extent of delivery, success and local planning target impacts on supply; viability issues;
- Rural and market town development: are there special issues; what is being developed; rural exception sites.

- The land market and planning – extent of enthusiasm for building in the Leicester SHMA area;
- Buyers – who are they, and where do they come from? Trajectory and forms of future demand;
- Market conditions, effects of economic uncertainty.
- Reports/research – can developers share anything with us?

#### 7.17 Main messages coming from the workshop

##### *Market definition*

7.17.a Definition of sub markets to understanding the dynamics of housing markets. This is important to assist policy interventions and is particularly important to drive regeneration forward.

7.17.b However, defined sub markets are often not of great help to developers who tend to view markets, and market opportunities in terms of the site's immediate locality

##### *The health of the Leicestershire housing market*

7.17.c In general, Leicestershire is seen to be a desirable location in which to develop. One developer stated that there is 'nowhere we won't build'. It is evident that sites are being brought forward in weaker housing market locations and that these developments provide a very specific end use in that they allow local people to grade up from older and poorer second hand housing.

7.17.d There is significant enthusiasm for emerging market opportunities and the main constraint is not local markets but an undersupply of development land.

#### 7.18 What should the SHMA recommend in terms of housing mix and tenure?

7.18.a This question elicited a response along the lines of what is needed is 'obvious'. Overwhelmingly the demand is for family housing – both first time families and households moving up with older children. This means 3 and 4 bed housing is at a premium.

7.18.b Traditional housing with good sized gardens are also at premium

demand. Apartments in small doses are fine, but in suburban development flats should be kept to a minimum proportion of the scheme.

7.18.c It's important however that the SHMA report is not too prescriptive on development mix. This applies particularly on smaller sites and those which have difficult development shapes.

#### 7.19 Development in Leicester City Centre

7.19.a There is some considerable concern about the apartment market in the city centre. Whilst most developers present were not developing in the city centre they perceived a large 'Keep out' sign in relation to this sub market.

7.19.b The weak image of this market comes from two factors. A perceived over supply relative to demand from young professional people and investors in particular and; second, the weakness of the housing market generally. This adds up to a situation in which the city centre market is fast stagnating.

7.19.c It was suggested that there are still a very significant number of applications outstanding. Whether these are followed through depends very much on the extent to which the market 'holds' in the short run.

#### 7.20 Housing requirements

7.20.a The general feedback on overall housing requirements is that housing numbers need to be expanded from the current RSS base. In locations such as Oadby and Wigston, the numbers are seen to be unrealistically low.

7.20.b The housing requirements will need careful calculation. It is important that the numbers in the RSS are not simply met by high density apartment schemes in the city/town centres.

7.20.c There was a concern expressed that the SHMA report might conflict with the findings of the RSS Panel report.

#### 7.21 Affordable housing

7.21.a Delivering affordable housing is an ongoing problem for developers.

There is a concern that policy is not 'up to the job' in some local authorities, and doesn't give a clear enough steer for negotiations.

7.21.b Viability is a continuing problem with some authorities holding unrealistic expectations of what is viable. There is an ongoing problem in Leicestershire in that policy has not yet really 'bitten' and hence land owners are not prepared to shift expectations for their sites.

7.21.c Rural Exception Sites were seen by developers as a complex process which achieves only very low numbers of affordable homes. NIMBY interests usually force schemes out.

## 7.22 Countywide Forum

7.22.a Additional consultation took place via the Countywide Forum, held on 2nd November 2007.

A discussion paper was distributed to attendees; as follows:

The local authorities in Leicestershire including the County, Blaby, Charnwood, Harborough, Leicester City, Hinckley and Bosworth, Melton, North West Leicestershire and Oadby and Wigston have appointed a local consortium of consultants to carry out their Strategic Housing Market Assessment (SHMA).

7.22.b The SHMA is a Government requirement that will provide the arguments for new development policies reflecting housing numbers, housing mix and tenure throughout Leicestershire for the next 20 to 30 years. It will assist the process of forward planning for these authorities and will be a 'material consideration' as it is adopted in to the Regional and local statutory planning framework. The assessment will help to 'knit together' policy objectives with regards to new build and also improvements to the existing stock and regeneration.

7.22.c In more detail the SHMA is addressing:

- Local areas with highest/lowest demand – and reasons for this; any 'no go' areas – and why?
- Development mix and density – what works – where (best) – and why?
- Emerging markets – city living, private investment market, student housing;
- Tenure – affordable housing; extent of delivery, success and local

- planning target impacts on supply; viability issues;
- Rural and market town development: are there special issues; what is being developed; rural exception sites.
- The land market and planning – extent of enthusiasm for building in the Leicester SHMA area;
- Buyers – who are they, and where do they come from? Trajectory and forms of future demand;
- Market conditions, effects of economic uncertainty.
- Reports/research – can developers share anything with us?

7.22.d We held a developer forum earlier in the month. The key feedback is:

- Sub market definition is difficult in relation to the new build market as this tends to follow other new build and not the local existing market;
- Leicestershire is buoyant – ‘nowhere we won’t build!’
- Overwhelmingly what is needed is middle market – 2-3 beds – starter through to second moves; it should be low density;
- Don’t be prescriptive on mix;
- City Centre market ‘KEEP OUT’ (but this doesn’t square with number of applications for flats coming in!); investors no longer bailing out ailing market;
- RSS numbers need to be expanded esp where requirements are low. O & W best case in point – affordable housing needs fourfold the requirement!;
- Affordable housing and viability. Policy is not biting; this cuts both ways – sometimes we win, other times weak policy clogs up system;
- RSS at 33% - danger it will be applied inflexibly (but what can really be achieved?)

## 7.23 ESTATE AGENTS CONSULTATION

### *Overview*

- 7.23.e The qualitative assessment of estate agents opinions is an important element of the SHMA study, particularly if these opinions can be substantiated with quantitative analysis.
- 7.23.f An initial pilot sample of estate agents was undertaken in September 2007. All of the three respondents stated that it was clear that following several years of rapidly increasing sales prices across all property types that the market was at a “turning point”, with most agents sensing a fundamental shift from a buyers to a sellers market. A semi - structured survey of a sample of 77 estate agents was undertaken in December 2007, this was repeated in January 2008 using both email and an internet based survey tool.
- 7.23.g To ensure the results were representative in terms of both the Leicestershire geography and estate agency size a series of phone and face to face interviews were undertaken throughout January and February 2008.
- 7.23.h In total fifteen responses to the survey were received, the results of the semi structured questions with related commentary is set out in this section. The key message is that from the start of the SHMA study in August 2007 to the end of February 2008 the market has stalled and the all important “confidence” of buyers has been severely eroded. A wide range of professionals, including estate agents and surveyors involved in the Leicestershire residential market support this view.

## 7.24 Estate agents opinions

7.24.a Which are the main sub markets (areas and/or settlements) you cover?

- All of the Leicestershire County area was covered by one or more of the various agents, there was some overlap with Rutland and some of the National agents had sub offices in adjoining Counties. Internet based agencies and private vendors websites were also researched to provide a clear picture of the current state of the market.

7.24.b What factors ‘split’ the sub markets – eg major roads, perception of

locations etc

- The area is generally seen as three markets, Leicester City, the surrounding Leicestershire County and Rutland. Leicester City is generally perceived as a less expensive place to live, particularly in the Northern part of the city. This is predominantly due to housing type, ex council, many terrace properties etc. However city centre apartments have commanded a premium although the numbers coming on to the market have exceeded demand in the last quarter of 2007 and this trend is accentuating in the first quarter of 2008.
- Leicestershire, the leafy suburbs of Oadby and Stonegate, market towns (most of them) and particularly country villages are highly sought after. Many of the smaller villages have a high number of larger family type properties, deemed at the pinnacle of the housing ladder – however, the most expensive, large country/farm properties are currently struggling to sell.
- Rutland is by far the most prestigious area of the three but is outside the scope of this study.
- Within these three general markets the role of communications – especially nearness to main roads, education provision and price/existing types of property were seen as the most important considerations.

7.24.c How is the general market in your area at present? - e.g. generally a buyer's or seller's market?

- It is most definitely a strong buyers market at present, particularly for first time buyers who now have the added advantage of Home Information Packs on one and two bedroom homes from December 2007 and for buyers who can make cash offers. People need to move and negotiations are to be had. There is a general consensus that vendors need to be realistic with their asking prices. Cyclically, as is the market, those selling to buy, are experiencing a relative market, where they pay proportionately what they receive.

7.24.d Have average prices risen or fallen over the last six months? Last 2 years?

- During the last six months most agents have seen a marked turning

point in the market, average prices are at best static and have been under increasing pressure from buyers to actually reduce. One agent agreed that we were at the top of the price cycle and that properties would need to be reduced in price to sell. In general terms confidence is weak although property “will always sell” as long as the buyer is reasonable in their expectations.

- Agents are aware (as are some vendors) that most vendors have equity in their property ( particularly if they have owned it for some time) so there is scope to negotiate a price reduction.
- Average prices had risen steadily in Leicester and Leicestershire over the last two years (until quarter 4 - 2007) with extensive monthly and biannual growth.

7.24.e Have these changes been consistent across all property types and locations?

- The County picture is generally similar, although specific property types in certain locations are actually performing better (i.e. they are still selling in a very slow market!!).

7.24.f How long is it taking to sell a property?

- It is taking 12 to 18 weeks, a slight increase on last year. Some units are definitely “sticking” and vendors are reluctant to accept agents advice on price reductions.

7.24.g On average, how many viewings per property is it taking to sell?

- This varies enormously, some agents claim one viewing, several would not answer this question on the grounds of commercial sensitivity. A few accepted it was between 10 and 15. Buyers are becoming more discerning.

7.24.h Has this number increased in the last six months?

- Generally yes, especially in the last three months.

7.24.i Does the time vary between property types and/or locations/? if so - how?

- Large country houses and city centre apartments are certainly

struggling to sell, in some villages prices are not realistic and these units are not selling well.

### 7.25 Cost between renting and buying

7.25.a Can you identify any property types or locations where properties cost about the same to rent privately or buy?

- Most agents did not see the purpose of this question.
- Without detailed calculations based on average rents and average house prices, in the short term, it is cheaper to rent in the private market than purchase a similar property everywhere in Leicestershire.

### 7.26 Understanding buyers

7.26.a Where do your buyers mainly come from?

- Much of the movement takes place within a local area. The internet has made access to properties much easier and we do get “hits” from all over the world (one agent ). There are still a number of moves made to accommodate workers in the region’s larger companies, however, some executives tend to rent a property and then commute home on a weekly basis.

7.26.b And from what household types (eg FTBs, middle market, retiring etc)

- Still general activity from most household groups, older people move less in the winter (!). A growing number of single person households (divorcees), first time buyers steady, retiring people are downsizing, many families still in starter homes, or homes they may not have aspired to be in at their stage in life because of the financial implications of moving.

7.26.c Are there any distinct patterns of moving (eg ‘we see FTB moving from area A to area B as B is seen as an aspiration location’, or ‘we see a lot of people moving to work at the new factory’, etc

- People in Leicester/Leicestershire tend to stay in the same area and move to better properties further up the ladder. Within villages very short moves are made for the right property. This is often due

to the fact that buyers lived locally as a child or rented as a young adult, and feel comfortable/familiar in that area. Obviously, work can often influence a move, but Leicestershire is a very commutable area and if people have cars, or access to trains, or buses, an hour's commute seems acceptable. There is still the desire in local people to move to the leafy suburb as they grow older and have a family. This stereotypical image is hampered by divorce.

7.26.d Are there any distinct 'demand patterns' (eg we find FTBs looking for town or houses/flats in location XYZ) ?

- First time buyers often live in terraces such as in The West End of Leicester, Narborough Road, Clarendon Park, and City Centre flats. Young families, and young professionals seek two and three bedroom properties in new areas such as Hamilton, Thorpe Astley, Oadby.
- High flying executives, often with family, choose detached distinguished properties in locations such as Stoneygate and Market Harborough, and other market towns and commutable villages. Older people are looking to downsize to property that is smaller and cheaper to run on a reduced income.

### 7.27 Location demand

7.27.a Which areas are the most popular?

- All agents were tentative in their responses .The hotspots, or at least locations where property is still selling fairly quickly are Thorpe Astley - Leicester, Oadby, Knighton, Stoneygate, Market Harborough, Great Glen, Blaby, Oakham and the Eastern Leicestershire villages.

7.27.b Which areas are the least popular (are there any areas that people try to avoid?)

- All agents were even more tentative in answering this question. A number of areas in and close to the city including Rowlatts Hill and Highfields, Saffron Lane area, parts of Braunstone, ex-council estates (especially where the area has a stigma attached to it). One agent identified all property within the inner ring road as a specific location that is struggling.

### 7.27.c Why is this in your opinion?

- It is the market working !
- Unskilled, uneducated labour, housing – some ex and currently council housing. Run down, lack of amenities, high density/poor quality such as some flats. An historically poor reputation that has stuck.
- As mentioned earlier the quantity of apartments for sale in the City has impacted upon demand and this style and type of property is not that popular. This is due to the type of buyer that is attracted to this type of property. Empty nesters often want secure allocated parking and more than one parking space. The cost of this type of property to a first time buyer is often out of the reach of their budget. This is bearing in mind that the window of opportunity that the younger buyer is looking to purchase ie when they can afford the property and prior to wanting to move to a bigger property when they have changes in circumstances like wanting to start a family is actually short.
- The City is experiencing vast change and investment which is fantastic but the end results of this are not evident at this stage. Once the city becomes cleaner and a safer environment then the benefits of the investment will be seen.

What drives popularity? (schools, local facilities, condition, appearance etc.)

- Location, price, Schools, local facilities (a particular factor in the rural areas), communications, appearance, reputation.

### 7.27.d Which property types do you find the easiest to sell?

- Most agents struggled to answer this at present, but consensus that mid price range houses in good locations would sell well at the right price.

7.27.e Which property types are the least popular? (any house types that people try to avoid?)

- High rise flats and bedsits.

7.27.f What percentage of the asking price are you currently attaining on average?

- Agents were often reluctant to answer this one (although they all know the answer !!).
- The lowest percentage quoted was 88% and the highest 100%, most around 90 to 94%.

### 7.28 Looking forward

7.28.a Do you think landowners expectation on prices in Leicester and Leicestershire are realistic?

- The market is changing and landowners expectations are generally unrealistic, the slowing down of the market means that less deals are being agreed. This can mean that some owners who really need to sell might not be obtaining the highest price. The dramatic changes seen around the UK seem at odds with the relatively steady, fairly static prices in Leicestershire.
- Several agents thought prices were still realistic.

7.28.b What key issues affect these land prices?

- Demand for property, opposition, communication links, amenities, money involved. Number of potential purchasers, the status of planning consents.

7.28.c How do you expect the market to develop over the next year?

- The market is experiencing a slow down ( or is treading water) which will impact upon the overall increases in property prices and the saleability of some units. However, a productive year will still be possible when confidence is more evident across the whole of the UK ( particularly if interest rates continue to fall) and Worldwide economy.
- Generally, agents believe we are in a blip whilst prices re-adjust. The Spring should see more units come on to the market and with renewed confidence the market will remain steady in the County.
- Most agents believe that prices will remain static or fall, on

average, by 5 to 8%.

- Others are more optimistic, not believing price falls to the degree some economists predict.

7.28.d How do you expect the market to develop over the next three years?

- It depends upon the National and local economy (and other local factors), the credit crunch will eventually be resolved and generally believe that prices will still increase slightly over inflation.
- ( many platitudes about the British love of property etc !!).

7.28.e Do you think the market is more or less in balance at present?

- Overall there is an acceptance that prices will remain static for a short period, where wages and inflation can catch up, but generally things are fairly balanced locally.

7.28.f Are there any changes needed to make the market work better?

- A more committed procedure for Buyers to proceed with a sale once they have agreed to purchase.
- An acceptance of Home Information Packs by estate agents, buyers and vendors.
- Better lending policies from funders.

7.29 Any other observations

*Is there anything else you'd like to add about the local housing market?*

- We are committed to it
- It has good long term prospects.
- Buyers need price stabilisation to feel confident to proceed.
- Need increased confidence in the long term nature of the market.
- "When given a variety of information about the market, from a vast

number of local and national sources, it becomes clear that comment from estate agents is opinion, and often based on a small sector of the market, and statistics are not always defining as they are based on a variety of different means, and have been acquired in a number of different ways, that finds them to be almost incomparable. While this puts a negative slant on things, a number of universal things remain true. House price growth is currently slow. First time buyers are struggling financially. Single person households are increasing. The age of first time buyers is increasing. People move to suit their lifestyle rather than what is universally appealing – though schools, communications and amenities are sought after.

- Everyone needs somewhere to live !!