

# **Oldham's Strategic Housing Market Assessment**

**2010**

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## Executive Summary

- i. This 2010 Strategic Housing Market Assessment (SHMA) is an update of the 2008 HNDS and is intended to complement the Greater Manchester Strategic Housing Market Assessment (GM SHMA). The SHMA has been done to conform to Communities and Local Government (CLG) Guidance published August 2007 and provides a robust and defensible evidence base for future policy development.

### ***Policy and strategic review***

- ii. The SHMA research and the evidence base it provides will play an important role in helping to deliver the borough's overarching vision as set out in the Sustainable Community Strategy 2008- 2020, in addition to many other plans and strategies, such as the Corporate Plan 2009- 2013, the Housing Strategy and the Local Development Framework (LDF).
- iii. The SHMA focuses on the borough of Oldham whilst recognising its relationship with neighbouring boroughs forming part of the North Eastern Housing Market Area, identified through the GM SHMA, and Greater Manchester.
- iv. In terms of emerging policy issues and drivers, the national policy agenda is changing dramatically and there is an increasing emphasis on the relationship between housing and the economy, with ever decreasing resources. Some of the key emerging policy issues which will influence how we deliver current and future housing throughout the borough include:
  - Giving new powers to local councils, communities, neighbourhoods and individuals;
  - The forthcoming Localism Bill;
  - Revoking of the Regional Spatial Strategy in July 2010; and
  - The promotion of shared ownership schemes and assisting social tenants and others to own or part-own their home.
- v. The borough has a significant role to play in the growth and development of Greater Manchester, particularly in delivering the shared visions and strategies of the Greater Manchester Strategy and the Greater Manchester Housing Strategy.
- vi. In terms of at the local level 'One Home: Oldham Housing Strategy 2009-2012' outlines how the council is seeking to improve the housing offer for the borough's residents, focusing on quantity, quality and people. This is supported by various sub-strategies, including the One Home: Oldham Affordable Housing Strategy 2009-2010.

## ***Oldham's Current Housing Market***

### *Demographic and Economic Profile*

- vii. The borough's current population:
  - Is younger than the northwest and national average;
  - Has a significantly higher proportion of non-white BME residents than both the northwest and England; and
  - The proportion of people aged 60 or over living in income deprived households is disproportionately high.
- viii. Geographically, the borough displays some areas of prosperity, such as Saddleworth and Lees, and significant pockets of deprivation, particularly concentrated around the inner Oldham area. These also tend to be the areas where social housing is concentrated, and unemployment levels and benefit claimants are higher.
- ix. In relation to the economy the borough is more reliant in manufacturing contradicting the region and national trends. Despite recent increases in income levels residents in Oldham remain amongst the lowest earners within the Greater Manchester region.
- x. Evidence shows that, whilst there has been an increase in average incomes, income levels remain relatively low and are of course going to have a significant impact on the ability of residents to enter the property market or their choice of accommodation, with high deposits of up to 25% restricting access to the housing market.

### *Affordability*

- xi. When looking at affordability across the borough, the evidence shows that:
  - People living in the inner areas of Oldham are unlikely to be able to afford to purchase properties in the borough;
  - Buyers from the more affluent areas (i.e. Chadderton, Shaw and Royton) are only able to purchase properties in East and West Oldham; and
  - No buyers purchasing from within the borough are able to purchase properties within Saddleworth and Lees.
- xii. Nevertheless, house prices are relatively inexpensive and may be affordable for those looking to purchase from outside the borough, highlighting the role that the borough can play in the wider housing market and meeting the wider demand.
- xiii. It is likely that many first time buyers would not be able to reach the levels of saving required for deposits, with this position likely to continue in the short to medium term.
- xiv. Not only will the issue surrounding deposits further prevent many people from entering the housing market but it may also affect existing owner occupiers who wish to sell their property and downsize or consider alternative accommodation.

### *Stock Profile*

- xv. Analysis of the housing profile shows that the borough has an unbalanced housing market with low proportions of detached properties and a very high proportion of terraced homes, with the highest proportion of terraced homes in Greater Manchester. The need for larger family accommodation is also highlighted by the issues around over-crowding in the inner areas and continued increases in household size in those communities.
- xvi. The 2010 Private Sector Stock Condition Survey found that private housing condition in the borough is generally better than the national average, although levels of disrepair are higher.

### *Overcrowding*

- xvii. There are significant levels of overcrowding within the borough with the worst areas affected being East and West Oldham. Overcrowding is generally greater for the BME communities.

### ***Oldham's Future Housing Market***

- xviii. In relation to the future housing market:
  - The population of the borough is forecast to rise to between 224,400 and 239,000 from 2008 to 2026.
  - The proportion of residents of retirement age or above will rise by between 26% and 31%; and
  - Those from BME communities are also forecast to rise from 1 in 6 households now to almost 1 in 4 by 2022.
- xix. These changes in population will increase the demand for all tenures of housing particularly large affordable family housing and supported accommodation.
- xx. Future housing demand is affected by the ability and willingness of households to pay for housing. Evidence shows that there will be a slight decrease in the number of people in employment over the period 2008 to 2026. There will be an increase in the number of unemployed people in the borough over the same period of 2008 to 2026.
- xxi. In terms of future affordability, market confidence remains low due to a potential reduction in public funds to support new build development. The prospects for recovery in the housing market remain uncertain over the next two years.

### ***Oldham's Housing Need and Demand***

- xxii. The net annual affordable housing need for the borough is 243 dwellings per year over the next five years. This includes a total of 679 homes over 5 years (average of 136 per year) which, subject to funding, would be completed through planned delivery by housing providers and an additional housing need per year of 107 homes. The ability of new residential developments coming forward within the borough being able to deliver this amount of affordable housing is of concern and will have implications for how affordable housing is sought and delivered, particularly within the current economic climate.

- xxiii. The evidence supports the general need for larger family accommodation throughout the borough. Analysis of turnover rates within the FCHO portfolio shows that lowest are for 4 or more bedroom properties, highlighting that those occupying larger properties are less likely to move properties compared to those occupying smaller properties. Out of the total number of 4 plus FCHO properties available in the borough only 7 were available to let in 2008/09, which led to FCHO receiving 214 bids per property, the highest ratio of all properties by size, as compared to 72 for 1 bed flats.
- xxiv. There is a link between the areas where levels of deprivation, unemployment rates and benefit claimants are higher and the spatial distribution of private rented sector housing, with highest levels of private rented terraced homes in areas of highest levels of deprivation, such as in the HMR areas and East and West Oldham. The cheapest rents are within these areas however they are also the poorest quality private rented homes.

#### *Households with Specific Requirements*

- xxv. The SHMA has identified particular issues in relation to the young and older population, as well as the BME community.
- xxvi. The forecast increase in the number of older people is likely to increase the need for housing services related to an ageing population together with support to live independently. As a result it will important to ensure the appropriate accommodation is provided as part of the overall housing mix within the borough.
- xxvii. It is important to consider the growth demand from the youth of the borough, particularly from within the BME community. Currently around a fifth of the borough's population are aged 15 or under. As this population matures and the possible continued low levels of income and issues over the access to owner occupation and the Private rented sector means that it is probable that demand for LA housing amongst the under 25s will remain.
- xxviii. The proportion of borough's population from Black and Minority Ethnic (BME) groups is forecast to increase. There is a greater need for larger family accommodation amongst the BME applicants for housing. The growing elderly BME population, which suffers from higher levels of respiratory and coronary problems, will add additional pressure on providing suitable housing for older people.

## Abbreviations

AGMA	Association of Greater Manchester Authorities
AHEVA	Affordable Housing Economic Viability Assessment
AMR	Annual Monitoring Report
BME	Black and Minority Ethnic Groups
BRMA	Broad Rental Market Area
CLG	Communities and Local Government
CPI	Customer Price Index
FCHO	First Choice Homes Oldham
GMFM	Greater Manchester Forecasting Model
GM SHMA	Greater Manchester Strategic Housing Market Assessment
HA	Housing Association
HLA	Housing Land Database
HMA	Housing Market Area
HMO	Houses in Multiple Occupation
HMR	Housing Market Renewal
HNDS	Housing Needs and Demand Study
HSSA	Housing Strategy Statistical Appendix
LA	Local Authority
LDF	Local Development Framework
LHA	Local Housing Allowance
LSOA	Lower Super Output Area
MMHA	Manchester Methodist Housing Association
MAA	Multi Area Agreement
NCHA	Northern Counties Housing Association
NE HMA	North Eastern Housing Market Area
NINo	National Insurance Number
OHMS	Oldham Housing Management System
PPS3	Planning Policy Statement 3 on Housing
RPI	Retail Price Index
RSL	Registered Social Landlord
SHMA	Strategic Housing Market Assessment
SOA	Super Output Area
SEH	Survey of English Housing
WAGG	Working Age client Group

## 1. Introduction

### Background and objectives

- 1.1 Building on experience gained and the positive response to our Housing Needs and Demands Survey (HNDS), published 2008, the council decided to undertake an in-house Strategic Housing Market Assessment (SHMA) as an update of the 2008 HNDS. This has been done to conform to Communities and Local Government (CLG) Guidance published August 2007<sup>1</sup> and provides a robust and defensible evidence base for future policy development.
- 1.2 This research is intended to complement the Greater Manchester Strategic Housing Market Assessment (GM SHMA)<sup>2</sup> by providing more detailed information at a borough level. The GM SHMA has been updated in May 2010, providing an update of the original GM SHMA published December 2008. The GM SHMA update documents the changes that have been recorded nationally and in Greater Manchester since 2008 in light of the economic downturn, the impact of the downturn on housing and planning objectives and identifies issues for consideration by policy makers in Greater Manchester. Where reference is made to the GM SHMA within this assessment this relates to the 2010 Update unless stated otherwise.
- 1.3 The SHMA research and the evidence base it provides will play an important role in helping to deliver the borough's overarching vision as set out in the Sustainable Community Strategy 2008- 2020, which is to make *'Oldham a place where everyone is proud to belong'* by *'increasing life opportunities for all'*. In relation to the contribution housing can make to this vision, improving the condition and mix of our housing stock is identified as a strategic priority.
- 1.4 The SHMA will also provide a robust evidence base on which to deliver the four corporate objectives as set out in the Corporate Plan 2009- 2013, in particular Corporate Objective 3 is 'an address of choice' and aims to create a healthy and active place, with suitable housing for all.
- 1.5 The aims of the SHMA are to provide clear evidence of what is going on in the housing market of the borough and what the future prospects of the housing market may be. The SHMA will therefore be used by the council and its partners to:
  - Better understand the housing market drivers in the borough and how these may change in the future at a neighbourhood level;
  - Make the case for additional resources to meet the delivery of the existing action plan found in the overarching Housing Strategy and its sub strategies;

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<sup>1</sup> Strategic Housing Market Assessments, Practice Guidance, Version 2: Communities and Local Government; August 2007

<sup>2</sup> The Greater Manchester Strategic Housing Market Assessment can be viewed at [http://www.agma.gov.uk/planning\\_housing\\_commission/index.html](http://www.agma.gov.uk/planning_housing_commission/index.html)



- Identify the potential and specific requirements of all types of housing across the borough;
- Identify specific support and requirements which will be demanded on housing from specific groups within the borough;
- Influence the development of appropriate planning policies, with particular reference to the evidence base that is required for the Local Development Framework (LDF) process. This takes account of Planning Policy Statement 3 on Housing (PPS3) requirements including the need to clearly establish the level of need and type of housing for affordable use and market housing;
- Provide a clear and robust evidence base which all partners and agencies can use to better understand the current and future nature of the borough's housing market.

## **Housing Market Area**

- 1.6 The GM SHMA (2008 and 2010 Update) divides Greater Manchester into four Housing Market Areas (HMA), reflecting those identified through the Making Housing Count project. Oldham lies within the North Eastern HMA alongside Rochdale and Tameside as well as the Moston and Blackley neighbourhoods of Manchester.
- 1.7 This SHMA focuses on the borough of Oldham whilst recognising its relationship with neighbouring boroughs forming part of the North Eastern HMA and Greater Manchester.

## **Government Requirements**

- 1.8 The CLG guidance states that SHMAs are considered robust and credible if, as a minimum, they provide all of the core outputs and meet the requirements of the process criteria presented in the SHMA Guidance. These can be found in Appendix 2. It is considered that the SHMA, as an update of the 2008 HNDS and sitting alongside the GM SHMA, meets these core outputs and process criteria.

## **Stakeholder Engagement**

- 1.9 One of the key aims of the new planning system is to involve local communities and stakeholders from the earliest stages of plan preparation, which includes evidence base work. This SHMA updates the 2008 HNDS for which consultation was undertaken in the form of a Housing Needs Workshop at which all AGMA members were present. It also complements the GM SHMA and follows the methodology used as part of the initial Greater Manchester SHMA which was subject to the following consultation:
- Initial meetings for authorities within each HMA to understand specific local issues;
  - A developer workshop to draw out developer thoughts on salient topics;
  - A 100+ stakeholder consultation event across authority representative and other key organisations (public and private), which included 10 breakout groups where specific topics were discussed; and
  - Individual stakeholder consultations where required.

## Monitoring

1.10 This SHMA provides an update to the 2008 HNDS and complements the both the 2008 GM SHMA and the 2010 SHMA Update. Information contained within the SHMA will be updated as appropriate to reflect changes in circumstances and the housing market.

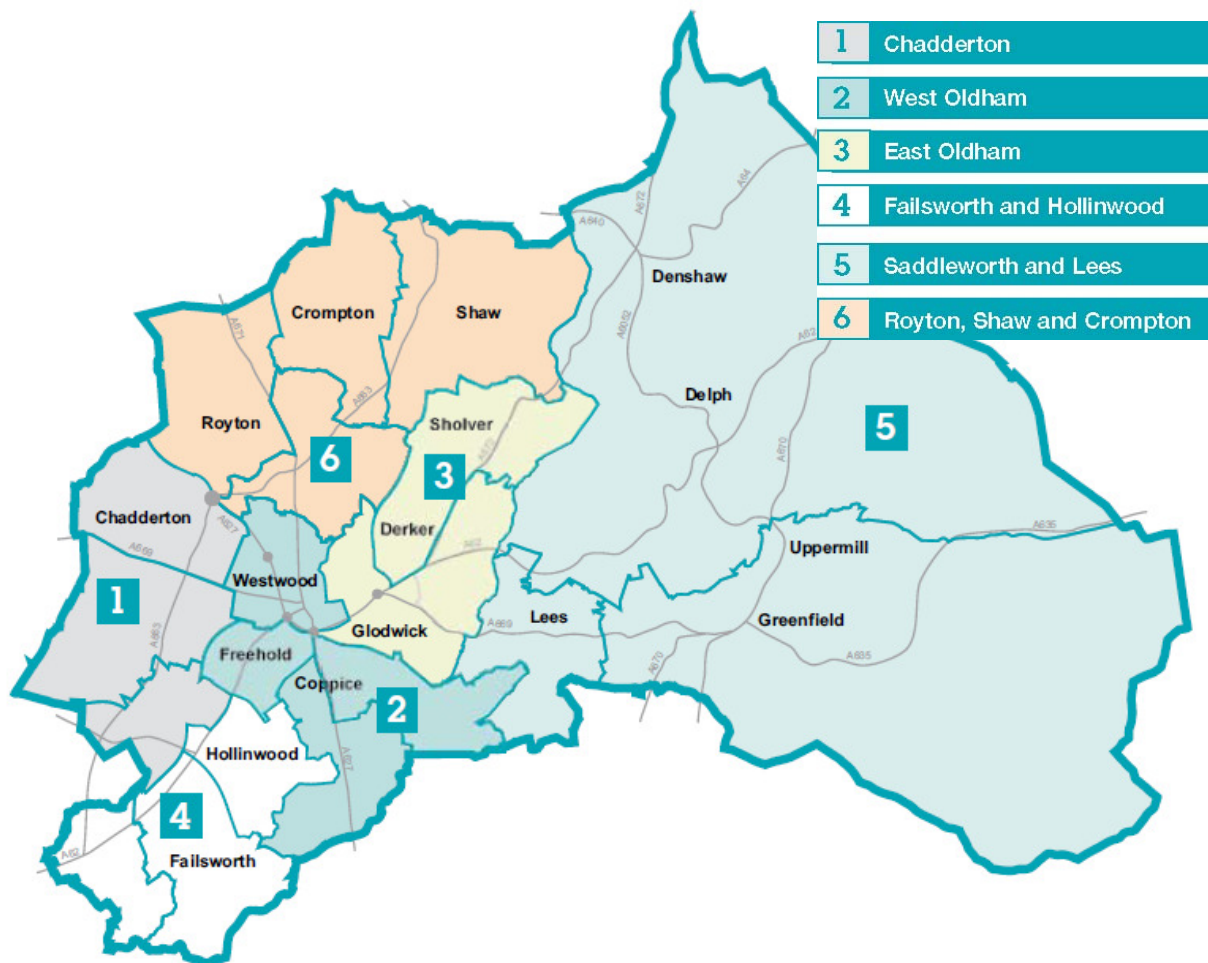
## Timescales

1.11 The latest data available has been used throughout the SHMA. In many instances the CLG guidance refers to the past ten years when looking at past trends. For the purposes of this SHMA, however, past trend analysis in many cases only goes back three or four years, or as far back as considered appropriate, in light of recent changes in the housing market and economy.

## The Borough

1.12 Throughout this report, information has been provided at a District Partnership level whenever possible (See figure 1 below).

**Figure 1: Map of borough**



## Content and structure of report

1.13 The report has been structured to fit with CLG Guidance and follows the requirements set out in figures 1 and 2:

**Chapter 2 reviews the emerging policy issues/drivers** at a national, Greater Manchester and local levels.

**Chapter 3** reflects the **current housing market context**, and in particular considers linkages with the Greater Manchester, travel to work and house price changes

**Chapter 4** reviews the **future housing market** in the borough and relates to the following SHMA core output:

- Future households

**Chapter 5** reviews **housing need and market demand** in the borough and relates to the following SHMA core outputs:

- Current households in need
- Future households requiring affordable housing
- Future households requiring market housing
- Size of affordable housing required

**Chapter 6** focuses on household groups that have particular housing requirements and relates to the following SHMA core output.

**Chapter 7** presents a summary of the main findings and conclusions.

## 2. Policy and strategic review

### Section overview

- 2.1 The national policy agenda is changing dramatically and there is an increasing emphasis on the relationship between housing and the economy, with ever decreasing resources. This report provides a valuable opportunity to briefly reflect upon this changing policy and market context within which the findings of the SHMA research will need to be positioned.
- 2.2 As a result of a number of new policy steers from the new coalition government and the current state of the UK economy, the current SHMA needs to reflect the pressure on available finance and ability to deliver in very restrictive times.

### National context

- 2.3 Over the last few years several documents, both at national and Greater Manchester level, have been published that will have an impact on strategic decision making and the delivery of housing. The CLG are keen to emphasise the enabling and strategic role that local authorities have in relation to housing and the significant impact that housing has on the place-shaping agenda.
- 2.4 New and emerging policy is being developed and some of the key national drivers which will influence how we deliver current and future housing throughout the borough, include:
- Giving new powers to local councils, communities, neighbourhoods and individuals.
  - The Regional Spatial Strategy was formally revoked in July 2010.
  - In the longer term the proposed Localism Bill.
  - The abolition of the Infrastructure Planning Commission.
  - Maintaining the Green Belt, Sites of Special Scientific Interest (SSSIs) and other environmental protections, and creation of a new designation – similar to SSSIs – to protect green areas of particular importance to local communities.
  - Proposals to abolish regional Government Offices.
  - Providing more protection against aggressive bailiffs and unreasonable charging orders, ensuring that courts have the power to insist that repossession is always a last resort, and ban orders for sale on unsecured debts of less than £25,000.
  - Exploring and introducing a range of measures to bring empty homes into use.
  - Promoting shared ownership schemes and helping social tenants and others to own or part-own their home.
  - Promoting 'Home on the Farm' schemes that encourage farmers to convert existing buildings into affordable housing.
  - Creating new trusts that will make it simpler for communities to provide homes for local people.
  - Phasing out ring-fenced grants to local government.
  - Reviewing the Housing Revenue Account.
  - Placing a requirement for continuous improvements to the energy efficiency of new housing.

- Looking to provide incentives for local authorities to deliver sustainable development, including for new homes and businesses.
- Proposals to abolish the Tenants Service Authority.
- On the 9<sup>th</sup> August 2010 it was announced that councils that take action to give planning consent and support the construction of new homes where they are needed and wanted and will receive direct and substantial benefit for their actions as part of the New Homes Bonus.

## **Greater Manchester context**

2.5 As one of the ten local authorities making Greater Manchester, the borough has a significant role to play in its growth and development. The Association of Greater Manchester Authorities (AGMA) have developed a vision and strategy for the City Region

2.6 The Greater Manchester Strategy, 'Sharing the Vision', establishes a vision for:

*'A world class city-region at the heart of a thriving north west, capable of successfully competing internationally for investment, jobs and visitors. Greater Manchester will provide a vibrant, attractive, safe and healthy environment in which to live, work and learn, in a cohesive manner that enables people in all communities and of all ages, regardless of disabilities and cultural backgrounds, to reach their full potential.'*

2.7 One of the Vision's key themes is *creating sustainable communities*, which aims to meet the challenge not just of urban renewal but of *'providing attractive, popular and healthy sustainable communities across the [Greater Manchester] conurbation as a whole.'*

2.8 To support delivery of the Greater Manchester Strategy there is a Multi Area Agreement (MAA) across Greater Manchester, which includes a series of proposals focusing on skills, employment, enterprise, innovation and sustainable growth and infrastructure and housing. In terms of housing, this seeks to offer:

- A transformation in the overall quality and range of the residential offer;
- Enhanced access to affordable housing;
- A more robust Greater Manchester planning framework; and
- A substantial increase in supply.

2.10 The borough links into the recently published Greater Manchester Housing Strategy 2009 which focuses on a number of key housing challenges:

- The Greater Manchester Housing Strategy supports the Greater Manchester Strategy ensuring housing supports economic growth for Greater Manchester.
- It supports the aims of Greater Manchester in using housing to act as an incentive to employment.
- It supports the concept of mixed communities and sustainable neighbourhoods, ensuring that new and existing neighbourhoods are designed and developed to enable positive housing choices to be made by residents.

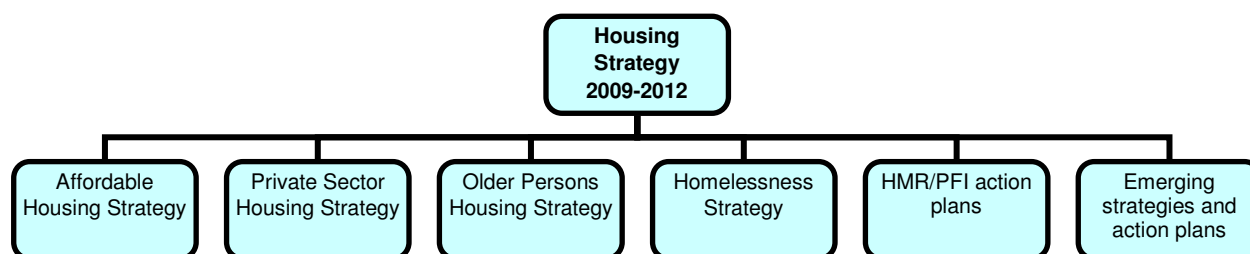
## Oldham context

2.11 'One Home: Oldham Housing Strategy 2009-2012' outlines how the council is seeking to improve the housing offered to the borough's residents, and aims to provide a clear link between all of the strategies and action plans which relate to housing and have an impact on the borough's residents. The Housing Strategy focuses on:

- **Quantity** – Achieving the right quality of housing
- **Quality** – Continuing to raise the quality of our existing housing stock
- **People** – Connecting the borough's residents to an improved housing offer.

2.12 There are a suite of strategies that sit under the Housing Strategy as shown in figure 2, which set out the key aims and objectives that Oldham needs to meet the needs and demands of its current and future residents.

**Figure 2 Linkage between Housing Strategy and other plans**



2.12 The 'One Home: Oldham Affordable Housing Strategy 2009-2010', demonstrates how the council will improve the affordable housing offer for the borough's residents. The Affordable Housing Strategy also focuses on the same three themes as the Housing Strategy (see paragraph 2.11), however increasing the quantity of affordable housing for rent is the most important issue.

2.13 The aims and objectives of the community strategy, corporate plan and other relevant plans and strategies are reflected in the council's LDF. The LDF will guide future development and use of land in the borough and will replace the current land-use plan, the Unitary Development Plan (UDP).

2.14 The council has prepared a proposed submission joint Core Strategy and Development Management Development Plan Document (DPD) as part of the LDF. An integral component of the Core Strategy is the need for a robust evidence base to support the policies proposed. The SHMA alongside the GM SHMA forms a key part of the evidence base for housing related policies within the Core Strategy and the LDF.

2.15 Consultation on the Refining Options stage of the LDF was undertaken in spring 2010. It sets out the council's approach to housing within the borough based upon delivery of a series of strategic objectives that support the vision for the Core Strategy and include:

'To ensure the borough's housing market is balanced and sustainable with a mix of house sizes, types and tenures that provide choice and diversity by:

- i. integrating the Oldham and Rochdale Housing Market Renewal Pathfinder's and the council's housing objectives, policies, programmes, masterplans and initiatives.
- ii. Providing sufficient housing to meet the needs and demands of the borough's urban and rural communities, including low cost and high value market housing.
- iii. Providing sufficient affordable housing to meet local needs.
- iv. Making best use of the existing housing stock'.

### 3. Oldham's Current Housing Market

#### Introduction

- 3.1 This chapter looks at the borough's current housing market in order to understand the current drivers affecting the housing market within the borough and the impact these have on supply and demand.
- 3.2 The borough of Oldham is situated in the north east of Greater Manchester and covers an area of 55 square miles. It is one of contrasts with significant levels of deprivation but also areas of prosperity. Pockets of deprivation are particularly concentrated around the inner Oldham area, such as Coldhurst, St Mary's, Alexandra and Werneth. The borough is the 42nd most deprived local authority area in the country. Average gross weekly wages of a full time worker in the borough are below United Kingdom levels.

#### The demographic and economic context

- 3.3 Demographic and economic changes are key drivers underpinning housing market and this section seeks to provide an overview on how these have influenced both demand and supply within the borough.

#### *Demography and household types*

- 3.4 The borough contains a residential population of approximately 220,000, with approximately 90,000 households

**Table 1: Age and demographic information**

Age / Demographic	Oldham	North West	England
0 – 15	22.2%	19.1%	18.9%
16 - 29	18.1%	18.7%	18.6%
30 - 44	21%	20.7%	21.7%
45-64 (Males), 45-59 (Females)	17.3%	19.2%	18.9%
65+ (Males), 60+ (Females)	17.3%	19.2%	18.9%
White	83.9%	92.5%	88.7%
BME	16.1%	7.5%	11.3%

(Source: ONS 2006/7)

- 3.5 As table 1 shows the borough's population is younger than the national and north west average, as well as that of other local authorities in Greater Manchester. The proportion of the working age population and the proportion of people of retirement age or older are both smaller than the average for England.
- 3.6 Table 1 shows that the borough has a higher proportion of non-white Black and Minority Ethnic (BME) residents, at 16.1%, than both the North West at 7.5% and England at 11.3%.



- 3.7 The borough has smaller proportions of Indian at 1%, Black Caribbean at 0.5% and White Irish at 0.8% heritage residents. Residents from other white backgrounds account for 1.1% of the population.
- 3.8 The 2001 Census identified that nearly a third of households within the borough, at 29.5%, are one-person households. Half of these one- person households, at 14.8%, are non-pensioner households and the other half, at 14.7%, are pensioner households. Therefore nearly a third of households within the borough will only have one income supporting that household.
- 3.9 According to the 2001 Census, over a third of the borough's households, at 33.9%, have dependant children. Further to this the Child Benefit Families HM Revenue & Customs records in 2007 identified that 7.2% of the boroughs families claiming Child Benefit have 4 or more dependant children, illustrating the need for large family housing to accommodate families of this size. The 2001 Census also identified 8.3% of households are lone parent with dependant children households, illustrating the need for affordable family housing.
- 3.10 The latest data from the Greater Manchester Forecasting model (GMFM) suggests that the population of the borough is increasing at a faster rate than the number of households. The data shown in table 2 indicates that between 2006 and 2009 the population of the borough increased by 0.2%, whilst the number of households remained the same. This shows that the average size of households in the borough is increasing which will increase the need for larger houses.

**Table 2: Change in average household size for the borough 2006 to 2009**

	2006	2007	2008	2009
Total Population	219,600	219,500	219,700	220,100
Households	90,000	90,000	90,000	90,000
Average Household Size	2.44	2.44	2.44	2.45

(Source: GMFM Baseline scenario 2009)

- 3.11 This contrasts with the number of households shown in the GM SHMA, where the data indicates that between 2006 and 2009 the number of people in Greater Manchester increased by 1.1%, whilst the number of households increased by 1.9%. This means that the average size of households in Greater Manchester is declining.

### *Level of Migration*

- 3.12 The GM SHMA assessed the registrations of overseas nationals entering the UK in order to gain an indication of the level of migration into and out of each authority. It shows that the number of National Insurance Number (NINo) registrations to adult overseas nationals entering Oldham peaked in 2007/08 with a fall in 2008/09<sup>3</sup>. The number of people in the borough registered for NINo decreased in 2008/09 to 1,190 people, compared with 1,350 in 2007/08 and 1,320 in 2006/07. This reflects the GM and national trend.
- 3.13 The most frequently occurring countries of origin for registrants in 2008/09 were: Pakistan with 350, Bangladeshi with 190, Poland with 140 and Slovak Republic with 50.

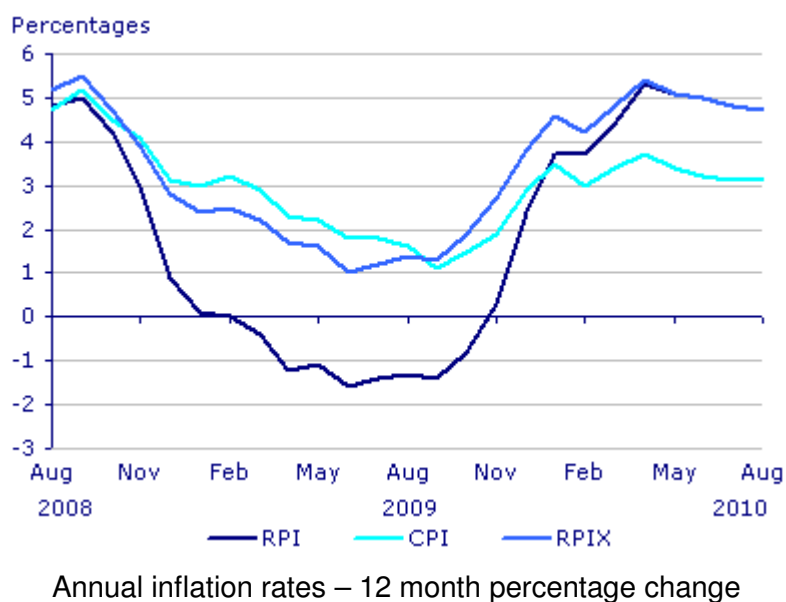
<sup>3</sup> Table 2.1, pg7, GM SHMA Update May 2010, AGMA

- 3.14 The number of NINo registrants from Poland dropped sharply between 2007/08 (280) and 2008/09 (140), possibly reflecting the impact of the recession. Not all people registering for a NINo in Oldham remain in Oldham, and conversely, some who have registered elsewhere may relocate to Oldham.

*National and Greater Manchester economic policy*

- 3.15 Planning Policy Statement 4: Planning for Sustainable Economic Growth is the overarching national economic policy guidance. At a Greater Manchester level there have been a number of docs produced relating to the economy. These include:
- The Manchester Multi Area Agreement Our City Region's Proposal to Government (MAA) (AGMA 2008)
  - Manchester Independent Economic Review (MIER)
  - Greater Manchester Employment Land Position Statement (Nathaniel Lichfield and Partners (NLP) commissioned by AGMA August 2009)
- 3.16 The tightening of lending, resulting from the recent market downturn, has meant a reduction in the multiples of income a mortgage is offered on and an increase in the proportion of the value of the home is required as deposit. This has particular implications for first time buyers whom tend to have less capital available for a deposit. The absence of new entrants to the market also reduces activity further up the housing ladder thereby affecting the overall buoyancy of the market.
- 3.17 The GM SHMA has analysed the House Price Index (HPI) from January 1995 to February 2010, which shows evidence of an upturn in house prices since December 2008, although it is acknowledged that it remains difficult to predict future market trends with any certainty.
- 3.18 Interest rates are at an all time low and have remained static at 0.5% since April 2009.
- 3.19 With regards to inflation, figure 3 shows the rate of inflation as recorded by the ONS at August 2010. It shows that the Retail Price Index (RPI) has seen dramatic fluctuations. A decrease of nearly 6% in the year August 2008 to August 2009 followed by a dramatic increase of approaching 6% in the following year to 4.7% at August 2010.

**Figure 3: UK Inflation rates 2008-2010**



(Source: Statistics.gov.uk (Aug 2010))

3.20 The Customer Price Index (CPI) annual inflation stands currently at 3.1%, however it is the RPI which covers a range of costs excluded from the CPI including

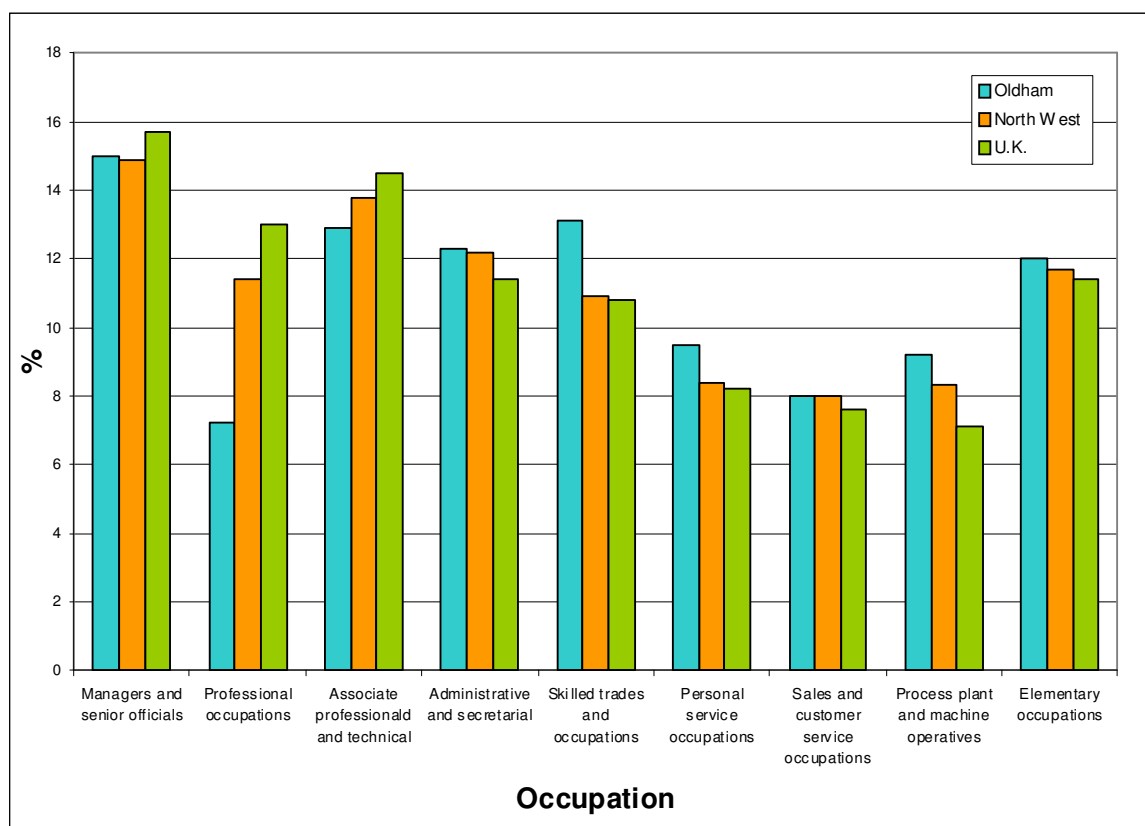
- Mortgage interest payments (MIP)
- House Depreciation
- Buildings insurance
- House purchase costs e.g. estate agent fees.

3.19 The GM SHMA concluded that market recovery could continue in the light of more stable unemployment rates predicted in the research, although it was unlikely that the market will recover fully until credit availability issues are resolved for first time buyers.

#### *Employment levels and structure*

3.20 In June 2009 there were 103,800 economically active people in the borough and 33,800 economically inactive. The ONS annual population survey shows that during January 2008 and December 2008 economic activity was at 26.2% for the borough, greater than in the North West (23.7%) and the UK (21.2%). 102,300 people, or 73.8% of the working age population, were economically active. This is compared to 76.3% in the North West and 78.8% in the U.K. 8.4% of those economically active were unemployed, which again is greater than in the North West (6.3%) and U.K (5.7%).

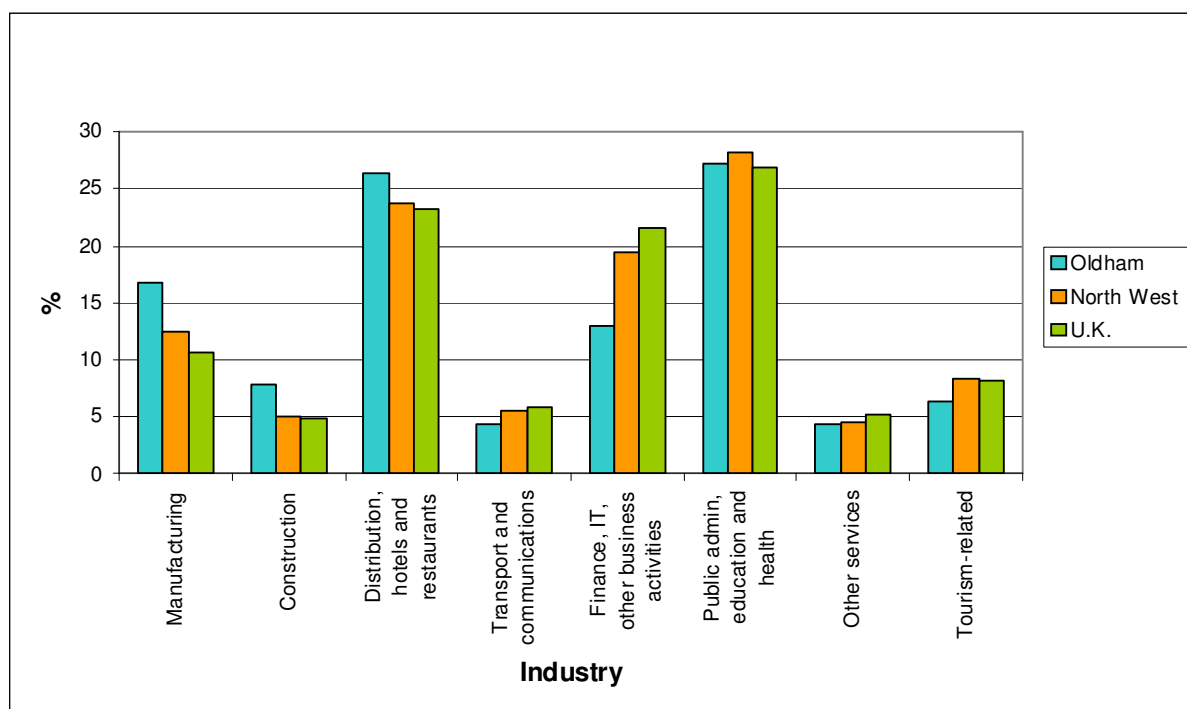
**Figure 4: Employment by occupation for January 2008 to December 2008**



(Source: ONS Annual Population Survey)

- 3.21 The SHMA Update shows that the employment structure of Greater Manchester continues to have high concentrations of employment in services. Analysis of the changing industrial structure in Greater Manchester from 1999 to 2009 again shows that growth has been almost entirely concentrated in service based sectors, reflecting the UK and other urban areas. The occupational structure has also changed significantly across Greater Manchester with the greatest growth in high end service occupations, mirroring the changes in employment structure.
- 3.22 As demonstrated by figure 4 the borough is much more reliant on manufacturing industries than elsewhere in the region and nationally. This is also reflected by the ONS 2007 annual business inquiry employment analysis that provides information on employee by jobs and industry, which shows that 16.7% of total employee jobs are manufacturing, compared to 12.4% in the North West and 10.6% in the U.K (see figure 5 below).

**Figure 5: Employee Jobs by Industry 2007,**



(Source: ONS Annual Business Inquiry<sup>4</sup>)

3.23 The GM SHMA looks at NOMIS data on 'job density'<sup>5</sup> and for 2008 this shows that there are 0.66 jobs per person of working age in the borough<sup>6</sup>. This is lower than the Greater Manchester ratio of 0.80 and for the North West and England. In relation to the NE HMA the borough is equal to Rochdale and is greater than Tameside (0.58). The borough's economy is under-performing. Gross Value Added (GVA) per head for Greater Manchester North 23%, is lower than the regional level and 34% lower than national level.

3.24 The GM SHMA also looks at the number of VAT registered business in the area and how this has changed over time, which can provide a good indication of the state of the economy. At the end of 2007 this research showed that there was 5,220 VAT registered businesses in the borough. Oldham borough experienced a 20.6% percentage change from 1997 to 2007, which is the fourth greatest out of all Greater Manchester districts. Nevertheless the borough experienced the second lowest percentage change from 2006-2007, from 5,125 to 5,220.

### *Income and earnings*

3.25 In order to understand the affordability of property in the borough, it is important to understand the income of the borough's residents. The following section examines levels of income and earnings in the borough. Income is seen as one of the indicators to the success of a local economy and it inevitably affects the level of choice a household has when determining their future accommodation.

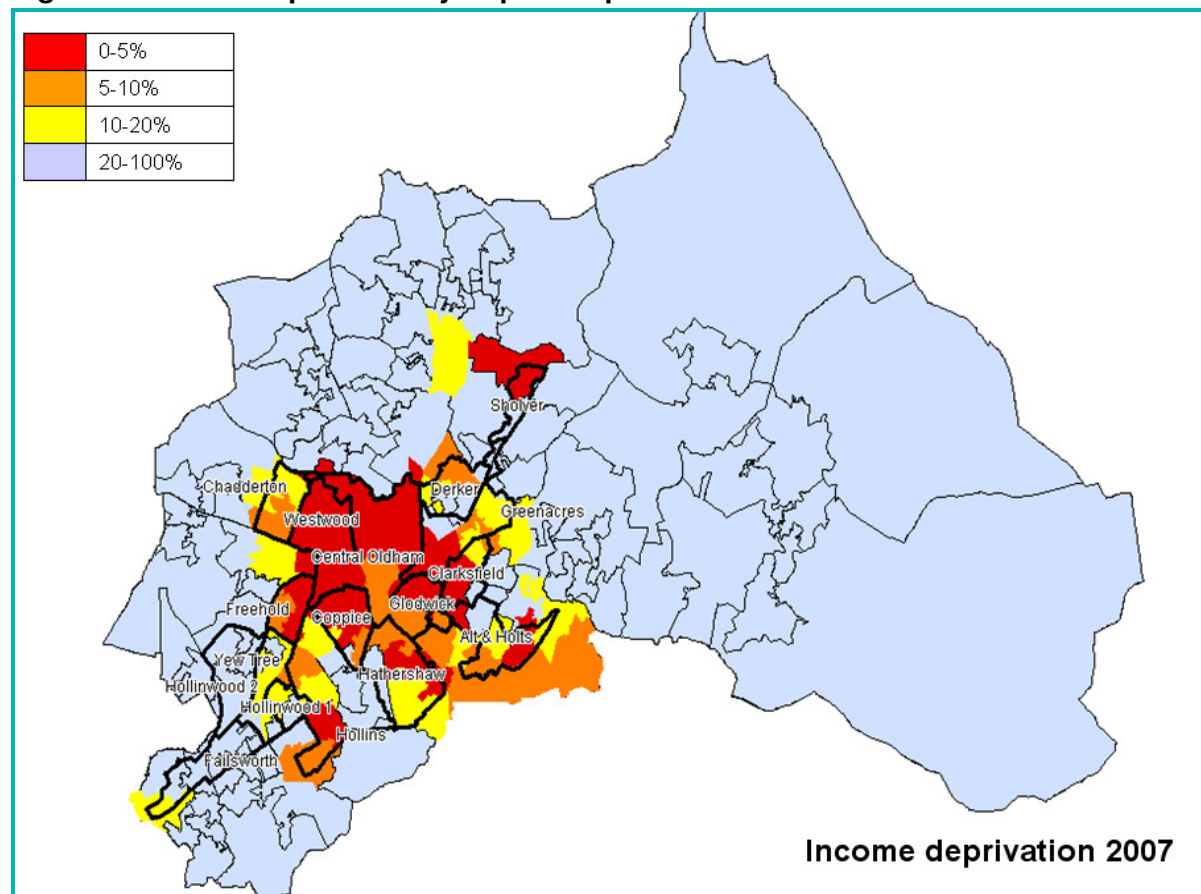
<sup>4</sup> Tourism consists of industries that are also part of the services industry.

<sup>5</sup> 'Job density' is a measure of the number of jobs per person of working age.

<sup>6</sup> Table 2.3, pg 8, GM SHMA Update, May 2010, AGMA

3.26 Figure 6 illustrates levels of income deprivation in the borough from the 2007 Indices of Multiple Deprivations. It shows that a number of areas, particularly central parts of the borough are within the top 5% most income deprived in the country. These areas (shown in red in figure 5) include Coldhurst, St Mary's, Werneth, Alexandra, Medlock Vale and Hollinwood.

**Figure 6: Income deprivation by Super Output Area 2007.**



(Source: Office of National Statistics)

### *Employment Deprivation*

3.28 In addition to its impact on income, employment deprivation (involuntary exclusion from the labour market through unemployment, ill health or disability) can have a significant adverse effect on physical and mental health.

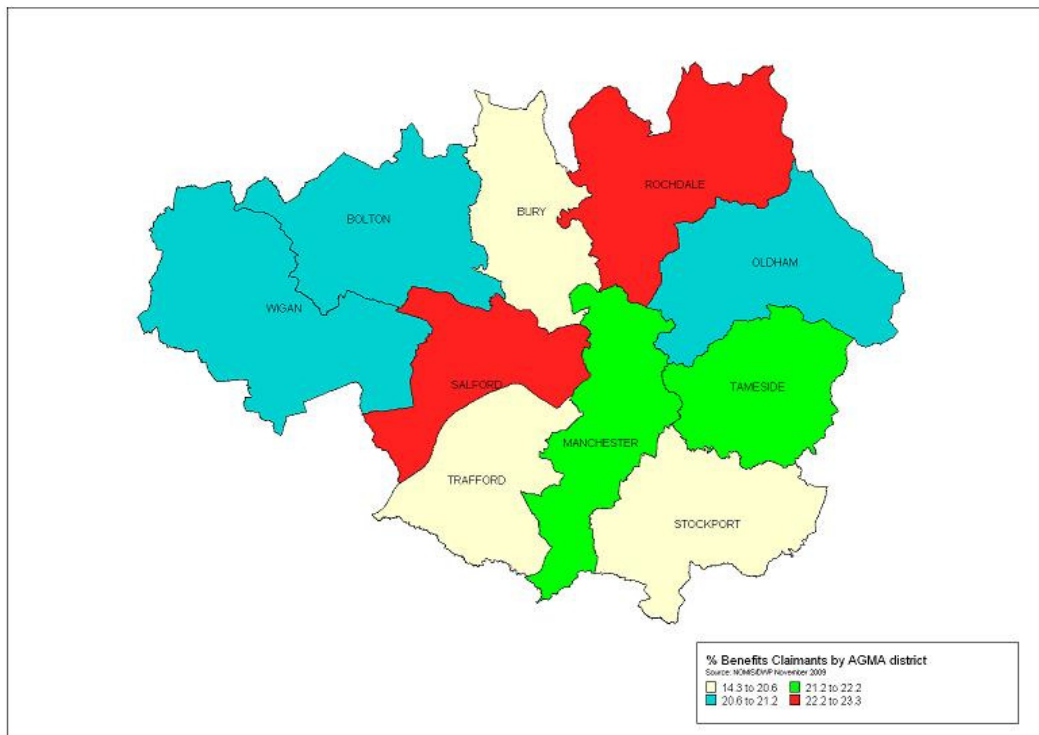
- The claimant count unemployment rate (April 2010) in the borough (5.4%) is higher than both the Greater Manchester (5.0%) and U.K. (4.1%) average. Ward level unemployment rates range from 1.4% in Saddleworth North to 10.5% in Alexandra and 9.8% in Coldhurst. Youth unemployment (16-19 years) is 15.4% in Alexandra, more than twice the borough average (6.7%); it is also well above average in Hollinwood (10.1%) and St. James' (9.6%). More than one and a half times the proportion of people of working age belonging to 'non-white' minority ethnic groups in Oldham are unemployed (claiming JSA, 7.3%) compared with the white population (4.6%), reflecting the labour market disadvantage faced by some Black and minority ethnic groups. Whilst small population sizes mean that findings must be treated with caution, unemployment appears to be particularly high among Black and Black British residents (10.7%) and Bangladeshi residents (8.5%).

- Around one in ten (9.6%) working age (16 to 64) people in the borough are in receipt of Incapacity Benefit/ Employment Support Allowance (IB/ESA), the same as the Greater Manchester rate (also 9.6%), but higher than the UK rate of 7.1%. The IB/ESA claim rate ranges from around 4.2% in Saddleworth South to more than three times that rate in Alexandra (16.6%) and Hollinwood (13.9%).

### *Benefits*

3.29 The following section looks at the level of benefits claimed within the borough.

**Figure 7: Percentage of benefit claimants**

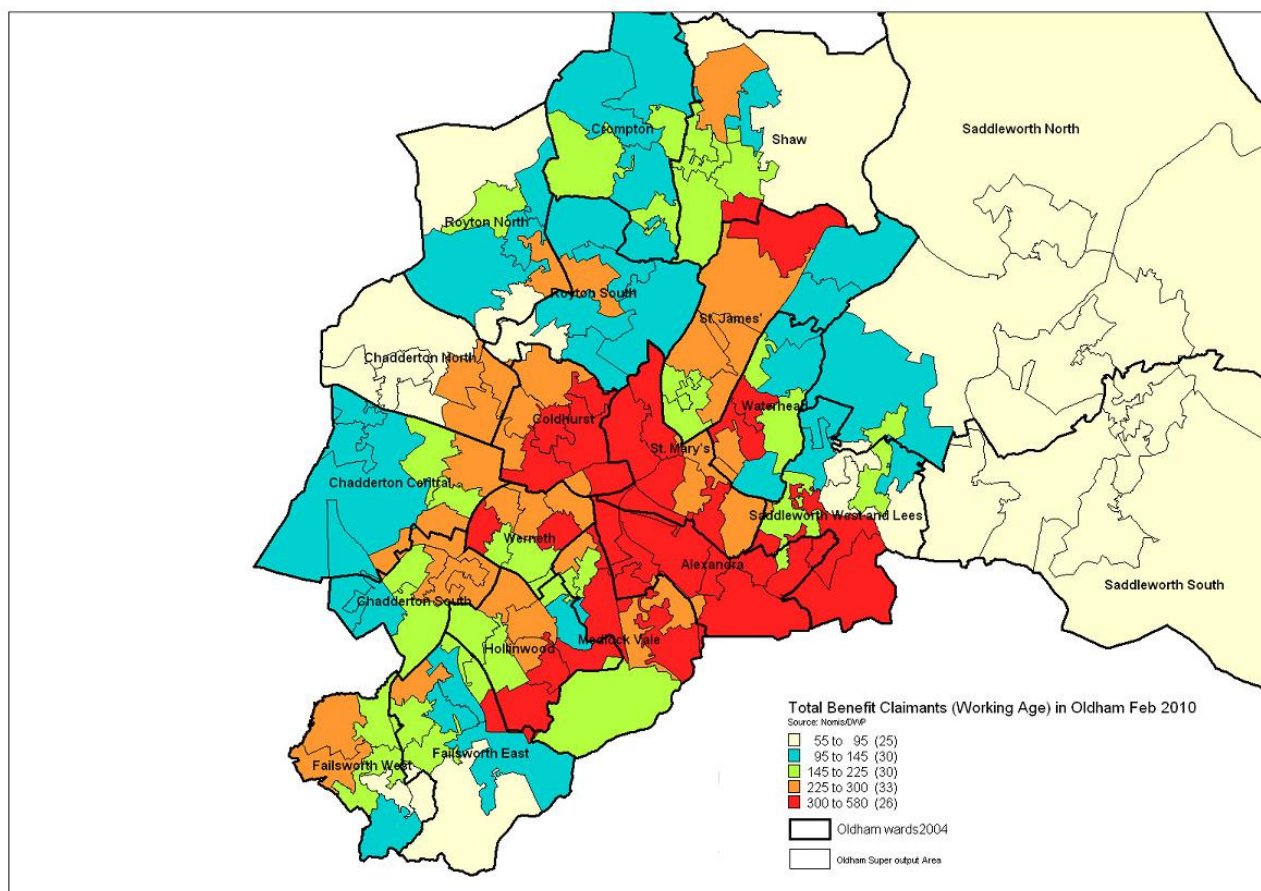


(Source: Department of Work and Pensions)

3.30 Figure 7 shows that, based on 2009 mid-year working age population estimates and numbers of benefits claimants (November 2009), around 1 in 5 of the borough's working age population are on some kind of benefit. This is greater than the overall average for all AGMA districts; only Stockport, Bury, Trafford and Wigan having lower rates of benefits claimants.



**Figure 8: Benefits claimants by Lower Super Output Area Feb 2010**



(Source: Nomis/DWP: Working Age Benefits Claimants Oldham Feb 2010)

3.31 Figure 8 shows the numbers of benefit claimants by Lower Super Output (LSO) area. An LSO area is an area with around 1500 residents. The areas in red highlight the areas with the highest numbers of claimants. As may be expected there are large pockets in central areas such as Coldhurst, St Marys and Waterhead. However it is interesting to see a pocket of higher concentration in the Royton South (Royton Park) area situated amongst an area with predominantly lower numbers of claimants.



**Table 3: Percentage claimants in the borough by benefit type**

<b>Benefit</b>	<b>Total</b>	<b>% Total Benefits</b>
Job Seekers Allowance only	6,580	24.1%
Incapacity Benefit or Employment and Support Allowance only	4,030	14.7%
Income Support/Pension Credit only	3,570	13.1%
Incapacity Benefit/ Employment and Support Allowance and Disability Living Allowance	2,920	10.7%
Income Support / Pension Credit, Incapacity Benefit and Disability Living Allowance	2,400	8.8%
Income Support / Pension Credit and Incapacity Benefit / Severe Disablement Allowance	2,350	8.6%
Disability Living Allowance only	1,580	5.8%
Carers Allowance only	1,350	4.9%
other combinations	940	3.4%
Income Support / Pension Credit and Carers Allowance	750	2.7%
Income Support / Pension Credit, Disability Living Allowance and Severe Disablement Allowance	560	2.0%
Widows Benefit only	160	0.6%
Disability Living Allowance and Severe Disablement Allowance	130	0.5%
Severe Disablement Allowance only	20	0.1%
<b>Any Benefits</b>	<b>27,340</b>	

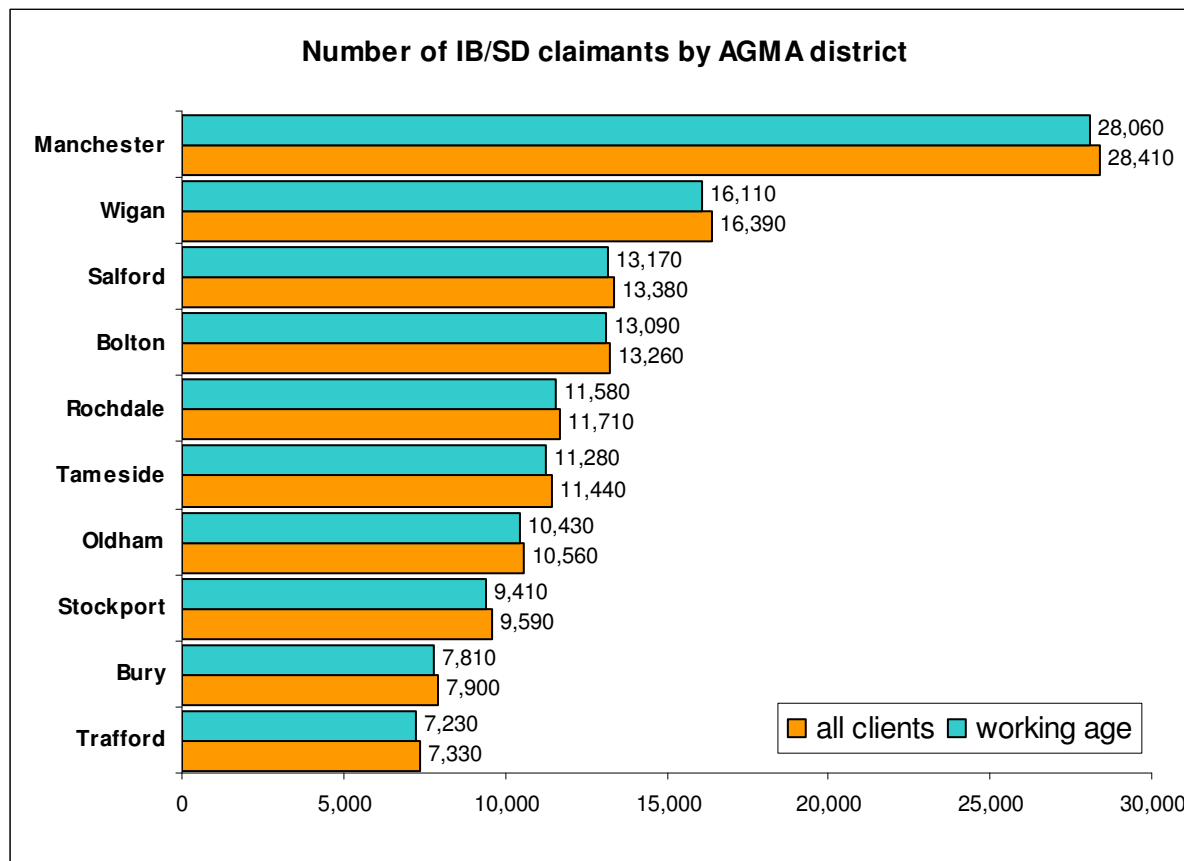
(Source: Department of Work and Pensions and NOMIS)

3.32 Table 3 provides a breakdown of the benefits claimed in the borough as of November 2009. It shows that approaching a quarter of people are Job Seekers Allowance claimants only.

3.33 The GM SHMA found that in April 2010 there were 7,186 Job Seeker Allowance (JSA) claimants in the borough providing a JSA claimant rate of 5.4. This represented the third highest JSA claimant rate after Rochdale and Manchester which were 5.9 and 5.7 respectively. It found there to be 2,985 long term JSA claimants in the borough, representing 41.5% of the total JSA claimants. The research shows that all districts experienced substantial annual increase in long term claimants with Greater Manchester increasing by 78.3% over the year.

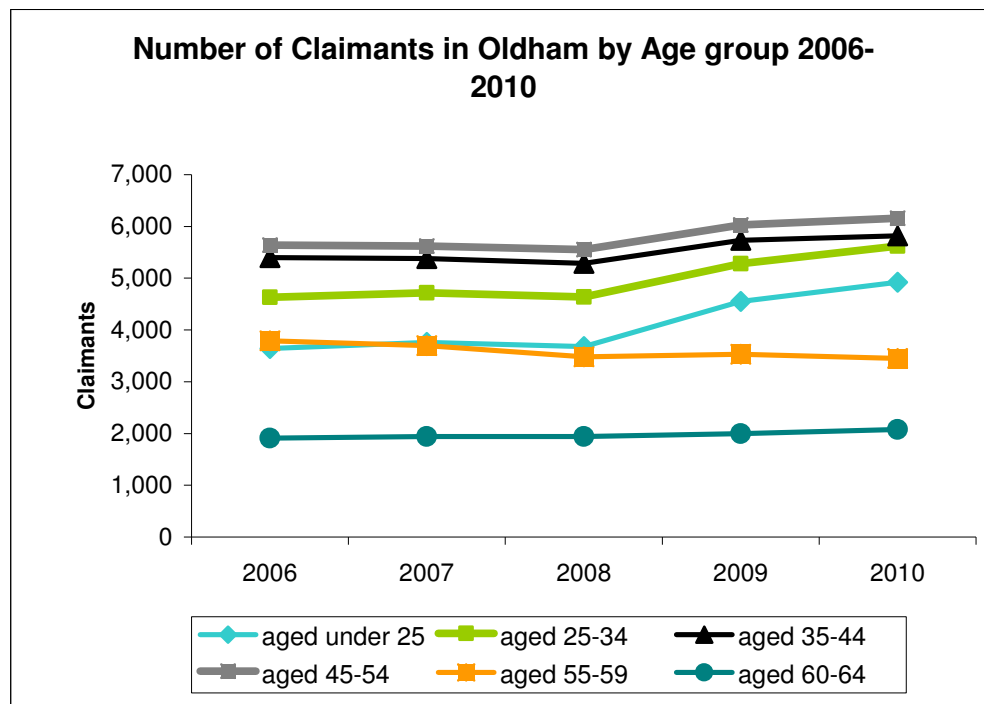
3.34 Figure 9 shows that the borough has the fourth lowest number of long term Incapacity Benefit claimants in Greater Manchester, with around 10,400 (as of February 2010) claimants receiving around £97.50 per week.

**Figure 9: Incapacity Benefit/Severe Disability claimants by AGMA District**



(Source Nomis/DWP February 2010)

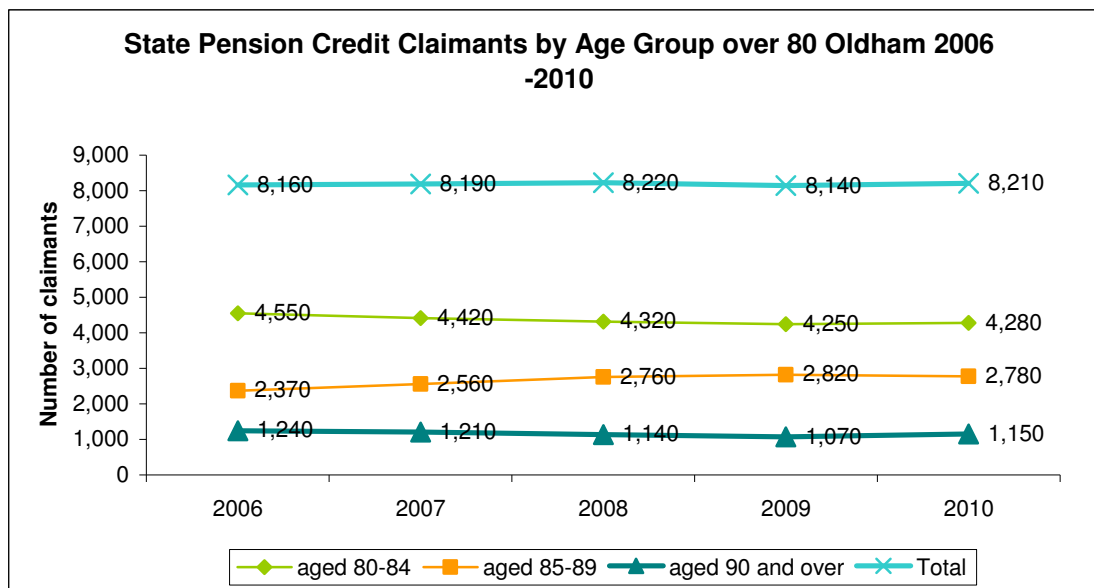
**Figure 10: Benefit claimants in the borough by age 2006-2010**



(Source: Department of Work and Pensions and NOMIS)

- 3.35 Figure 10 shows the number of benefits claimants in the borough by age band from 2006-2010. It shows that across all ages but 55-59 year old, the number of claimants has risen steadily in the four year period. The under 25 age group has shown the most dramatic increase in the period with a 35% increase in the period.
- 3.36 Figure 11 shows the age band of claimants of state pension in the borough as of the end of quarter 3 for the same period 2006-10.
- 3.37 In line with the borough's increasingly aging population data from Nomis and the Department of Work and Pensions shows that there is an increase in the number of claimants from the 65-69 and 70-74 age groups. Further analysis, as shown in figure 10 below, of older people aged over 85 shows a clear increase in the number of claimants. It is anticipated that these numbers will increase in line with the borough's ageing population.

**Figure 11: State Pension Claimants Aged 85 and over**

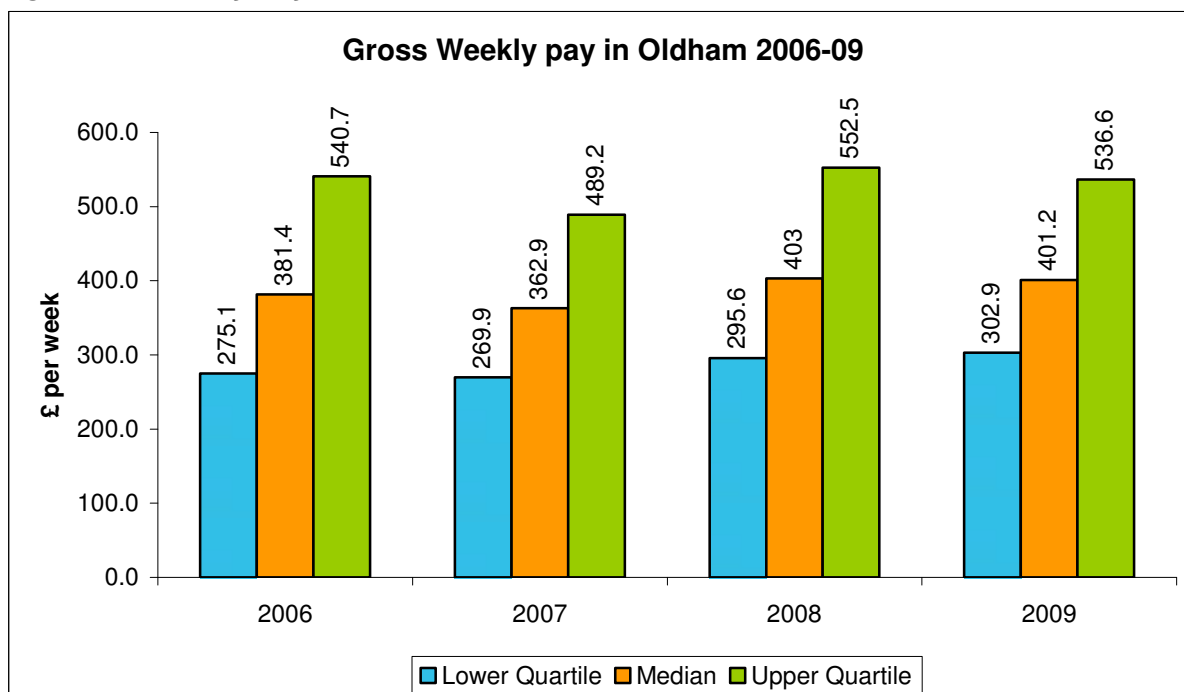


(Source: Nomis and Department of Work and Pensions February 2007-2010)

### Pay Levels

3.38 The following figures look at the levels of pay achieved throughout the borough and also household income.

**Figure 12: Weekly Pay (Gross)**



(Source: NOMIS/ASHE Working Place 2006-10)

3.39 Figure 12 indicates the gross weekly income in the borough from 2006-10. It shows that levels of lower quartile income have increased steadily over the last four years. Conversely levels of both median and upper quartile income increased until 2008/09, however these have both seen reductions from 2008/09 to 2009/10.

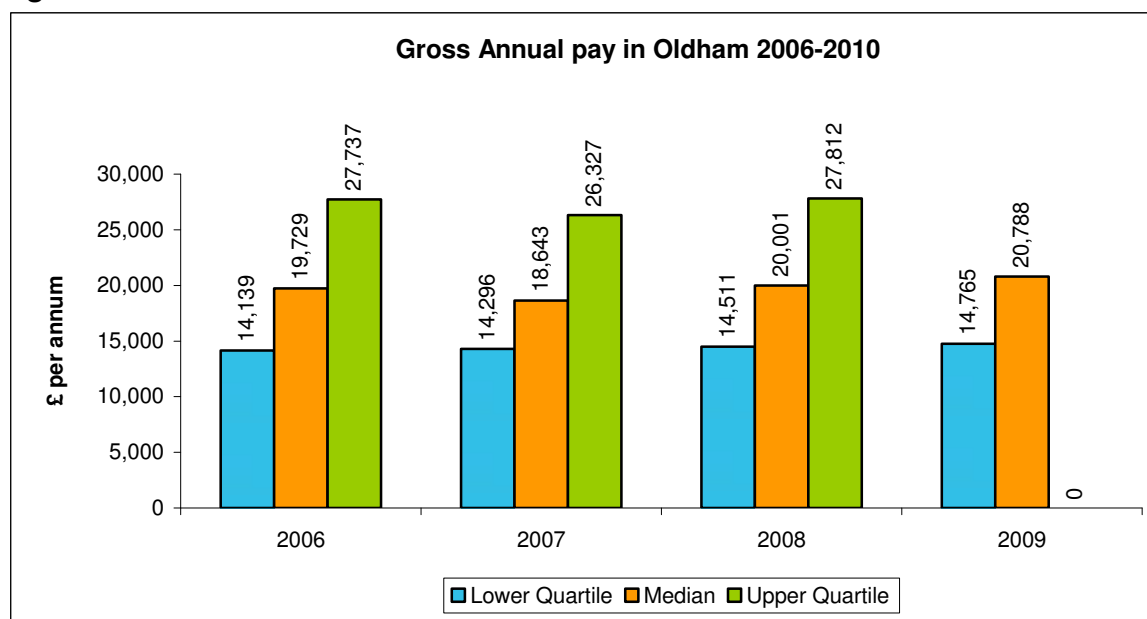
3.40 Despite this increase in both the lower quartile and the median levels of income it is important to note that residents of the borough remain amongst the lowest earners within the Greater Manchester region as shown in table 4 below.

**Table 4: Weekly gross income by AGMA district**

AGMA District	Lower Quartile	Median	Upper Quartile
Bolton	302.2	408.3	552.2
Bury	309.7	447.7	611.9
Manchester	364.1	514.3	742.8
Oldham	302.9	401.2	536.6
Rochdale	314.6	407.1	593.5
Salford	330.2	461.7	642.0
Stockport	349.8	480.8	667.6
Tameside	307.7	431.2	565.4
Trafford	364.1	498.5	700.0
Wigan	310.6	423.5	573.9

(Source: NOMIS/ASHE Working Place 2009)

**Figure 13: Annual Gross Income Oldham**



(Source: NOMIS/ASHE Working Place 2009. Source: ONS/NOMIS)

3.41 Figure 13 shows the levels of annual income in the borough at the three main income bands. It shows that there has been an increase in all the levels from 2007/08. In the four year period lower quartile incomes have increased by 9.4%, the median by 11.8% and the upper quartile reduced by 2.7%<sup>7</sup>.

3.42 Table 5 looks at annual gross income across Greater Manchester by the three main income bands. It shows that despite general increases in income levels the borough remains the lowest wage economy within Greater Manchester.

<sup>7</sup> Upper quartile figures for 2009/10 are available but are non robust statistically and have therefore not been used.

**Table 5: Annual gross income by AGMA district**

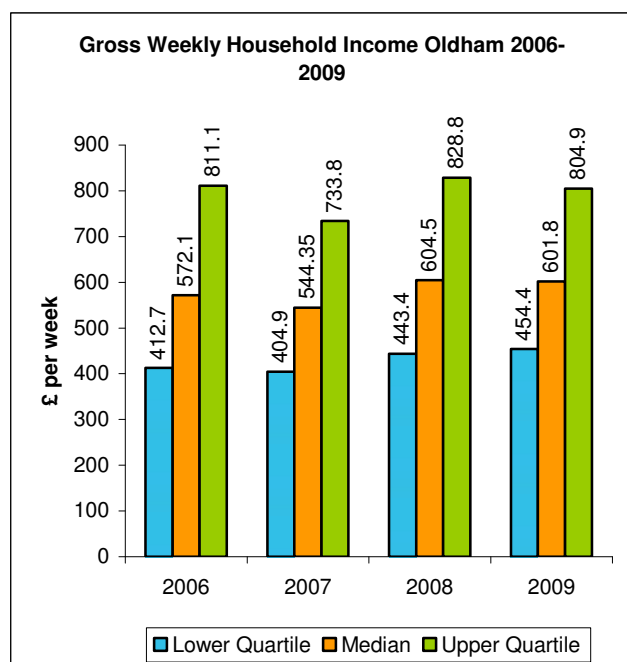
AGMA District	Lower Quartile	Median	Upper Quartile
Bolton	15,684	21,447	27,012
Bury	16,510	24,558	32,546
Manchester	19,151	26,674	38,383
Oldham	14,765	20,788	Not available
Rochdale	16,481	21,115	30,000
Salford	17,893	23,759	33,018
Stockport	17,811	26,368	36,404
Tameside	15,528	22,436	31,930
Trafford	19,585	27,080	37,370
Wigan	16,367	22,539	29,692

(Source: NOMIS/ASHE Working Place 2009)

3.43 The GM SHMA looks at the change in mean annual gross income of full-time employment residents from 2002-2008. In relation to the borough the mean annual gross income increased from £17,275 in 2002 to £21,497 in 2009, representing a percentage change of 24.4% across this period. This was the third lowest percentage change experienced across GM after Wigan and Tameside. It is also lower than the Greater Manchester, Northwest and UK averages, which were 25%, 24.5% and 26.7% respectively. The districts of Rochdale and Manchester showed the greatest increase.

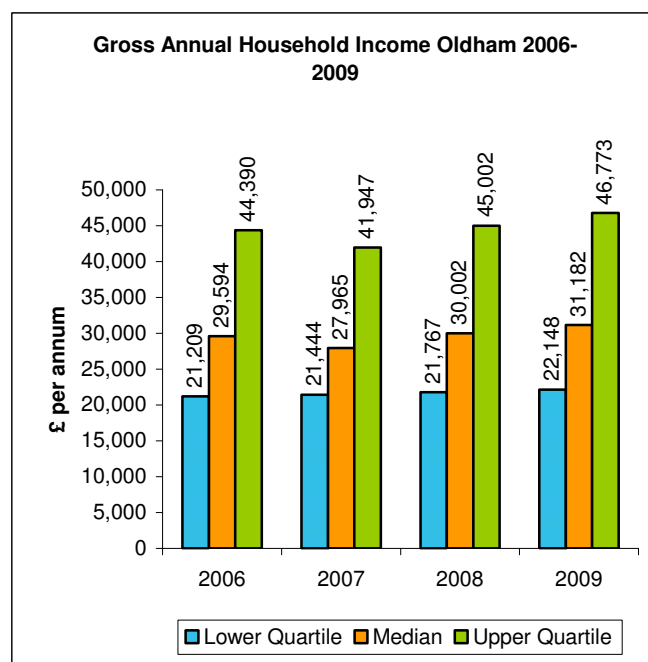
3.44 Guidance on the calculation of household income demands that household income should be calculated by taking one and a half of the average single incomes. Using this formula, figures 14 and 15 shows the household income of both weekly and annual incomes.

**Figure 14: Weekly Household Income**



(Source: ASHE/Nomis)

**Figure 15: Annual Household Income**



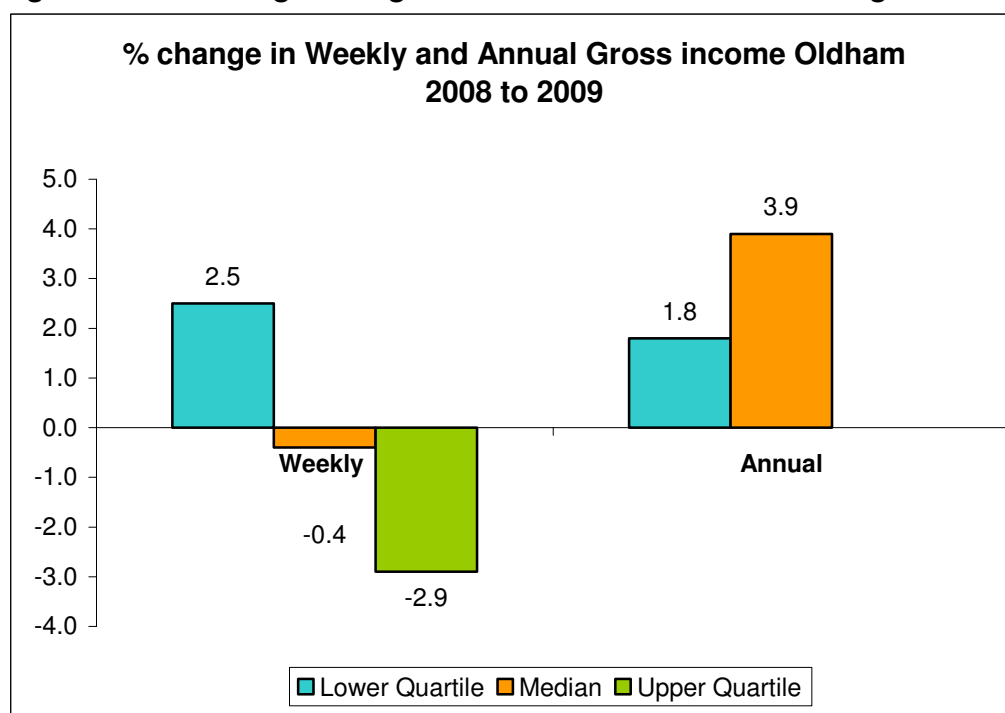
(Source: ASHE/Nomis)

3.45 Figures 14 and 15 indicate increases in both weekly and annual household income in the borough from 2006 to 2009. This is particularly evident in the levels of lower quartile income with a 15% increase over the period (weekly) and a 9% increase in the same market for those salaried. Most currently, the weekly household income (fig 13) has increased by an average of 2.8% across the three main income bands from 2008-2009, whilst the annual household income (fig 14) has increased by an average of 3.2% across the three main income bands in the same period.

#### *Income levels and Inflation*

3.46 Although it is clear from previous charts that income in the borough has increased overall in the previous years. It is important to consider how income has changed against both the housing market and against inflation. Figure 16 below shows the percentage change in income from 2008-2009. It shows that lower quartile income levels have increased at both weekly and annual levels and the median levels of annual income have increased by 4%. Conversely, the levels of upper quartile weekly income have decreased by 2.9%

**Figure 16: Percentage Change in Income levels Oldham Borough 2008-2009**



(Source: NOMIS/ASHE Working Place 2009)

#### *Income Deprivation of Old People.*

3.47 It is acknowledged that the borough has an ageing population and this is reflected in the increasing numbers of state pension credit claimants across the borough. Table 6 shows the average weekly payment received in Oldham in February 2010 in comparison to the Northwest and England.

**Table 6: Average weekly payment received by the over 80s in the borough from 2006 to 2010.**

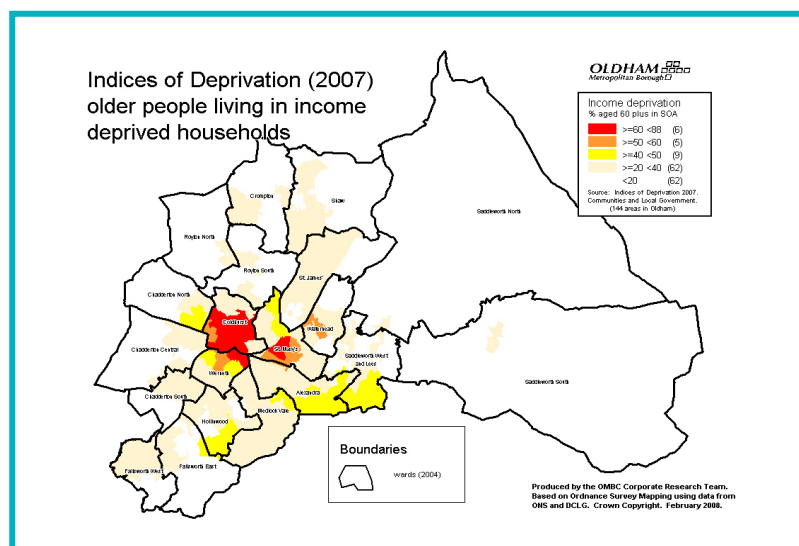
	Total	aged 80-84	aged 85-89	aged 90 and over
February 2006	91.45	93.34	88.25	85.21
February 2007	94.92	97.24	91.87	87.76
February 2008	99.35	102.13	97.08	91.02
February 2009	104.23	107.25	102.60	95.37
February 2010	110.89	114.58	109.71	101.07
Northwest	108.32	113.18	108.69	101.81
England	108.42	113.28	109.03	102.29

(Source: ONS/DWP)

3.48 With the exception of those aged 90 and over table 6 shows that the average weekly payment received by the over 80's in the borough is greater than both the Northwest and England average.

3.49 The proportion of people aged 60 or over living in income-deprived households is disproportionately high in the borough and has increased compared to the Indices of Deprivation 2004. The areas where this is most prevalent are shown on the map in figure 17 below. It is particularly high in Coldhurst, St Marys and Werneth.

**Figure 17: Indices of deprivation, Income Deprivation Affecting Older People, showing percentage of older people in Oldham Super Output Areas living in income deprived households (2007)**



(Source: Indices of Multiple Deprivations 2004-7)



## The Housing Stock

### *Dwelling profile*

3.50 Table 7 shows the number and percentage of dwellings by housing tenure within the borough on an annual basis from 2005/06 to 2009/10.

**Table 7: Number and percentage of dwellings by housing tenure in the borough 2005/06 – 2009/10**

	2005/6		2006/7		2007/8		2008/9		2009/10	
	No.	% Total Stock	No.	% Total Stock	No.	% Total Stock	No.	% Total Stock	No.	% Total Stock
<b>Private Stock</b>	71,998	77.3	71,773	77.4	73,721	78.5	74,252	78.2	74,098	78
<b>LA Stock<sup>8</sup></b>	14,755	15.8	14,504	15.6	14,231	15.2	13,867	14.6	13,799	14.5
<b>HA/RSL Stock</b>	6,382	6.9	6,434	6.9	6,503**	6.9	6,795*	7.2	6,912	7.2
<b>Total</b>	<b>93,135</b>		<b>92,711</b>		<b>93,855</b>		<b>94,914</b>		<b>94,789</b>	

(Source HSSA 2008-9 / Regulatory & Statistical Return 2010; \* Annual RSR - TSA, \*\*Housing Net))

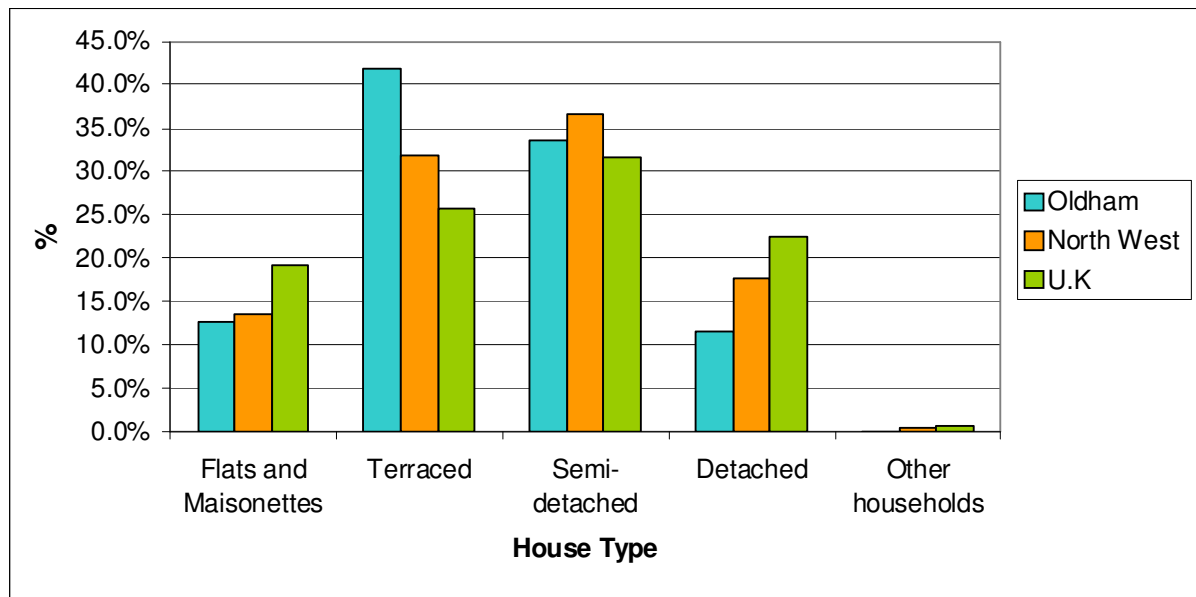
3.51 Generally the number of private stock within the borough has increased from 2005/06 to 2008/09, although it fell in 2009/10. The number of local authority stock has decreased year on year from 2005/06 to 2009/10, as a result of right to buy and clearance. In contrast to this the number social rented housing increased year on year during the same period.

3.52 The GM SHMA has looked at the housing stock breakdown across Greater Manchester by tenure in April 2008. It shows that the borough has the fourth highest proportion of local authority stock after Rochdale, Wigan and Salford. With regards to the proportion of RSL and private stock properties it is fairly central in terms of the other ten districts. In terms of the NE HMA the housing stock breakdown was as follows in April 2008 – 10.1% local authority stock, 12.7% RSL stock, and 77.2% private stock.

3.53 In terms of housing mix figure 18 shows that in 2001 a significant proportion of the housing within the borough was terraced properties representing 41.9% of the overall mix, compared to 31.74% in the Northwest and 25.84% in the U.K. The proportion of detached properties within the borough at 11.53% is significantly lower than the regional (17.63%) and national (22.5%) figures.

<sup>8</sup> The figures shown for Local Authority owned stock include around 1,500 properties managed through the PFI2 Sheltered Schemes and around 13,000 managed by First Choice Homes Oldham (FCHO -The council's Arms Length Management Organisation)

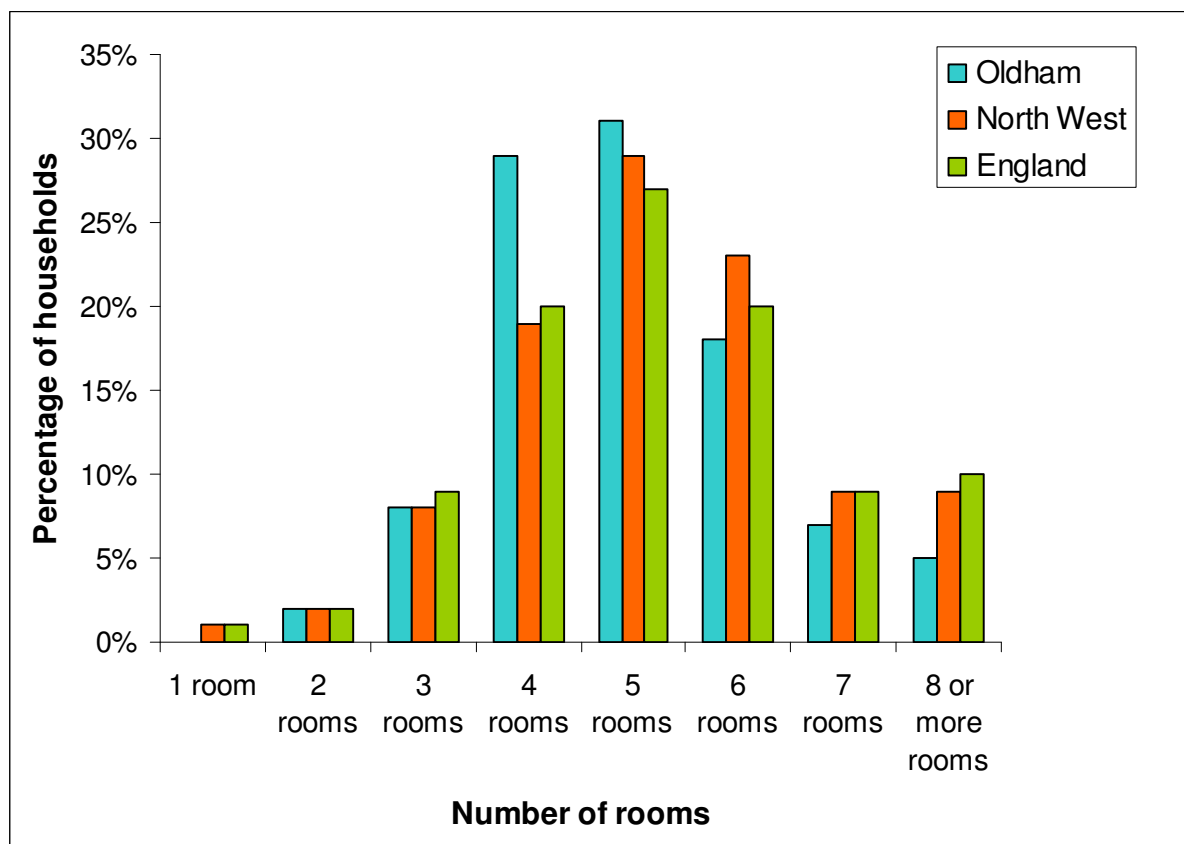
**Figure 18: Housing Mix by Type**



(Source: Census 2001)

3.54 The GM SHMA has assessed housing types across Greater Manchester for 2008 based on information from Community Insights. It shows that the borough has the highest proportion of terraced properties, at 41.9%, out of all the ten districts, followed by Rochdale and Tameside. This of course means that the NE HMA has the highest proportion of terraced properties out of the four HMAs at 39.2%. The borough is in the lowest three for detached and semi-detached properties and is fairly centrally placed for flats.

**Figure 19: House Mix by Size (No. of Rooms)**



(Source: Census 2001)

3.55 Figure 19 shows that the greatest proportion of households are in 4 and 5 roomed properties, representing over half of the households and also far exceeding the average for the Northwest and England. The borough has a lower proportion of 6 plus roomed properties than both the Northwest and England average.

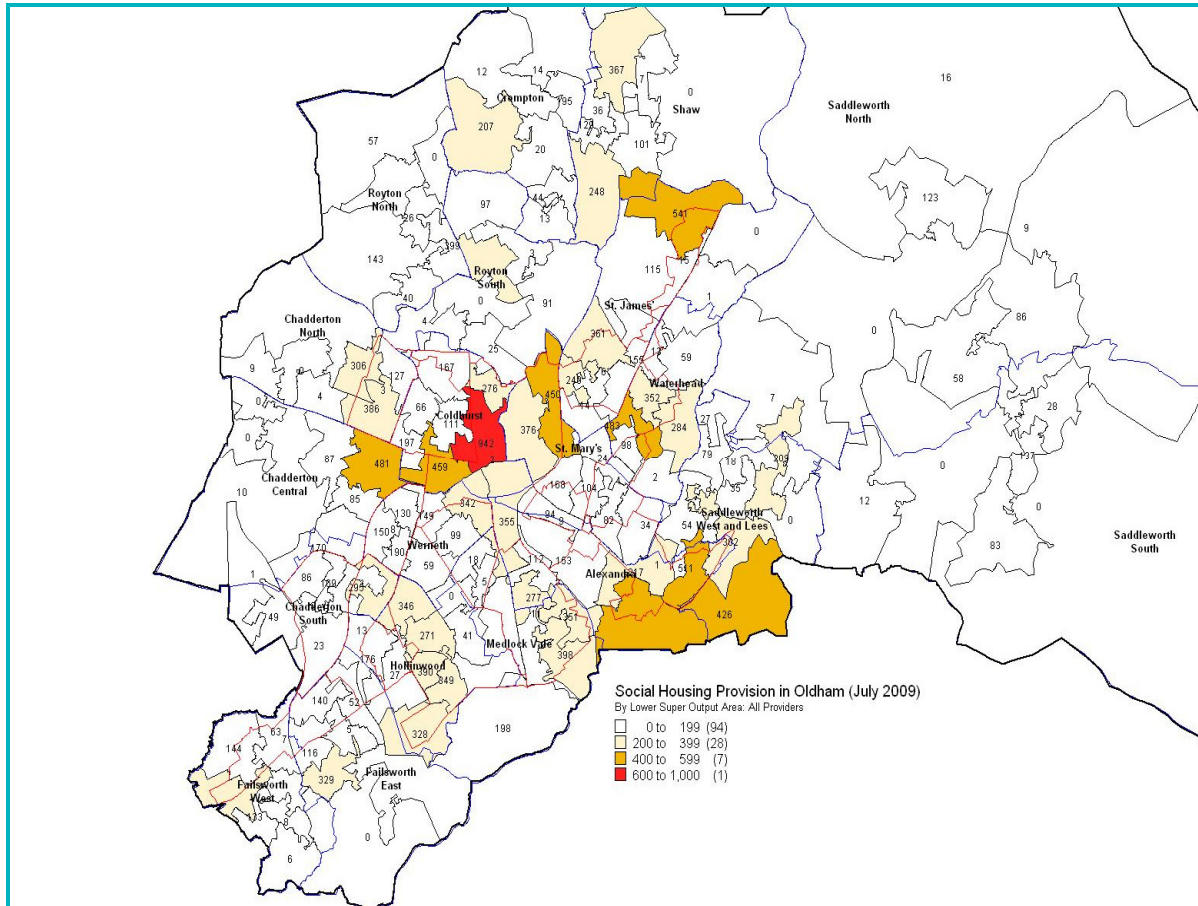
3.56 The GM SHMA also contains analysis of housing sizes across Greater Manchester. The emphasis is clearly towards housing containing 5 to 6 rooms<sup>9</sup> with the average across Greater Manchester being 51.5% of the stock in 2008. The proportion of 5 to 6 roomed properties in the borough closely reflects this although we still have one of the lowest proportions in Greater Manchester. The borough also has the third lowest level of 7+ room properties and the highest proportion of 3 to 4 roomed properties.

<sup>9</sup> Rooms refers to 'all rooms' not just number of bedrooms

## Social Housing Provision

3.57 The following section looks at the social housing provision across the borough in more detail.

**Figure 20: Provision of social housing**



(Source: Oldham Housing Investment Partnership housing census)

3.58 Figure 20 shows the provision of social housing (20,341) in the borough at July 2009. It shows concentrations of social housing in Alexandra, Chadderton Central, and St James' and in particular Coldhurst.

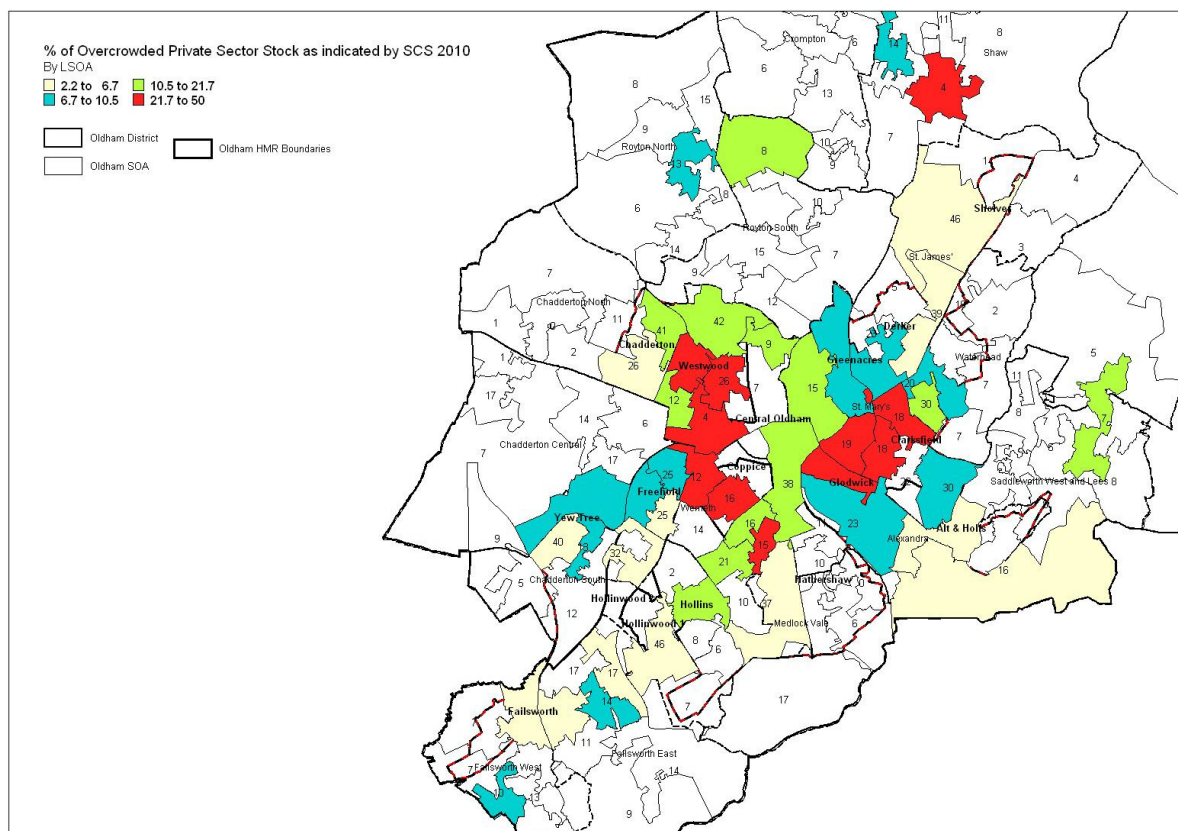
## Private Rented Sector

3.59 The following section looks at the private rented sector. The private rented sector is estimated to contain 8,293 dwellings (11.2%). Rates of private-rental within the borough are below the national average of 13%.

3.60 The Private Rented Stock Condition Survey 2010 identified the private rented, and in particular pre 1919 terraced properties, as an area of required improvement and intervention to prevent increasing disrepair.

3.61 The private-rented sector is strongly associated with pre-war housing and the terraced housing market. Geographically it exhibits a concentration in the HMR areas and in the West Oldham and East Oldham District Partnerships. This is evidenced in figure 21 below where high rates of overcrowding are shown in red. Levels of overcrowding within the private-rented sector have reduced to 4.1%.

**Figure 21: Levels of private sector overcrowding indicated by the Private Sector Stock Condition Survey 2010.**



3.62 Figure 21 shows the rates of overcrowding as indicated in the 2010 Stock Condition Survey. The rates shown are out of 1997 private stock surveyed. The number of stock surveyed in each area is indicated on the map.

3.63 Housing conditions within the private-rented sector are generally worse on all main indicators than owner occupied housing. In particular rates of non-decency in the private-rented sector are significantly higher at 41.9%.


#### *Stock Condition*

3.64 The Private Sector Stock Condition Survey 2010 provides information on the condition and demographic make up of private housing in the borough. The findings help to identify areas of current or potential housing market weakness.

- 3.65 Based on the survey findings, the borough contains 74,266 private dwellings. At the time of survey 1,691 dwellings (2.3%) were assessed as long-term vacant due to closure/ dereliction. Private sector housing age distributions in the borough accord quite closely with the national profile, although the numbers of pre-1919 houses accounts for 28.5% which is above the national of 24.6%.
- 3.66 Owner-occupation accounts for 60,056 dwellings (80.9%). Dwellings rented from a private landlord account for 8,293 dwellings (11.2%) while tenure was unobtainable in 5,917 dwellings (8.0%) due to property turnover. Rates of private rental vary across the borough and are above average inside the Housing Market Renewal (HMR) areas, such as Werneth, Derker and Hathershaw (17.0%), in the West Oldham (16.4%) and East Oldham (15.1%) areas.
- 3.67 With the exception of disrepair, the survey found that private housing conditions in the borough are generally better than the national average:
- Decent Homes failure in the borough is 30.6% compared with 35.8% in England.
  - Category 1 hazard<sup>10</sup> failure in the borough is 14.5% compared with 23.5% in England. Key hazards emerging include the risk of falls, dampness/mould and excess cold.
  - Rates of disrepair in the borough (17.2%) are significantly higher than the national average (7.3%). This has long-term implications for the condition and quality of private housing in the borough. Examples of disrepair include; poor roof coverings, chimney stacks, rainwear, windows and electrics etc.
  - The current Standard Assessment Procedure (SAP- Energy) rating for private housing in the borough is measured at 63, this is significantly better than the national average of 48 for all private housing in England. Average CO2 emissions total 5.24 tonnes per annum which is again significantly better than the national average of 7.1 tonnes for all private housing in England.
- 3.70 In relation to socio-economic issues the survey found that:
- There are 25,399 vulnerable private households (37.2%). Currently 16,086 economically vulnerable households (63.3%) live in Decent Homes. This is below previous Public Service Agreement Target 7 requirements.
  - The survey estimates 12,117 households or 17.7% are in fuel poverty. The highest levels of fuel poverty are in private-rented accommodation and pre-1919 terraces. Rates of fuel poverty are above average in the HMR areas, such as

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<sup>10</sup> A Category 1 hazard as defined in the Housing Act 2004 means a hazard of a prescribed description which falls within a prescribed band as a result of achieving, under a prescribed method for calculating the seriousness of hazards of that description, a numerical score of or above the prescribed amount. In Oldham the prescribed band is A to C and the numerical score is 1000 or more.



Werneth, Derker and Hathershaw, and Saddleworth and Lees, West Oldham and Failsworth and Hollinwood District Partnership areas.

- 11,942 households (17.5%) have at least one member affected by a long-term illness/disability. The most common illness/disabilities relate to mobility impairments, respiratory illness, heart and circulatory problems. 33.6% stated that they had no problems in living within their current dwelling.
- 36,264 owner-occupied households (60.4%) have existing mortgage or financial commitments against their home. Equity potential exists across all areas and sub-sectors of the owner-occupied housing market and owner-occupied households living in non-decent housing hold an equity potential of £1.383 billion. Average equity levels for owner-occupied households living in non-decent homes are estimated at £77,185 against an average improvement expenditure of just £5,619.

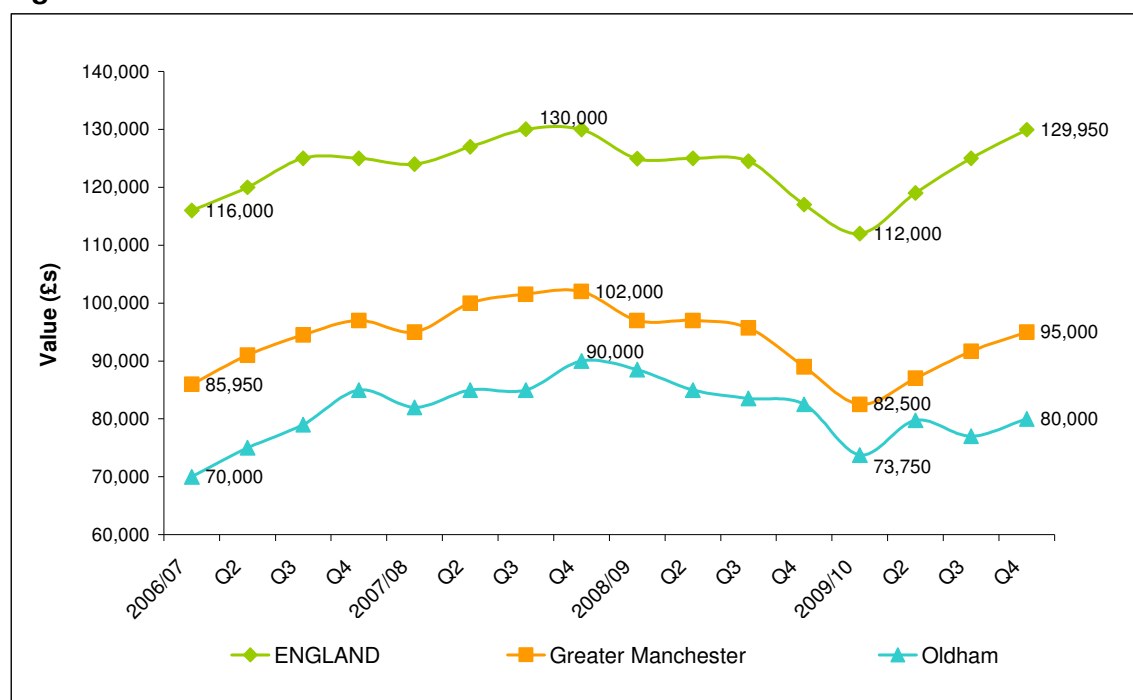


## The Active Market

### *The cost of buying or renting a property - private*

3.71 Figure 22 shows the 25% lowest house values (lowest quartile) for 2006/07 to 2009/10 in the borough, Greater Manchester and England. These properties represent the lower level of the housing market and are those that are most likely to be able to be purchased by households on lower incomes or households entering the market for the first time.

**Figure 22: Lower Quartile House Prices**



(Source: Table 583 Housing market: lower quartile house prices based on Land Registry data, by district, from 1996 (quarterly))

3.74 Figure 22 shows how the lower quartile housing market has changed in the period 2006/07 – 2009/10. It shows that the borough has shown signs of recovery in its housing market. This is reflected in both the Greater Manchester and England figures.

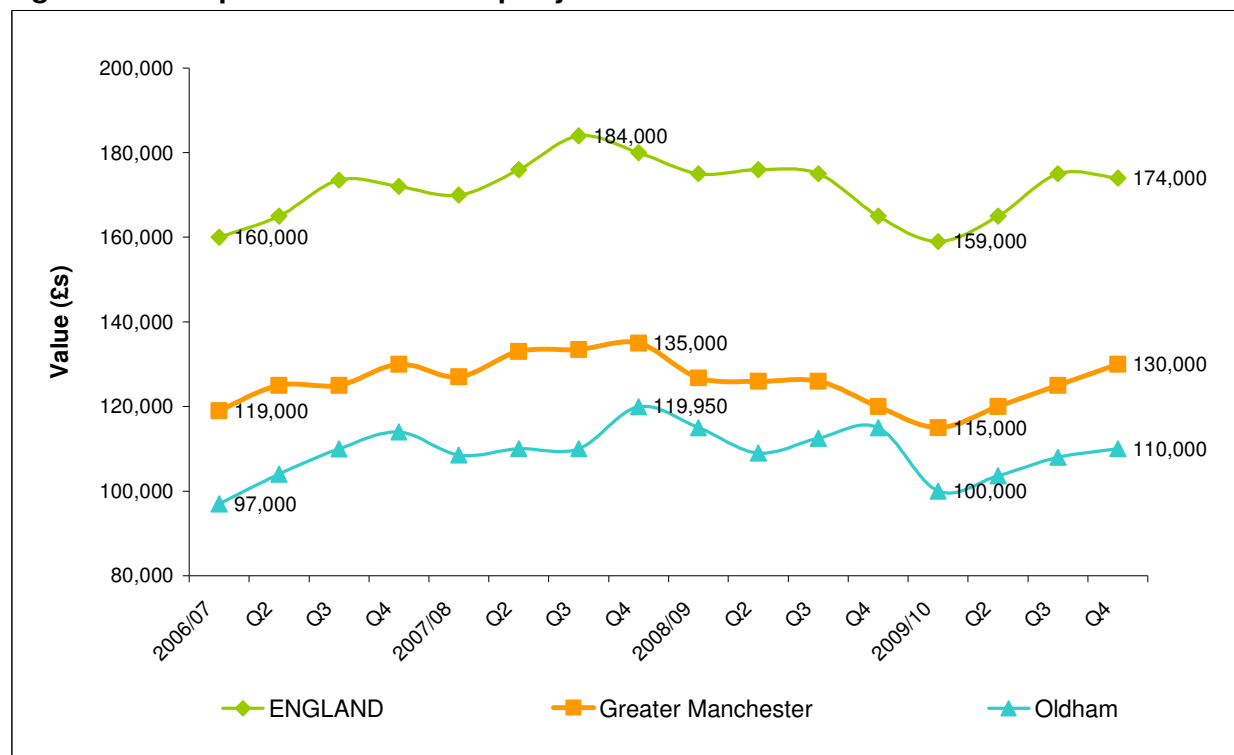
3.75 Although there has been an improvement in housing values in the borough, the increase of 8% in 2009/10 is not as high as the increase for Greater Manchester of 15% or the England average of 16%.

3.76 The GM SHMA shows that lower quartile house prices have rose in the borough from 1996 to 2008. Nevertheless from 2003 they still represent the lowest lower quartile house prices within Greater Manchester. This information is taken from Communities and Local Government, which for 2007 and 2008 has the lower quartile price for Oldham as £85,000. The NE Housing Market has consistently had the lowest lower quartile house price out of the four HMAs from 1996 to 2008. Indeed Tameside, Rochdale and Oldham all have house prices less than four times that of income levels.



3.77 As well as looking at entry level prices, it is also important to look at average and higher level house prices in order to understand performance across the whole housing market.

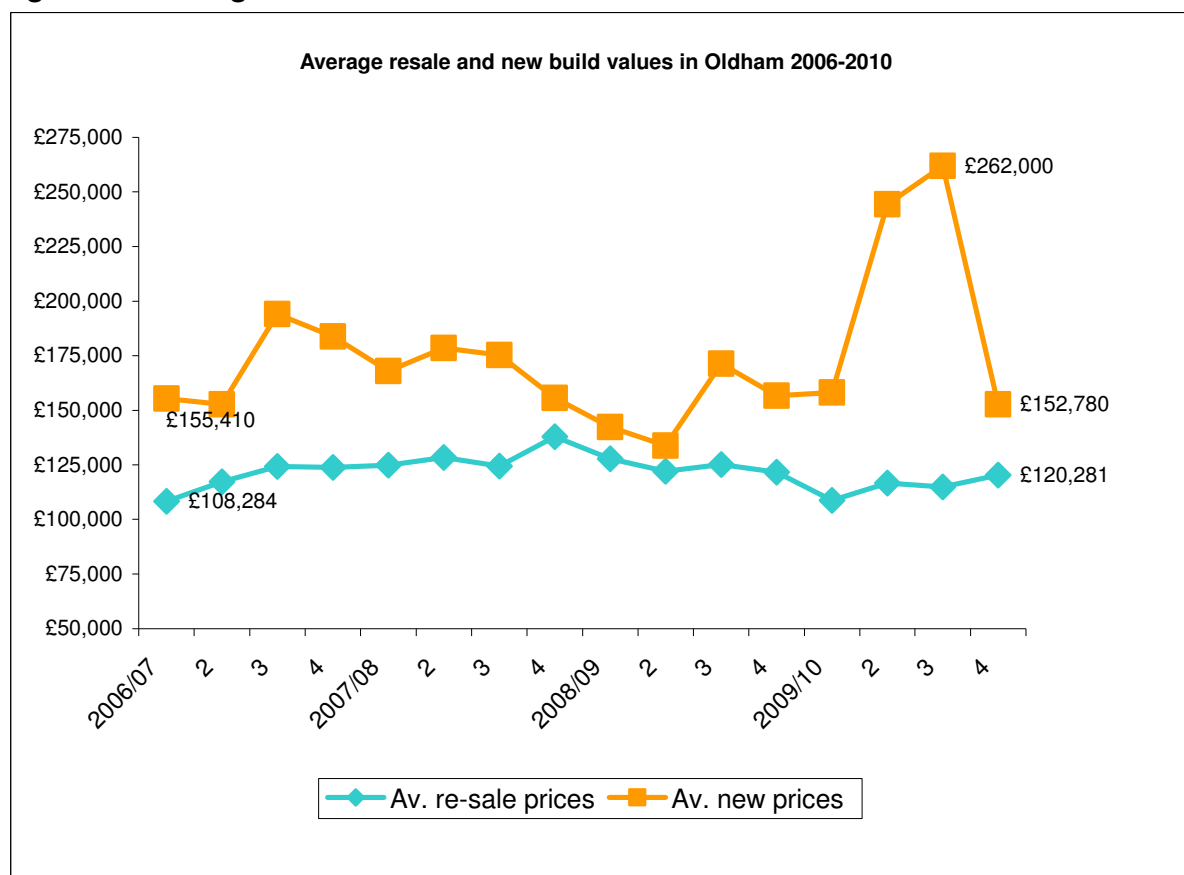
**Figure 23: Comparative Median Property Values**



(Source: Median Value house prices based on Land Registry data, by district, from 1996 (quarterly))

3.78 Figure 23 shows how the median comparative property values have changed in the period 2006/07 – 2009/10. During this period values increased from £97,000 in quarter 1 of 2006/07 to £119,950 in quarter 4 of 2007/08. They then fell to £100,000 in quarter 1 of 2009/10 and have experienced an increase over the last year up to £110,000, demonstrating signs of recovery in the boroughs housing market. This is reflected in both the Greater Manchester and England figures.

**Figure 24: Average New Build and Re-Sale Prices 2006/07 – 2009/10**



(Source: CDS/Land Registry Data)

3.79 Figure 24 shows the average resale and new build value of property sold in the borough from 2006/07 to the end of 2009/10. It shows an increase in the values of resale property values, which after a decline from the start of 2008/09 have started to show signs of recovery in 2009/10.

3.80 The new build market is much more inconsistent; however it is apparent that in the 2009/10 values have differed greatly. It is important to consider that only small numbers of units were sold in this time.

**Table 8: Average re-sale prices For All Types 2006/07 to 2009/10.**

	2006/7	2007/8	2008/9	2009/10	Annual Change (%)
Oldham Council	£117,251	£128,459	£121,460	£118,860	-2.1
Chadderton	£113,665	£120,334	£118,561	£108,780	-1.9
East Oldham	£92,072	£97,228	£99,735	£89,497	-10.3
Failsworth & Hollinwood	£103,667	£125,530	£120,666	£109,903	-9.9
Saddleworth & Lees	£187,876	£207,784	£181,590	£184,732	+1.7
Royton, Shaw & Crompton	£135,681	£136,276	£126,246	£130,179	+3.1
West Oldham	£79,987	£98,428	£94,547	£83,943	-11.2

(Source: CDS Database/Land registry)

3.81 Table 8 shows the average re-sale of properties in the borough. The figure for each year is taken from the same period (quarter 2) to ensure consistency of data. It shows both the well reported rise in property values and the fall. It shows that in there are signs of recovery in some areas of the borough (Saddleworth and Lees and Royton, Shaw and Crompton) where average values have risen from 2008/09 to 2009/10.

3.82 Table 9 shows the average sale value of new build properties across the six District Partnership areas. Data is based on the latest recorded sales, so values are taken from the latest available figures.

**Table 9: Average value of new build properties<sup>11</sup>**

	Average New Sale value	When
Oldham MBC	£254,850	1 <sup>st</sup> Qtr 2010/11
Chadderton	£124,998	4 <sup>th</sup> Qtr 2009/10
East Oldham	£116,250	4 <sup>th</sup> Qtr 2009/10
Failsworth & Hollinwood	£122,995	4 <sup>th</sup> Qtr 2009/10
Royton, Shaw & Crompton	£345,000	1 <sup>st</sup> Qtr 2010/11
West Oldham	£87,475	2 <sup>nd</sup> Qtr 2008/9
Saddleworth & Lees	£360,000	1 <sup>st</sup> Qtr 2010/11

(Source: CDS Database/Land Registry)

3.83 The GM SHMA has looked at average house prices across GM based on the Land Registry Price Paid data. The data shows that the borough has the second lowest average house price, at £122,147 in 3<sup>rd</sup> quarter of 2009, out of all the ten districts, after Rochdale, at £120,147. In terms of housing market areas the NE HMA has lowest average house price at £121,622. The NE HMA also has the lowest number of sales. The NE HMA has had the lowest average house price out of the four HMAs since 2007.

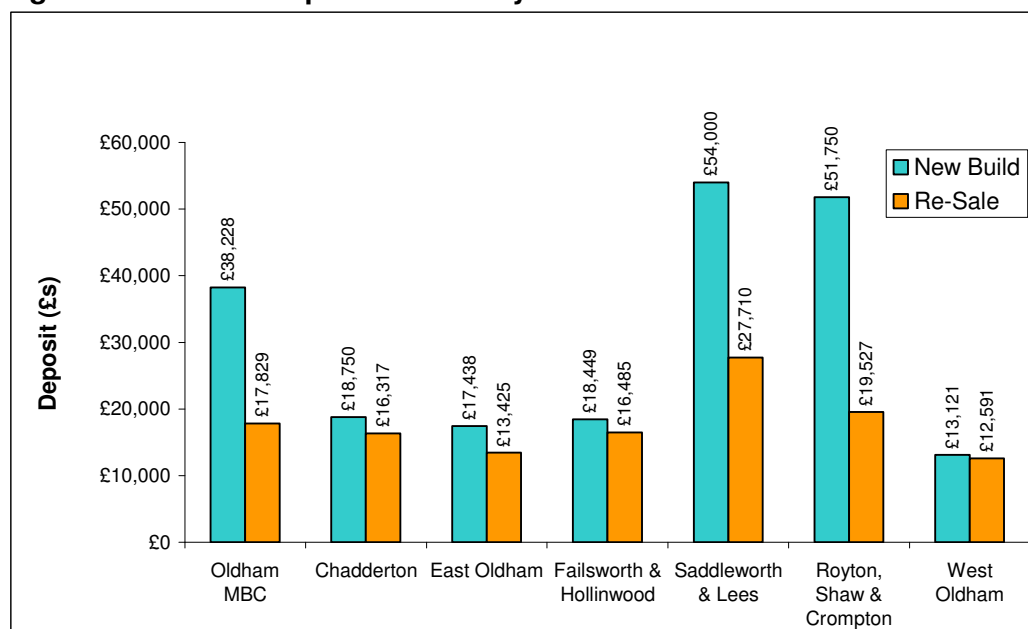
3.84 Analysis in the GM SHMA of average house prices over a longer period of time (2005 to 2009) shows that the borough has experienced consistently lower values compared to other districts across Greater Manchester, with the exception of Rochdale. When looking at the average prices for different property types, the average detached house price achieved in the borough performs well when compared to other districts. For example in quarter 3 of 2009 the average detached house prices achieved in Rochdale, Salford, Tameside and Wigan were all lower. In contrast the borough achieved the second lowest average terraced house price for the same quarter, after Rochdale. When looking across the different property types the largest decrease in average house price experienced in the borough was for flats/apartments, which peaked in quarter 3 of 2006 at over £150,000 falling to approximately £120,000 in quarter 3 of 2009.

<sup>11</sup> Values shown reflect the most current information available for individual areas

### *Entering the Housing Market - Affordability*

- 3.85 The section that follows examines the accessibility of the housing market in the borough to its residents, in order to identify which areas within the borough are most difficult to afford. It takes scenarios from both the new build and re-sale market for first time buyers.
- 3.86 Many mortgage lenders are now requesting a minimum 15% deposit. This deposit can vary significantly across different areas and depending on the circumstances of the borrowers. Figure 25 shows the amounts needed to attain this deposit across the six District Partnership areas. It shows that for even the wealthier of first time buyers, a new build property would be unlikely. It shows that the minimum deposit required would be over £12,500 for a property in the Oldham West<sup>12</sup> area. Given the growing cost of living and low income levels in the borough, it is likely that many first time buyers would not be able to reach such levels of saving.

**Figure 25: Level of deposit needed by former area committee**

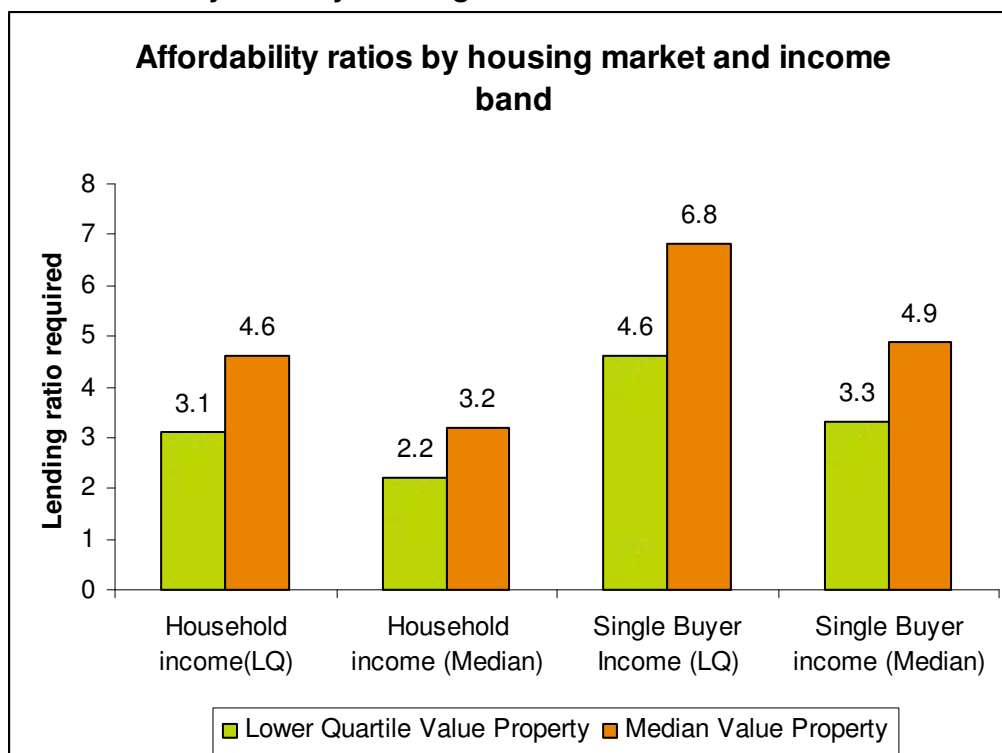


(Source: CDS Database/Land Registry)

<sup>12</sup> The figure stated for Chadderton new build is taken from the end of 2007/8 due to a lack of new build sales in the area

3.87 Figure 26 provides a summary of the lending ratios required for both lower quartile and median income earners to enter the housing market in the borough, if the necessary 15% deposit is achieved.

**Figure 26: Affordability Ratio by housing market**



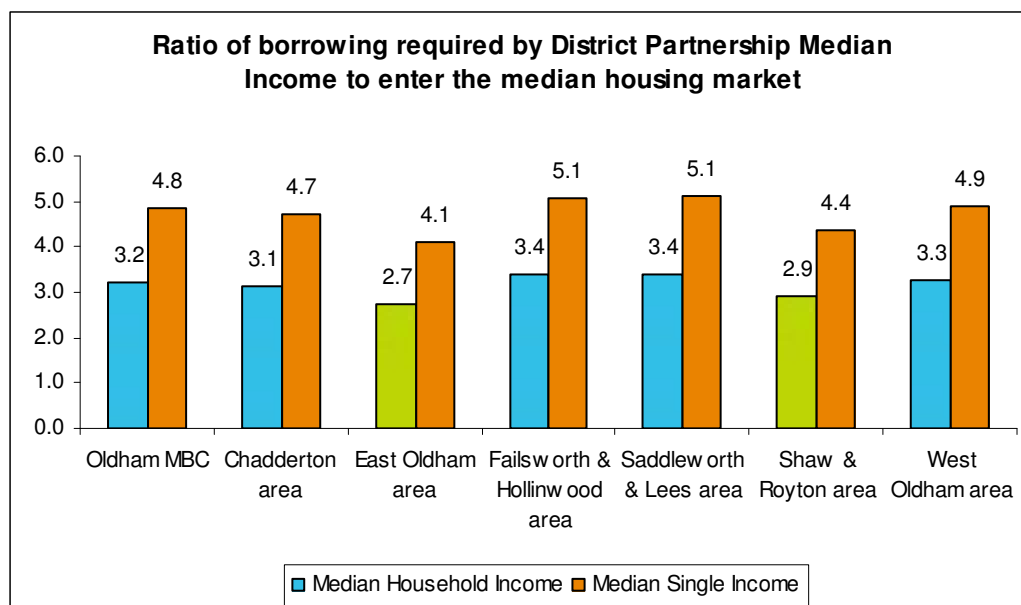
(Source: ONS Crown Copyright Reserved from Nomis on 15 September 2010/ Land Registry)

3.88 Figure 26 shows that across the borough it is possible to enter the housing market in the following situations:

- A median level household to purchase a lower quartile resale property
- A single median income to purchase a lower quartile resale property

3.89 Figure 27 provides an indication as to the affordability of a median value re-sale property to a first time buyer with a median household income, in each of the six District Partnership areas. It uses the scenario of a household wishing to purchase in the area in which they currently live.

**Figure 27: Re-Sale Housing affordability 4th Quarter 2009/10 by district partnership  
Median Income entering Median Property**



(Source: CDS Database/Nomis: 4th Quarter 2009/10)

3.90 Figure 27 shows that even despite a recent decline in the average re-sale house prices there is still a real issue around affordability across the borough. In a change from the 2008 HNDS, there are now areas of the borough where the ratio of lending is within the expected levels (Green bars) for those with a household income.

#### *Affordability: Private Rented Sector*

3.91 The CLG Guidance states that understanding the costs of Private Rented Sector (PRS) housing is crucial to understanding the housing market. The Local Housing Allowance has been used to identify the cost of the PRS and this is broken down by BRMA.

3.92 Table 10 indicates the borough's Local Housing Allowance weekly rates for August 2010. The table below shows the range of rents and median rent for a range of rental properties in the borough and Rochdale

**Table 10: Local Housing Allowance weekly rates**

Oldham & Rochdale	Number of Rents (Weekly)	from (£)	To (£)	Median
1 Bedroom	193	63.29	149.59	86.3
1 Room (shared)	61	34.52	70	57.53
2 Bedrooms	1560	55	184.11	103.56
3 Bedrooms	712	64.44	276.16	120.82
4 Bedrooms	126	109.32	344.05	155.34
5 Bedrooms	50	113.92	367.07	195.62

(Source: LHA Direct website at [www.lha-direct.voa.gov.uk](http://www.lha-direct.voa.gov.uk). Valid from 1<sup>st</sup> - 31<sup>st</sup> August 2010)

- 3.93 In 2008 it was agreed by members of AGMA and GVA Grimley that for a private rented property to be affordable it must not exceed a quarter of the income of the household. Table 11 shows that to a single person/household on a lower quartile income only a one bed shared property is affordable across the three BRMA. In the case of those with a household income only a two bed property in the Oldham-Rochdale BRMA is affordable.

**Table 11: Local Housing Allowance by BRMA by property size**

Oldham and Rochdale	Median	Weekly Income	Percentage of Weekly Income Required
<b>1 Bedroom</b>	<b>86.3</b>	<b>£401.20</b>	<b>21.5%</b>
<b>1 Bedroom (shared)</b>	<b>57.53</b>	<b>£601.80</b>	<b>9.6%</b>
<b>2 Bedrooms</b>	<b>103.56</b>	<b>£601.80</b>	<b>17.2%</b>
<b>3 Bedrooms</b>	<b>120.82</b>	<b>£601.80</b>	<b>20.1%</b>
<b>4 Bedrooms</b>	<b>155.34</b>	<b>£601.80</b>	<b>25.8%</b>
<b>5 Bedrooms</b>	<b>195.62</b>	<b>£601.80</b>	<b>32.5%</b>

(Source: LHA Direct website at [www.lha-direct.voa.gov.uk/](http://www.lha-direct.voa.gov.uk/) CDS)

#### *Over-crowding and under-occupation by tenure*

- 3.95 The 2010 Private Sector Stock Condition Survey found that 17,011 households (24.9%) have sufficient bedrooms to meet their needs, 48,297 households (70.7%) have more bedrooms than required and 3,042 households (4.5%) have insufficient bedrooms and are overcrowded. West Oldham (12.3%) and East Oldham (8.6%) had the highest rates of overcrowding, with Failsworth and Hollinwood (2.6%), Chadderton (2%), Royton, Shaw and Crompton (1.9%) and Saddleworth and Lees the lowest (0.8%).
- 3.96 By tenure, overcrowding is highest in private rented stock affecting 6.5% of such households. Owner occupation, in contrast, has the lowest levels of overcrowding affecting just 4.1% of households. According to the 2001 Census there were 2311 overcrowded households in the social rented sector in the borough affecting 11% of such households.
- 3.97 Geographically overcrowding is higher within the West Oldham and East Oldham District Partnership areas. Demographically rates of overcrowding are significantly higher for family households and for households of Asian or Black origin.
- 3.98 The 2010 Private Sector House Condition Survey conducted by Oldham Council shows that 4.4% of Oldham's housing stock is overcrowded with some 3026 households. Table 12 indicates that areas with high levels of overcrowding were to be found in parts of the borough, where the population is predominantly BME.

**Table 12: Levels of overcrowding**

<b>Tenure</b>	<b>Number</b>	<b>Percentage of tenure</b>
Private rented	539	6.5
Social rented	0	0
Owner occupied	2487	4.1
<b>Total</b>	<b>3026</b>	<b>4.4</b>
<b>District Partnership Area</b>	<b>Number</b>	<b>Percentage of tenure</b>
Chadderton	214	2.0
East Oldham	859	8.6
Failsworth and Hollinwood	265	2.6
Royton, Shaw & Crompton	297	1.9
Saddleworth and Lees	98	0.8
West Oldham	1293	12.3

(Source: Private Sector House Condition Survey, 2010 OMBC, Standard table SO53)

3.99 The 2010 Private Sector House Condition Survey also identified that overcrowding is higher within the HMR Area and in the West Oldham and East Oldham District Partnership areas.

3.100 Under-occupation affects a much higher number of households in the borough than overcrowding does, some 34,200, representing 39% of all stock. This level is in the middle among Greater Manchester authorities. Almost half (49%) of owner occupied properties are under-occupied, followed by private renting (22%), with social renting the least under-occupied (16%)

3.101 In absolute terms, owner occupiers make up almost all the under-occupied households in the borough. These are concentrated almost exclusively outside the HMR area particularly in Saddleworth East (70%), Saddleworth West (63%), Royton North (58%), Chadderton North (53%), Crompton (53%) and Chadderton Central (50%).

**Table 13: Levels of under -occupation**

	<b>Number</b>	<b>% of tenure</b>
Owner occupied	29,255	48.69
Private rented and other rented	1,702	22.37
Social rented	3,204	15.92
<b>Total</b>	<b>34,161</b>	<b>38.90</b>

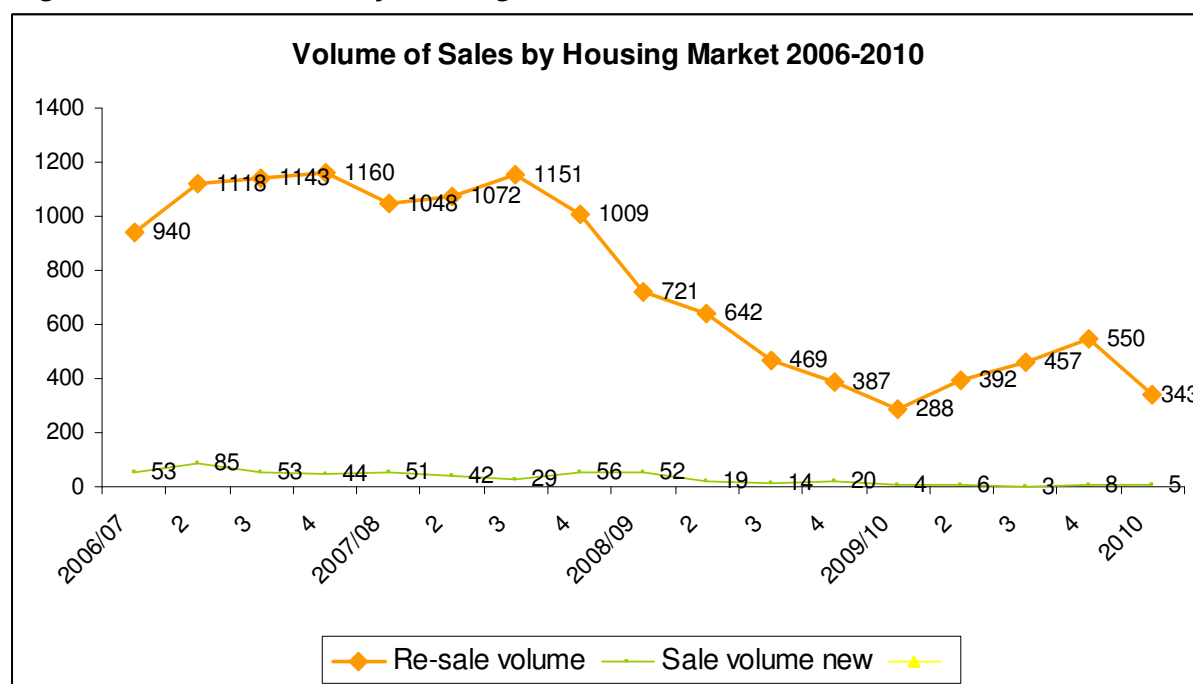
(Source: NOMIS, 2001 Census, Standard table SO53)



### Vacancies, available supply and turnover by tenure

3.102 The section that follows looks at housing demand in the borough. It does this by looking at the value of sales and also the volume of properties sold. It does not take into account uncompleted sales or offers, however, it provides the greatest indication of demand based on the information available.

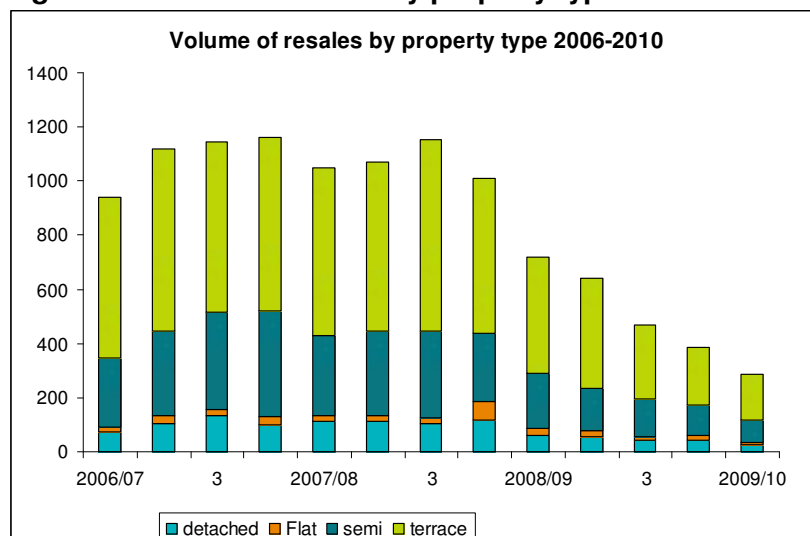
**Figure 28: Sales volume by housing market 2006/07-2009/10**



(Source: CDS Database/Land Registry)

3.103 Figure 28 shows how levels of sales in the borough decreased from the third quarter of 2007/08 for over a year, hitting their lowest point in quarter 1 of 2009/10. Both the re-sale and new build markets saw a decline during this period, namely 75% and 80% respectively. The second quarter of 2009/10 saw a rise in the volume of re-sale sales, which have continued to rise. In contrast to this, the volume of new build sales has remained low.

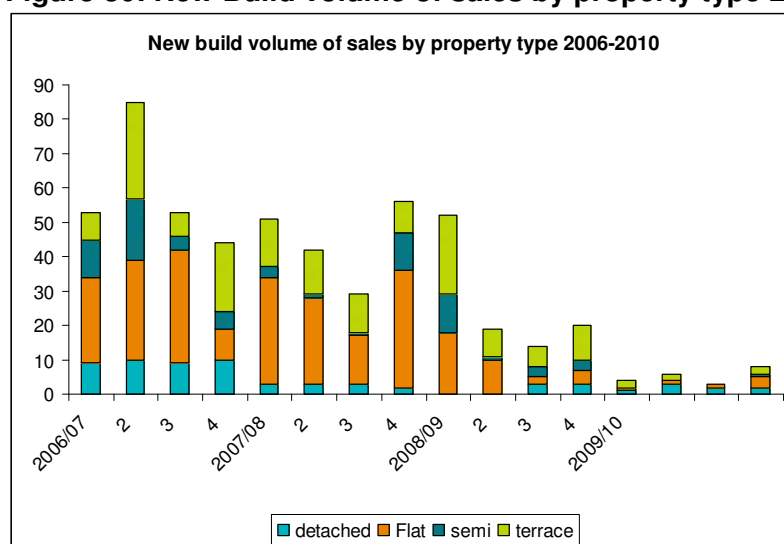
**Figure 29: Re- Sale volume by property type 2006/07 – 2009/10**



(Source: CDS Database/Land registry data)

3.104 Figure 29 shows the volume of re-sales since 2006/07 to 2009/10. It indicates a reduction in the sales of terrace properties since the housing market peak of quarter 3 2007/08 to quarter 4 2009/10 (-80.5%). There have been similar reductions across all four reported property types. Conversely, in the second quarter of 2009/10 there was a reported increase in the sales of semi-detached and terrace properties in the borough.

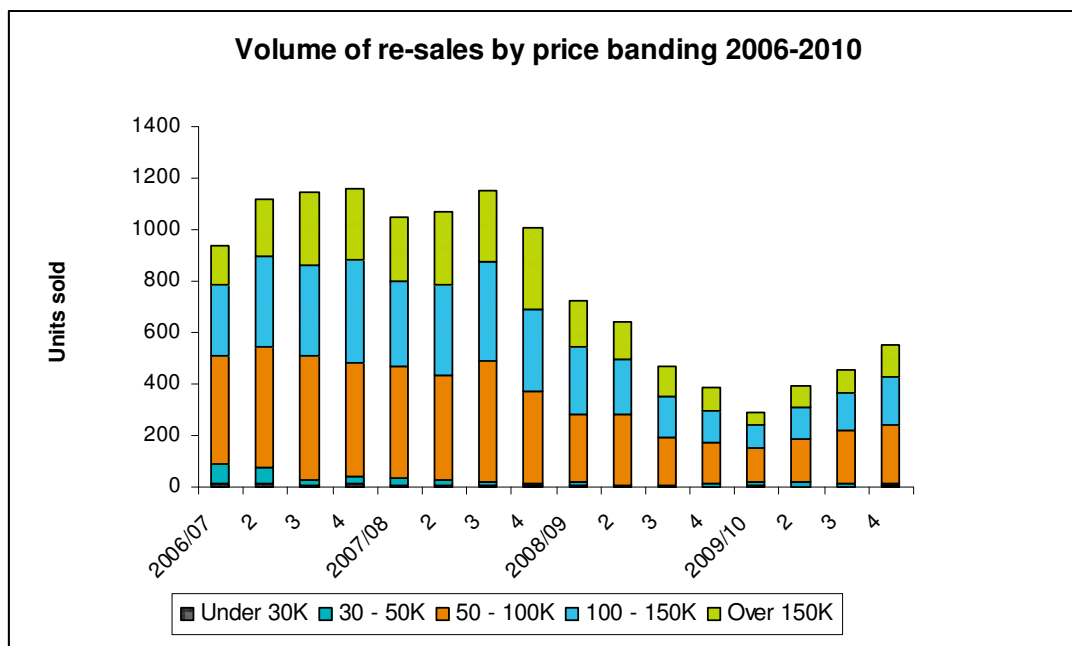
**Figure 30: New Build volume of sales by property type 2007/8-2009/10**



(Source: CDS Database/Land Registry)

3.105 Figure 30 shows the volume of sales by property type in the new build market. Although the proportion of new build sales is far less than re-sales, the market has been affected by the market crisis. This is particularly evident with sales of flats and terraces. In contrast to the volume of re-sale sales, new build sales have remained low throughout 2009/10.

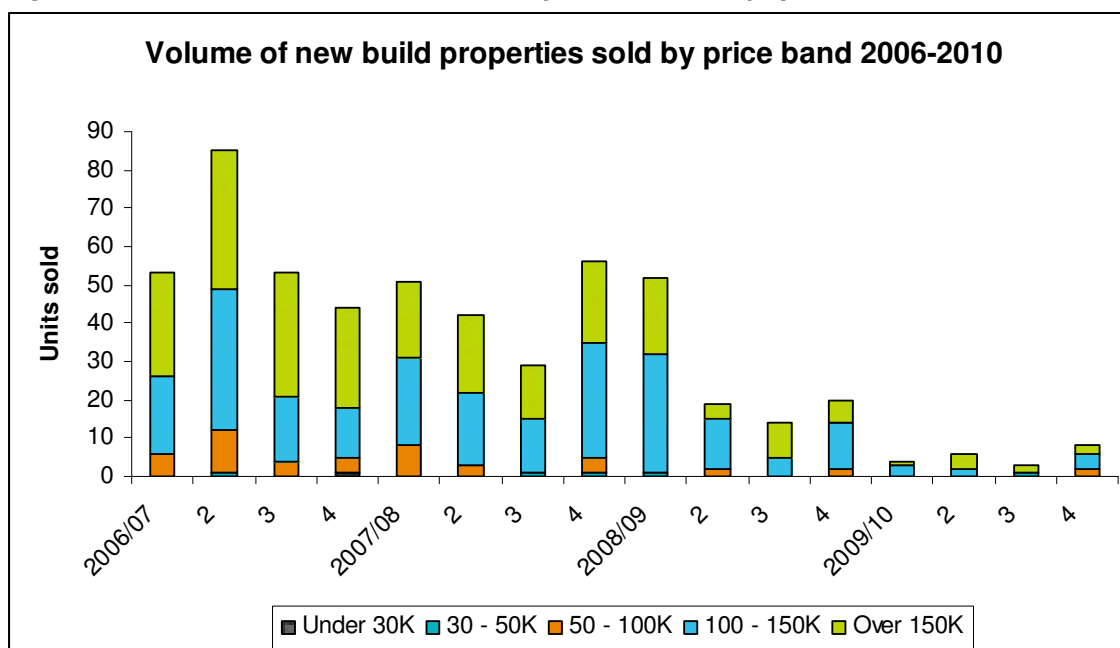
**Figure 31: Volume of Re-Sales by value band 2006/7 -2009/10**



(Source: CDS Database/Land Registry)

3.106 Figure 31 shows the number of re-sales by property price band, it shows that the overall volume of sales steadily decreased from quarter 4 2006/07 reaching there lowest in quarter 1 2009/10. This included a peak across all values in October – December 2007/08. However, quarter 2 of 2009/10 saw the start of a steady increase in the number of re-sale properties over 50k.

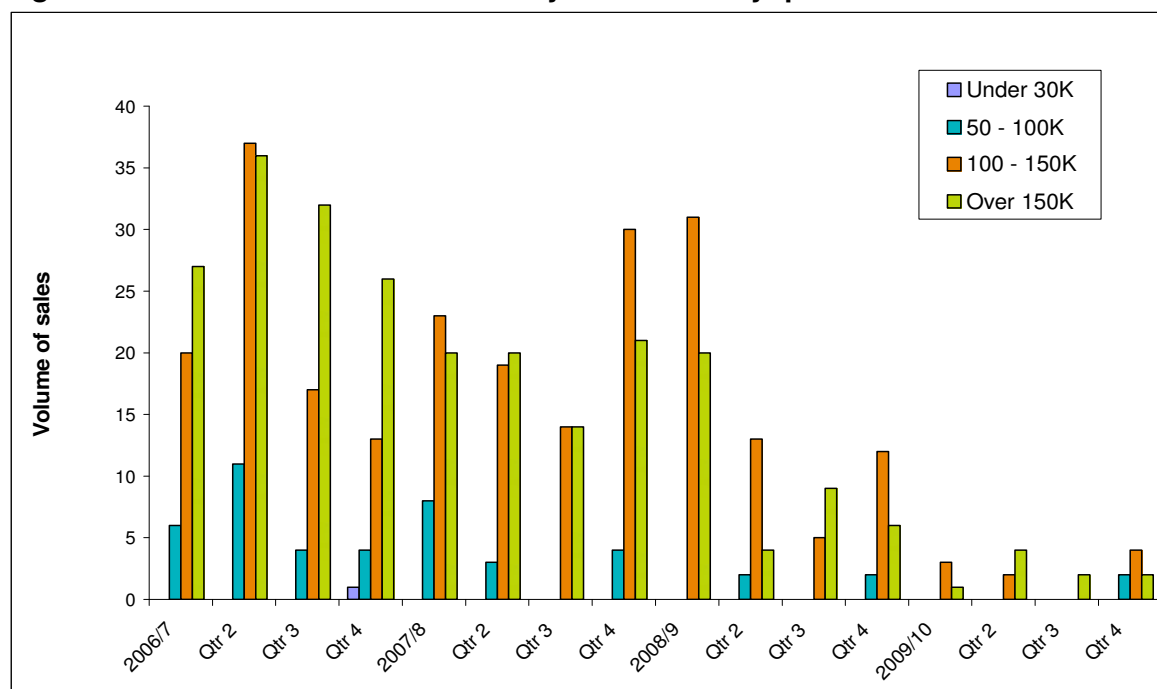
**Figure 32: Volume of new build sales by value band by quarter 2007/08 – 2009/10**



(Source: CDS Database/Land Registry)

3.107 Figures 32 and 33 shows that sales of new build properties have fallen dramatically in the last two years, after a buoyant two years from 2006. This may have an influence on the high prices stated in table nine.

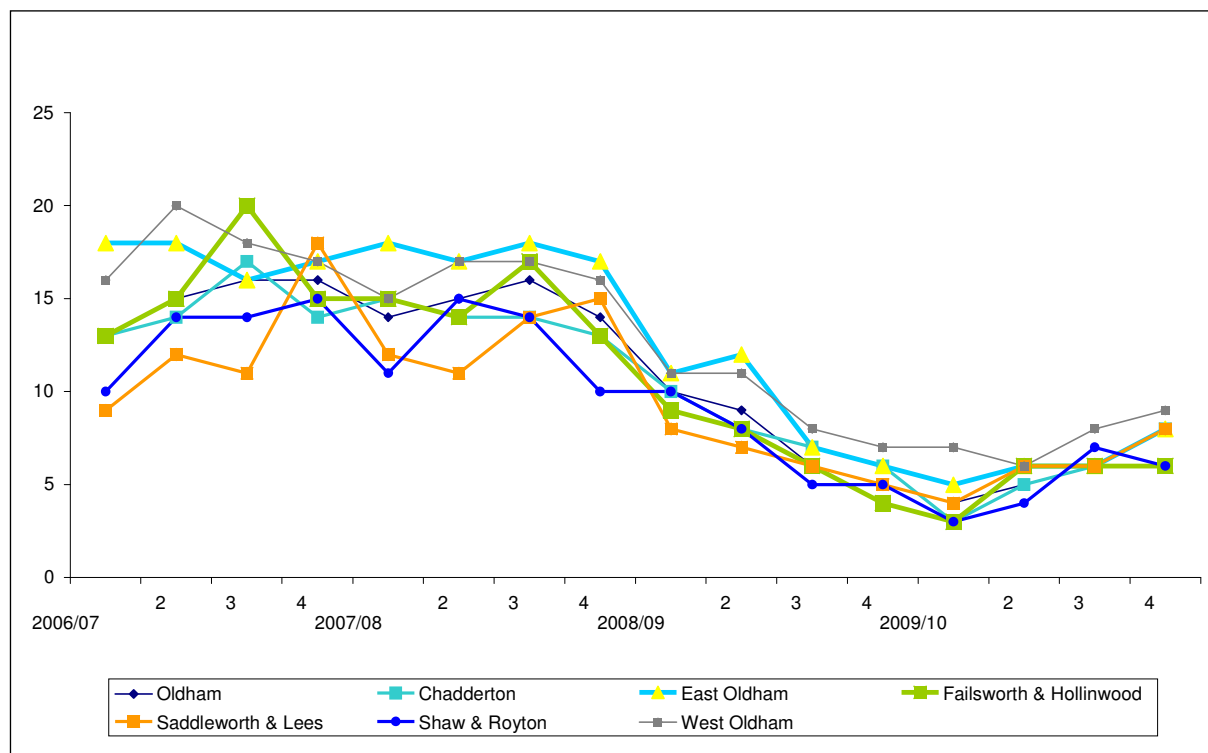
**Figure 33: Volume of new build sales by value band by quarter 2007/08 – 2009/10**



(Source: CDS Database/Land Registry)

3.108 Figure 34 shows the fluctuations in the housing market by each of the six district partnerships. The timeline mirrors the housing market trends of the last four years. This includes the peak in around 2007/8 to the dip at the start of 2009/10 to the shoots of recovery towards the end of 2009/10.

**Figure 34: House Sales per 1000 Private Properties 2006/07-2009/10**



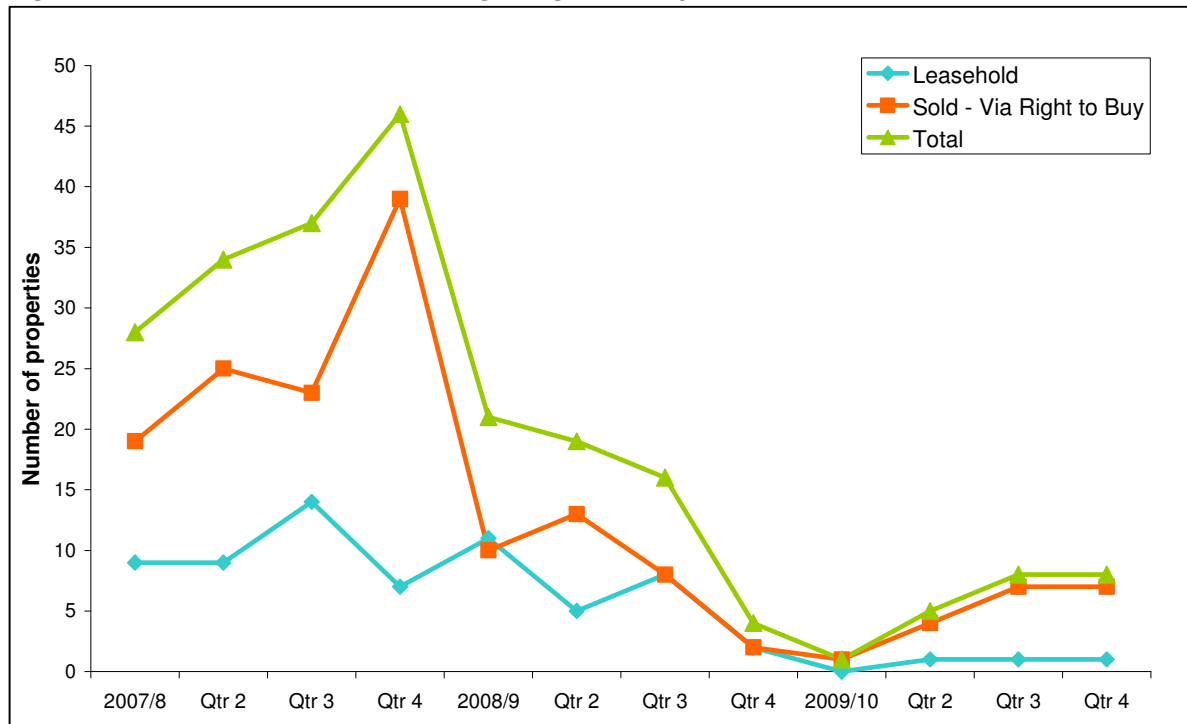
(Source: CDS Database/Land Registry)

### *Right to Buy*

3.109 From the start of 2007/08 to the end of 2009/10 FCHO lost 227 homes through either right to buy or leasehold. The time line below illustrates an overall peak in the final quarter of 2007/08, particularly with right to buy sales. This peak was quickly followed by a drop in sales reaching its lowest point in quarter 1 of 2009/10. The number of stock lost starts to increase in quarter 2 of 2009/10 reaching a total of 8 by quarter 4 of 2009/10.

3.110 Figure 35 shows the total number of FCHO stock lost through right to buy and leasehold by property type.

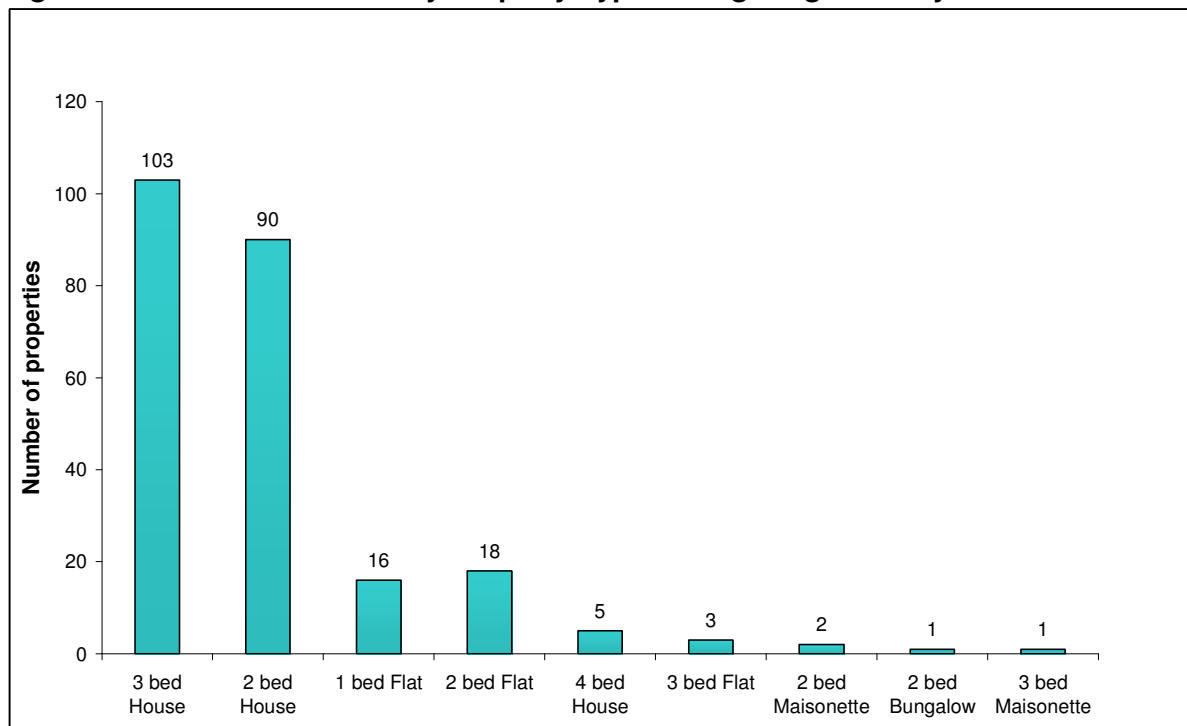
**Figure 35: FCHO Stock Lost through Right to Buy or Leasehold**



(Source: First Choice Homes)

3.111 Figure 36 shows that three and two bed houses are the most common loss (around 81% of total loss in period). The next greatest loss to stock through this means is 1 and 2 bed flats with around 13% of stock loss (27 properties).

**Figure 36: FCHO Stock Loss by Property Type through Right to Buy and Leasehold**



(Source: First Choice Homes)

## *Vacancy Rates*

- 3.112 Vacancy rates are calculated by taking the number of long term empty/void properties (over six months) and calculating their proportion against the total stock. On the 1 April 2010 there were 1702 recorded long term private sector empty properties. There were a further 636 homes vacant for more than six months as a result of regeneration purposes such as HMR and PFI. In local authority stock there were 638 long term vacancies. Source HSSA 2010.

## **Bringing the Evidence Together**

- 3.113 This section analyses the information gathered on the borough's current housing market so as to gain an understanding of the current housing market and past trends in terms of the demographic and economic context, housing stock and housing demand.

## *Market characteristics*

- 3.114 In terms of the borough's population, it is younger than the northwest and national average and there is a significantly higher proportion of non-white BME residents than both the northwest and England. The borough has an ageing population, with the proportion of people aged 60 or over living in income deprived households being disproportionately high.
- 3.115 In relation to key household characteristics, the 2001 Census identified that nearly a third of homes were one person households, with half of these being pensioner households. Evidence also highlights the need for large family accommodation to accommodate the number of household with 4 or more dependant children and the need for affordable family housing, given the proportion of lone parent with dependant children households.
- 3.116 The proportion of the working age population economically active within the borough is less than for the northwest and UK, furthermore the proportion of those economically active that are unemployed is also greater and 1 in 5 of the boroughs working age population is claiming some kind of benefit. Unemployment amongst the working age population is greater in the BME community, reflecting the labour market disadvantages faced by some BME groups.

3.117 Geographically, the borough is one of contrasts with significant levels of deprivation but also areas of prosperity. Evidence shows that:

- Pockets of deprivation are particularly concentrated around the inner Oldham area, such as Coldhurst, St Mary's, Alexandra, Werneth, Medlock Vale and Hollinwood.
- Social housing is concentrated in Coldhurst, Alexandra, Chadderton Central and St James.
- Ward level unemployment rates range from 1.4% in Saddleworth North to 10.5% in Alexandra and 9.8% in Coldhurst.
- Youth unemployment in Alexandra is more than twice the Oldham average.
- There were around 27,000 benefit claimants in the borough, with the central areas of the borough having the highest number and Coldhurst having the highest overall.
- The Incapacity Benefit and Employment Support Allowance claim rates range from 4.2% in Saddleworth South to more than three times that rate in Alexandra (16.6%) and Hollinwood.

3.118 In relation to the economy, approximately 16.7% of the borough's employees are employed in manufacturing compared to 12.4% regionally and 10% nationally. This goes against the GM and national trends where growth has been almost entirely concentrated in the service based sectors.

3.119 Analysis of income levels in the borough shows that the lower quartile income has increased steadily from 2006 to 2009, whilst the median and upper quartile incomes have fallen slightly from 2008 to 2009. Despite increase in income levels residents in the borough remain amongst the lowest earners within the Greater Manchester region.

3.120 Overall, the evidence shows that, whilst there has been an increase in income, levels remain relatively low and are going to have a significant impact on the ability of residents to enter the property market or their choice of accommodation. This is emphasised by figure 24 which shows the level of deposit needed by the six district partnerships based on median values. It shows that properties in East and West Oldham would require the least deposit for both new build and re-sale properties, ranging from £12,591 to £17,438. Levels of deposit required for properties in Saddleworth and Lees far exceed these levels, requiring £54,000 and £27,710 for new build and re-sale properties respectively. It is evident that, given the growing cost of living and low income levels in the borough, it is likely that many first time buyers would not be able to reach such levels of saving. This excludes the issue that often 25% deposits are required.

3.121 The CLG guidance states that the SHMA should aim to identify areas where access to housing is difficult and those areas where there is evidence of low demand. The tables below examine the likelihood of a first time single and household buyer being able to enter the median value housing market across the six district partnership areas.



3.122 Table 14 shows the comparative levels of affordability for first time buyers with a Median household income. The shaded cells indicate where an area is affordable within the accepted lending ratios for buyers with a household income. For buyers from West Oldham, all areas of the borough are unaffordable even when looking to purchase in their own area. Buyers from Chadderton, East Oldham, and Failsworth and Hollinwood are only able to purchase properties in East and West Oldham, with only those from West Oldham able to afford to purchase properties in their own area. Most areas are affordable for those living within Shaw and Royton, including their own area, with the exception of Saddleworth and Lees and Chadderton. Finally, the whole market but their own area is open to buyers from the Saddleworth and Lees area.

**Table 14: Re-Sale market affordability Household Buyer. 4th Quarter 2009/10 by district partnership Median Income entering Median Property**

	District Partnership Area of property to be purchased					
Borrower Origin	Chadderton	East Oldham	Failsworth & Hollinwood	Saddleworth & Lees	Shaw & Royton	West Oldham
Chadderton	3.1	2.3	3.1	4.3	3.0	2.4
East Oldham	3.8	2.7	3.7	5.2	3.7	2.9
Failsworth & Hollinwood	3.5	2.5	3.4	4.7	3.4	2.6
Saddleworth & Lees	2.5	1.8	2.4	3.4	2.4	1.9
Shaw & Royton	3.0	2.2	2.9	4.1	2.9	2.3
West Oldham	4.3	3.1	4.2	5.9	4.2	3.3

(Source: CDS Database/Nomis: 4th Quarter 2009/10)

3.123 Table 15 shows the comparative levels of affordability for first time single buyers with a median income.

**Table 15: Re-Sale market affordability Single Buyer. 4th Quarter 2009/10 by district partnership Median Income entering Median Property**

	District Partnership Area of property to be purchased					
Borrower Origin	Chadderton	East Oldham	Failsworth & Hollinwood	Saddleworth & Lees	Shaw & Royton	West Oldham
Chadderton	4.7	3.4	4.6	6.4	4.6	3.6
East Oldham	5.7	4.1	5.6	7.8	5.5	4.3
Failsworth & Hollinwood	5.2	3.7	5.1	7.1	5.0	3.9
Saddleworth & Lees	3.8	2.7	3.7	5.1	3.6	2.8
Shaw & Royton	4.5	3.2	4.4	6.2	4.4	3.4
West Oldham	6.5	4.6	6.3	8.8	6.3	4.9

(Source: CDS Database/Nomis: 4th Quarter 2009/10)

- 3.124 Table 15 paints a grim picture of affordability for the first time single buyer on a median income wishing to purchase a median valued property in the borough at the end of 2009/10. Only buyers from Chadderton, Saddleworth and Lees and Shaw and Royton are able to enter the market and this is only in East and West Oldham. Chadderton, Failsworth and Hollinwood, Saddleworth and Lees, and Shaw and Royton are all unaffordable to the single buyer.
- 3.125 Both tables clearly show that in the inner areas people are unlikely to be able to afford to purchase properties either within their on area or elsewhere in the borough. Indeed, in the majority of cases, buyers from the more affluent areas of the borough (i.e. Chadderton, Shaw and Royton) are only able to purchase properties in East and West Oldham. Both tables show that no single or household buyers purchasing from within the borough are able to purchase properties within Saddleworth and Lees.
- 3.126 The GM SHMA has assessed household affordability across Greater Manchester based on CACI Paycheck and Land Registry Price Paid data. It found that the borough had an affordability ratio of 3.9 based on a 2010 mean household income of £31,680 and a house price of £122,147 for quarter 3 in 2009. This was the second lowest affordability ratio after Rochdale and Tameside. Whilst tables 14 and 15 show that property within the borough is unaffordable for the residents of the borough, this GM SHMA research indicates that it may be affordable for those looking to purchase from outside the borough. This highlights the role that the borough can play in the wider housing market and meeting the wider demand.
- 3.127 There is some anecdotal evidence of emerging niche markets in the Asian community as recent sales have been strong in North Werneth. This is probably due to a lower reliance on high loan to value mortgages.
- 3.128 In terms of the existing housing stock it is predominantly private. The Private Rented Sector is strongly associated with pre-war and terraced housing and is concentrated in the HMR areas and in East and West Oldham. The 2001 Census showed that a significantly more of the overall mix was terraced properties, and the proportion of detached properties is significantly lower, when compared to Northwest and the U.K.
- 3.129 Regarding the condition of the private stock the 2010 condition survey found that private housing conditions in the borough are generally better than the national average, with the exception of disrepair, which is significantly higher.
- 3.130 There are significant levels of overcrowding within the borough with the worst areas affected being the parts of the borough where the population is predominantly BME.

### **Trends and drivers**

- 3.131 As outlined above and in the earlier section one of the key drivers affecting the choice of accommodation and ability of the borough's residents to enter the housing market relates to the level of deposit required. Across Greater Manchester the average deposit required is £35,000 which is significantly unachievable for many of the borough's residents.

- 3.132 The level of deposit required is also impacting upon the house building industry and the type of properties on sale, as only the top end of the market (i.e. those where there is significant equity) are able to afford the necessary deposit.
- 3.133 This position is likely to worsen or continue in the short to medium term given the forecasted rise in unemployment levels and the potential impact of reduced public funding for housing. Not only will this further prevent many people from entering the housing market, but it may also affect existing owner occupiers who are no longer able to afford their property and need to downsize or consider alternative accommodation. This is unlikely to affect the social rented sector but could increase the role the private rented sector has to play.
- 3.134 In the last year, supply has also been significantly affected by the levels of deposit required. Evidence shows that in 2009/10, out of the 7,000 properties started across the North West, 6,000 of these have had the support of funding from the Homes and Communities Agency in some form. Despite this support, however, completions have still been low. In the borough, for example, net completions for 2009/10 were -80, which is significantly lower than what has been achieved in recent years and is due to a reduction in completions coming forward and increase in the number of dwellings cleared (see table 16).

**Table 16: Residential Completions and Clearance, 2003/04 to 2009/10**

Year	Gross Completions	Clearance	Net Completions
2003/04	497	227	270
2004/05	285	150	135
2005/06	386	254	132
2006/07	577	262	315
2007/08	599	200	399
2008/09	503	102	401
2009/10	227	307	-80
<b>Total</b>	<b>3074</b>	<b>1502</b>	<b>1572</b>
Average	439	215	225

(Source: HLA Database, 2009/10)

- 3.135 In terms of supply and the ability to deliver affordable housing, Oldham's Affordable Housing Economic Viability Assessment (AHEVA), found that the viability of developments and their ability to provide affordable housing varies significantly across the borough depending upon the location of the development and the land / sales values achieved within that area. There are issues around the viability of development in Alexandra, where the total cost of development consistently exceeds the total development sales value, which will prevent developments coming forward unless there is gap funding available. Developments were found to be most viable within the three Saddleworth wards.

3.136 In relation to supply, within the social rented sector, which is concentrated in the Alexandra, Chadderton Central and St James wards, there are some significant milestones expected over the next year which will impact on how the local authority stock is delivered and the supply:

- The Housing Stock Transfer of approximately 12,000 local authority homes is expected to take place in January 2011 bringing £148m of capital investment into the borough over the first five years;
- The building and refurbishment of 1,458 sheltered accommodation units are to be completed by July 2011 as part of Private Finance Initiative (PFI) 2;
- The contract is to be signed for the building and refurbishment of 750 homes as part of PFI4, focusing on Crossley Estate and Primrose Bank.

3.137 Analysis of the housing profile, shows that the borough has an unbalanced housing market with low proportions of detached properties and a very high proportion of terraced properties. Indeed, the borough has the highest proportion of terraced properties within Greater Manchester. This of course means that there are greater levels of smaller homes within the borough which do not meet the needs and demands of people in the borough. The need for larger family accommodation is also highlighted by the issues around over-crowding and increase in household size.

#### **Issues for future policy/strategy**

3.138 Key issues for future policy and strategy derived from evidence on the current housing market are as follows:

- Whilst house prices may be lower when compared to Greater Manchester, regional and national levels, they still remain unaffordable to many of the borough's residents due to low wages and current deposit requirements.
- Issues around over-crowding and the over-proliferation of terraced and smaller properties highlight the need for larger accommodation.
- The borough's ageing population also highlights the need for more supported accommodation in the future.

## 4 Oldham's Future Housing Market

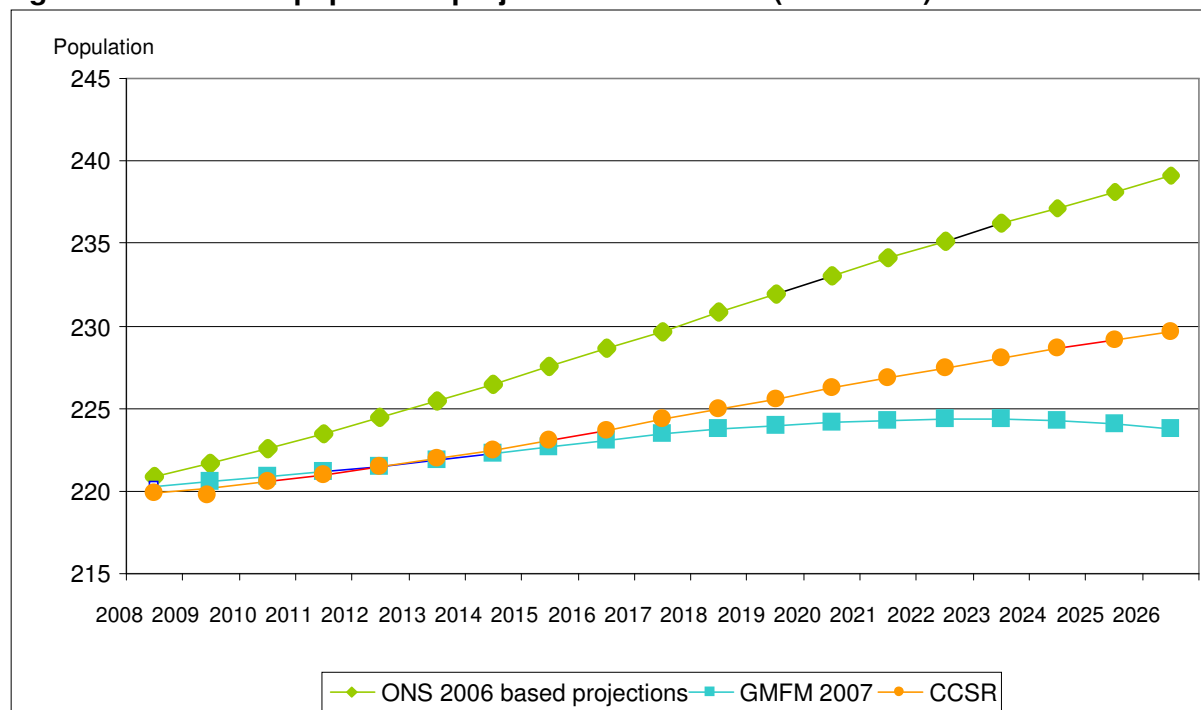
### Introduction

- 4.1 This chapter aims to identify the sale of future housing demand across the borough, considering how key drivers, such as the economy and affordability could shape future changes in housing demand.

### Projecting changes in future numbers of households

- 4.2 There are a number of sources that provide information on how the borough's population could change in the future, these are:
- Population projections produced by the Office for National Statistics (ONS). These are trend based, with assumptions about births, deaths and migration in the future based on actual levels recorded over recent years. These figures are updated bi-annually and do not take account of the potential policy changes.
  - The Greater Manchester Forecasting Model (GMFM), produced by Oxford Economics on behalf of AGMA, provides integrated economic, demographic and housing forecasts, and has been adopted by AGMA. The GMFM includes an element of judgment about what is likely to happen and is informed by economic factors as well as demographic factors.
  - Population forecasts produced by the Cathie Marsh Centre for Census and
  - Survey Research at University of Manchester (CCSR), commissioned by the Oldham Partnership, provide additional information in the form of an ethnic breakdown.
- 4.4 These forecasts show an increase in Oldham's population between 2008 and 2026, however the degree of increase varies with the 2026 population ranging between 224,400 and 239,000.

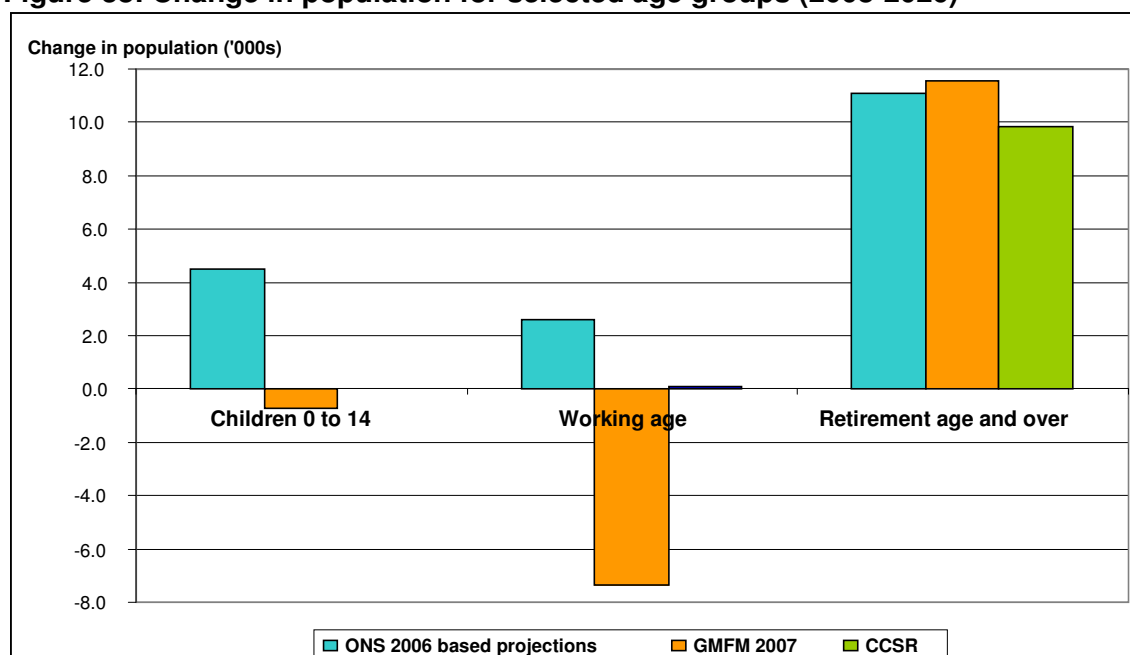
**Figure 37: Oldham's population projections / forecasts (2008-2026)**



(Source: ONS/CCSR)

- 4.5 The three sources also show a significant growth in the number of people of retirement age or above with increases ranging between 9,800 and 11,600, representing, in percentage terms, a 26% to 31% increase in the number of older people. There is less consistency between the different sources when looking at children and people of working age - the ONS projections show an increase in population, the GMFM forecasts show a decrease and the CCSR figures show almost no change.

**Figure 38: Change in population for selected age groups (2008-2026)**



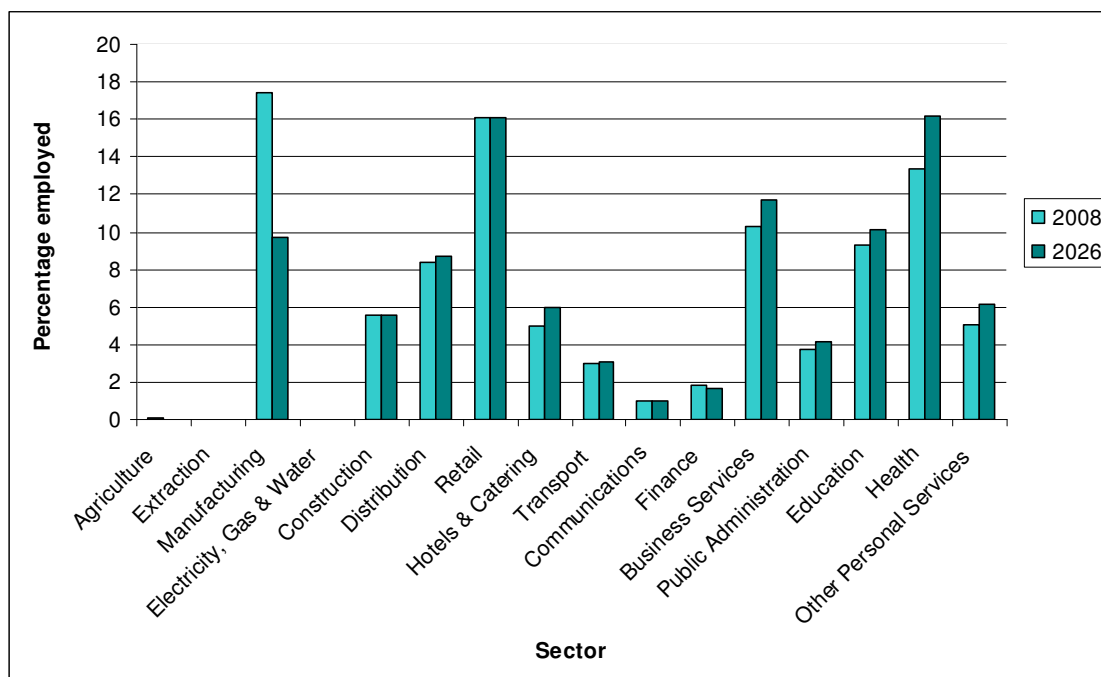
(Source ONS/CCSR)

- 4.6 Currently the age profile in the borough is younger than the national average. By 2022 the following changes are forecast:
- the proportion of the borough's population aged under 15 will decrease slightly from 20.7% to 20.0%, but remain well above the national average;
  - the proportion of 15 to 19 year olds will decrease from 7.1% of the borough's population in 2007 to 6.4%;
  - the proportion of 20 to 24 year olds will decrease from around 6.6% of the borough's population in 2007 to 5.8%.
- 4.7 Regarding ethnic composition, around one in six people in the borough are from BME groups. By 2022, forecasts show that this proportion will increase to almost one in four as a result of growth in the size of the borough's Pakistani and Bangladeshi heritage communities.
- 4.8 Life expectancy, on average, in the borough for both men and women is below the average in England, and within the borough this varies by as much as five years for men and almost seven years for women across different areas.
- 4.9 The GMFM forecasts (reference scenario 2009) for the borough shows that there will be an increase in the numbers of households over the period 2008 to 2026, increasing from 90,200 to 99,100.

#### **Future economic performance**

- 4.10 Future housing demand is affected by the ability and willingness of households to pay for housing, a key influence on which is economic performance.
- 4.11 The GMFM forecasts (Reference Scenario 2009) for the borough show that there will be a slight decrease in employees over the period 2008 to 2026, declining from 78,000 to 77,600 (-0.5%). This overall forecast however masks some wide sectoral variations, with a large decline in manufacturing and increases in the service sectors making up for some of that shortfall. Figure 39 shows the forecast change in the percentage of employees for the borough by sector.
- 4.12 In contrast to the employment levels, the GMFM forecasts shows that there will be an increase in the number of unemployed people in the borough over the same period of 2008 to 2026. This will rise from 4,300 to 7,600 (+3.3%).

**Figure 39: Change in employment structure (2008 – 2026)**



Source: Core Strategy Preferred Options, GMFM forecasts (Reference Scenario 2007)

### Future affordability

- 4.13 Market confidence remains low due to the expectations of the Coalition Government's public spending cuts, with the possibility of a double dip recession. It is likely that the impact of these budget reductions will be greater in areas where the economy is more heavily dependent on the public sector, such as the north of England, including the borough of Oldham.
- 4.14 Mortgage availability has remained tight and this has had a particular impact on First Time Buyers (FTBs) as lenders are particularly risk averse and not many high loan to value mortgages are available. It is normal to require a 25% deposit, and the average first time buyer deposit is now £35k (source CML and Nationwide).
- 4.15 The Council of Mortgage Lenders (CML) announced in September that August's lending had reached a low not seen since 2000. The prospects for recovery in the short term remains low as credit is likely to tighten further as more FSA regulation comes into place and lenders have to start repaying the government supported funding which was put in place at the height of the crisis. Most commentators expect it to be at least two years before this situation improves.
- 4.16 The private rented sector has grown and strengthened as a result of the reduced mortgage availability. There is evidence at the Greater Manchester level that private rents have increased over the last year, particularly at the top end of the market, indicating demand for renting which exceeds supply.



## **Bringing the evidence together**

- 4.17 The population of the borough is forecast to rise to between 224,400 and 239,000 from 2008 to 2026. Within this increase, there are proportion of residents of retirement age or above will rise by between 26% and 31%. Those from BME communities is also forecast to rise from 1 in 6 households now to almost 1 in 4 by 2022. The demand for all tenures of housing particularly large affordable family housing and support accommodation will therefore increase.
- 4.18 Gross new build completions in the borough has fallen from 503 in 2008/9 to 227 in 2009/10. However there are a number of developments within the HMR Pathfinder area which include significant amount of public sector investment (such as HHR, PFI and NAHP) which should give the developers the confidence to start building in the current market – at least whilst this investment is available.
- 4.19 For developments without public investment, the market is still slow, largely due to the lack of mortgage availability, in particular for FTBs. There is some evidence of niche markets in the Asian community as sales were strong in North Werneth. This is probably due to a lower reliance on high loan to value mortgages.
- 4.20 In Oldham, mortgage possession actions have reduced with Possession Orders Granted now at a lower rate than before the recession started. This is largely due to continued low interest rates which are likely to remain low for some time. However possession orders granted did jump in the last quarter perhaps suggesting lenders have been holding off re-possession but cannot do so indefinitely.
- 4.21 The private rented sector has grown and strengthened as a result of the reduced mortgage availability. It remains to be seen what affect this will have for the sector in the long term.
- 4.22 Affordability remains a problem, especially for first time buyers, with deposit rates likely to remain at 15 to 25%. Government backed schemes such as HomeBuy Direct which were created to stimulate the market by providing and equity based loan of up to 30%, have helped in the last 2 years but these schemes have now ended.

## 5 Oldham's Housing Need

### Current Housing Need (gross)

- 5.1 In order to identify housing need, it is necessary to estimate the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.
- 5.2 This section provides an understanding of the scale of current housing need, including any backlog. It uses details recorded on the Local Authority housing register to determine the final figures.

#### *Homeless households and those in temporary accommodation*

- 5.3 In the borough, the number of homelessness acceptances peaked in 2003/04. During this year 961 households were accepted as homeless and owed the main homelessness duty. This has reduced to 104 households during the year 2008/09, a reduction of 89%. Historically the borough has had higher levels of acceptances than other districts within Greater Manchester, although the borough has the second lowest level for 2008/09. The trends experienced in the borough also mirror those experienced nationally, with number of homelessness acceptances peaking in 2003/04 and since then falling year on year by over 60% up to 2008/09. It fell again in 2009/10 to 72 households.
- 5.4 For the purposes of this SHMA no figure has been included in the calculation for identifying current housing need, in line with the changes agreed for the 2008 GM SHMA.

#### *Over-crowding and concealed households*

- 5.5 Details on over-crowding can be found in Chapter 3. The figure for over-crowding and concealed households has been zeroed to align with the methodology agreed by AGMA for the GM SHMA. For a full explanation of the changes made see appendix 3.

#### *Other groups*

- 5.6 In order to maintain consistency across the AGMA authorities it was decided to change from the CLG guidance. The Housing Act 1996 (as amended) requires local authorities to give Reasonable Preference in their policies to people who qualify. Housing need is now established using "Reasonable Preference groups" and is based only on new applicants (no internal transfers) the table below describes the criteria for these groups.

**Table 17: Reasonable Preference Groups**

Reasonable Preference Groups	
Group	
A	Homeless households or those facing eviction
B	Households living in poor conditions (i.e. Serious disrepair; officially overcrowded; unsanitary, i.e. Without proper drainage and sewerage; or lacks basic washing and cooking facilities)
C	Households which include someone with a medical condition (i.e. Health problems, mobility problems or mental illness/depression which is made difficult/worse by their current house circumstance)
D	Households needing to live in the area to avoid hardship (e.g. household member studying at special school; close to a relative / carer).
E	Persons at risk of violence or threats (i.e. domestic violence; witness/victim of a crime at risk of intimidation; sexual/racial harassment).

(Source : CLG Guidance/ AGMA agreed research 2008)

- 5.7 At the end of September 2009 only data for groups A –C was available from the Local Housing register. With care taken not to duplicate records it emerged that there were 1725 households indicating a housing need in the borough.

*Total current housing need (gross)*

**Table 18: Total Current Housing need**

Task Number	1.1 + 1.2 (+1.3)	Total
1.1	Current occupiers of affordable housing in need	0
1.2	Households without self-contained accommodation	0
1.3	Other groups	1725
<b>1.4</b>	<b>1.1 + 1.2 + 1.3</b>	<b>1725</b>

(Source : CLG Guidance/ AGMA agreed research 2008)

- 5.8 Using the groups described in paragraph 4.5 as a basis for current housing need, table 18 indicates that at the end of July 2010 the number of households indicating a need for affordable social housing in the borough stood at 1725.

### **Future Need**

- 5.9 Section two aims to determine the future need of affordable housing in the borough. It does this by looking at the formation of households, affordability on the open housing market and the numbers of existing households falling into need.

*New household formation (gross per year)*

- 5.10 This step requires an estimate of the number of new households likely to form per year in the future. For this purpose we have used information provided by the GMFM 2009 for 2008 to 2018.

- 5.11 SHMA guidance indicates that an average figure should be used to project average gross new household formation. The average gross new household formation in the borough over a three year period is **400** per year (2010 -2013) this is shown in figure 40.

*Proportion of newly forming households unable to buy or rent in the market*

- 5.12 It was decided in the 2008 HNDS update that the proportion (number) of new households unable to buy or rent in the market, should be based solely on the affordability of the private rented sector. The calculation to ascertain the proportion of households unable to rent has been calculated using the CACI Paycheck income data. Table 19 shows the median weekly rent by the number of bedrooms.
- 5.13 Based on the guidance that a rented property should cost no more than 25% of the household income, the proportion of newly formed households unable to rent in the borough was around 40%.

**Table 19: Median weekly rent by bedroom size**

<b>Oldham &amp; Rochdale</b>	<b>Number of Rents (Weekly)</b>	<b>from (£)</b>	<b>To (£)</b>	<b>Median</b>
1 Bedroom	193	63.29	149.59	86.3
1 Room (shared)	61	34.52	70	57.53
2 Bedrooms	1560	55	184.11	103.56
3 Bedrooms	712	64.44	276.16	120.82
4 Bedrooms	126	109.32	344.05	155.34
5 Bedrooms	50	113.92	367.07	195.62

(Source: Local Housing Allowance, August 2010)

*Existing households falling into need*

- 5.14 This step is concerned with using the numbers of existing households (as opposed to newly arising households) who might fall into housing need. This was done by looking at how many households joined the waiting list and were re-housed in that same year. In this way, it is possible to build up a picture of trends over recent years to guide their future estimates of existing households falling into need. Table 20 shows that on average 737 households fall into need annually.

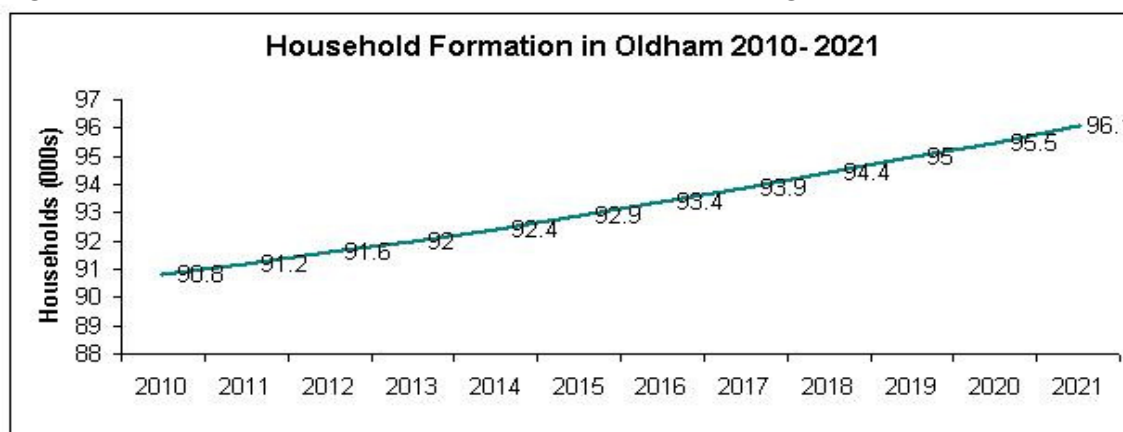
**Table 20: Existing households falling into need**

Household Type	Origin of Household	Number
General Needs & Supported Lettings	Total Lettings (A)	1465
	Transfers (B)	234
<b>New Lets (A-B)=C</b>		<b>1231</b>
Newly-Forming Households	Living with Family (D)	134
	Living with Friends (E)	360
	Children's Home/ Foster Care (F)	0
<b>Total Newly-Forming (D+E+F)=G</b>		<b>494</b>
Existing Households falling into Need	Existing Households falling into Need (C-G)=H	737

(Source: LA Housing Register 2<sup>nd</sup> August 2010)

*Total newly arising housing need (gross per year)*

**Figure 40: Forecasted household formation in the borough 2010 – 2021**



(Source: GMFM Forecast Model table H1 2010-2021)

5.15 Figure 40 shows the forecasted household formation for 2010 to 2021. It shows that the average household formation for 2010 to 2013 is 400 per year.

**Table 21: Identification of total newly arising housing need (gross per year)**

<b>Calculation required</b>	<b>(2.1x2.2) + 2.3</b>
2.1: New household formation (gross per year)	400
2.2: Proportion (number) of new households unable to buy or rent in the market	0.40
2.3: Existing households fallen into need	737
<b>2.4 Total newly arising housing need</b>	<b>897</b>

(Calculation 2nd August 2010 (CLG SHMA Guidance Version 2))

5.16 The calculation shown in table 21 is the culmination of figures taken from steps 2.1 to 2.3. The CLG prescribed calculation shows that as of the end of 2009/10 the borough had a gross newly arising housing need of 897 households per year.

### Affordable Housing Supply

*Affordable dwellings occupied by households in need*

5.17 For the purposes of the Greater Manchester SHMA this figure has been changed to zero. For a full explanation of this change see Appendix 3.

*Surplus stock*

5.18 The SHMA guidance states that a certain level of voids (3% of total LA owned stock) is normal and that it allows for transfers and works on properties. Surplus stock is calculated in the following way:

**Table 22: Local Authority Surplus Stock 2003/04 -2008/09**

Step	How Calculated	Result
1	Total number of Local Authority Housing Stock ÷ number of long term empty properties x 100	% Vacancy rate
2	% Vacancy rate – 3%	Surplus Stock Rate
3	Surplus stock rate ÷ 100 x Total Local Authority Stock	Total Surplus Stock

(Source: HSSA 2009)

5.19 Table 23 shows the vacancy rate of Local Authority Stock from 2003/04 to 2008/09. For purposes of consistency across AGMA, figures for 2006/07 were used to feed into the GM SHMA. Consequently, 1.6% (231) of the total Local Authority housing stock was considered to be surplus.

**Table 23: Vacancy Rate for Local Authority Stock.**

Year	Total Local Authority Stock	Number vacant per year	% Vacant	% Surplus (% Vacant - 3%)	Number of LA Stock Surplus
2004-5	15,128	555	3.7	0.7	106
2005-6	15,145	601	4.0	1.0	151
2006-7	14,413	668	4.6	1.6	231
2007-8	14,231	853	6.0	3.0	426
2008-9	13,867	698	5.0	2.0	278
2009-10	13,799	638	4.6	1.6	220

(Source HSSA 2004-2010)

*'Committed' supply of new affordable units*

5.20 This step provides information on new (such as new build and conversions) social rented and intermediate affordable dwellings that are committed at the point of the assessment.

5.21 Table 24 shows the number of affordable dwellings expected to be delivered through the borough's five-year housing supply, subject to funding, as at 1<sup>st</sup> April 2011 and is taken from council's Housing Land Database, as of 31<sup>st</sup> March 2010. It includes sites with planning permission, sites subject to the signing of section 106 planning obligations, sites under-construction, phase 1 housing sites allocated within the UDP and others. Full details of the five-year supply can be found in the council's Annual Monitoring Report (AMR), although the latest published report contains the five-year housing supply as at 1<sup>st</sup> April 2010.

**Table 24: Affordable housing units to be delivered in the borough's five-year housing land supply, subject to funding, as at 1<sup>st</sup> April 2011**

Type	5 yr supply	
	Agreed	Speculative
Sites with planning permission	457	69
Sites with planning permission subject to the signing of a section 106 planning obligation	93	18
Sites under construction	72	0
Other	57	0
Phase 1 UDP Allocation	0	29
<b>Total</b>	<b>679</b>	<b>116</b>

(Source: 2009/10 Housing Land Database/Acolaid)

5.22 All sites identified within the borough's five-year housing supply, subject to funding, are considered deliverable, nevertheless in a number of cases the number of affordable housing units to be delivered has not yet been agreed or negotiated. Where the amount of affordable housing to be delivered is known or they relate to an HMR/PFI4 scheme, these figures have been used and are shown in the agreed column. Where the amount of affordable housing to be delivered is unknown the level has been calculated based on local planning policy and officer knowledge and these are shown as speculative. For the purposes of this assessment the 'committed supply' are those within the agreed column.

5.23 There are also a number of sites within the borough's five year housing land supply, subject to funding, where a commuted sum has been agreed and the funds outstanding total £1,484,525.

5.24 The information provided above is at a point in time. It is important to note that planning permissions and the number of affordable units or commuted sums to be provided can be subject to change, therefore the information above is based on current knowledge regarding developments. For example since 31<sup>st</sup> March 2010 planning permission has been granted for 148 units in September 2010, including 46 affordable housing units, on the London Road site at Derker, however as this was after the 31<sup>st</sup> March 2010 it has not been included in the five-year supply. New developments where affordable units are to be provided will of course also come forward. Furthermore, a number of the

agreed affordable housing units relate to HMR and PFI4 schemes, however, there are of course uncertainties regarding the level of HMR funding available which may or may not have implications for the number and type of affordable housing to be delivered.

#### *Units to be taken out of management*

- 5.25 This step provides an estimate for the number of social-rented or intermediate affordable housing units that are to be taken out of management. This is through the analysis of planned demolitions or redevelopment schemes that lead to net losses of stock (and therefore households in need of re-housing).
- 5.26 As with the number of completions expected the council forecast the level of clearance anticipated during 2010/11 in order to arrive at a five-year supply as at 1<sup>st</sup> April 2011. Clearance forecast for 2010/11 for the purposes arriving at the five-year projected supply was 64 dwellings, the difference between this and the forecasts provided by HMR/PFI4 schemes has been carried over and spread out evenly from 2011/12 to 2014/15. A nominal clearance projection has been included of 50 units for 2015/16 although HMR do not predict any clearance.
- 5.27 Table 25 shows the number of units identified to be taken out of management over a five year period 2010/11 to 2015/16.

**Table 25: Affordable dwellings to be cleared 2011/12 to 2015/16**

	2010/11 to 2014/15
<b>Public sector / social housing proposed for clearance</b>	829

(Source: Housing land availability database)

- 5.28 Please note that the information provided is subject to change, particularly given that the HMR programme is in a state of flux and as regeneration schemes progress and more knowledge is gained about the actual number of properties planned for demolition.

#### *Total affordable housing stock available*

**Table 26: Total affordable housing stock 2009/10**

Task	Description (3.1+3.2+3.3-3.4)	2006/7
3.1	Identification of Affordable dwellings occupied by households by households in need	0
3.2	Surplus Stock	220
3.3	'Committed supply' of new affordable housing	679
3.4	Units to be taken out of management	829
3.5	Total affordable housing stock available	70

(Source: CLG Strategic Housing Market Assessments: Practice guide Version 2) surplus updated 6th August 2010



5.29 Table 26 shows the total affordable social housing stock available in the borough. It uses figures taken from 3.1 to 3.4. Using this calculation, at the end of 2009/10, there were a total of 70 social housing stock available or to be made available over the upcoming five years.

*Future annual supply of social re-lets (net)*

5.30 In line with changes made to the CLG guidance by AGMA members for the 2008 Greater Manchester SHMA, the annual supply of social re-lets at the end of 2009/10 was 1121.

*Future annual supply of intermediate affordable housing*

5.31 The SHMA follows the methodology agreed by AGMA for the purposes of the original 2008 GM SHMA, for which it was agreed not include a figure the supply of intermediate affordable housing due to differing accuracies and approaches across the Greater Manchester districts. A figure for the future projected annual supply of affordable housing has therefore not been included for the purposes of this SHMA.

*Future annual supply of affordable housing units*

**Table 27: Identification of the future annual supply of affordable housing**

<b>3.8: Annual supply of affordable housing (3.6 + 3.7 = 3.8)</b>		
Task	Description	Totals
3.6	Annual supply of social re-lets (plus)	1121
3.7	Annual supply of intermediate affordable housing available for re-let or resale and sub-market levels	0
<b>3.8</b>	<b>Annual supply of affordable housing</b>	<b>1121</b>

(Calculation. Updated 7th August 2010)

5.32 Table 27 above shows the future annual supply of social housing required in the borough. Based on the number of void properties that were assigned to a tenancy In 2009/10, there were 1121 homes were re-let. It was decided by AGMA members that this snapshot figure was more reflective of the current demand than the three year average described in CLG guidance.

## **The housing requirements of households in need**

### *Introduction*

5.33 Oldham Council is hoping to start operating a new approach to the Choice Based Lettings system, a new allocation scheme, in line with best practise guidance. This new approach involves having just one application form and one allocation scheme per applicant. This new approach is much easier for applicants and is based on feedback received from them. This new allocation scheme is due to come into affect at the beginning of 2011 (subject to cabinet approval, actual date is Jan 2011).

### *Choices within the existing affordable housing stock*

5.34 This step provides an analysis of the Choice Based Letting system in order to identify the criteria which affects household choices. Housing turnover information relating to

different property types, sizes and locations has also been assessed as this can provide a good indicator of need. Table 28 shows that the highest turnover rates are for 1 and 2 bed properties, with the lowest being for properties with four or more bedrooms.

**Table 28: Local Authority turnover rates by property size**

Bedrooms	Total Stock	Available for re-let	Turnover Rate
0	275	12	4.4%
1	5131	604	11.8%
2	5258	557	10.6%
3	3382	230	6.8%
4+	165	7	4.2%

(Source: Local Authority Choice Based Lettings September 2010)

#### *Requirement for affordable dwellings of different sizes*

5.35 Table 29 provides an indication of demand by property size. It shows that in spite of the higher turnover of bedsits and one bed properties, the highest proportional demand is for two and three bed properties. It also illustrates that the lack of availability of 4 bed plus properties means that demand is high when they do become available.

**Table 29: Ratio of bids made to total stock made available to let**

Bedrooms	Total LA-owned Social property by size available to let (2008/9)	Total bids per property size (2008/9)	Ratio of Bids Made to Properties Available to let (2008/9)
0	12	692	58
1	604	43,619	72
2	557	38,934	70
3	230	20,182	88
4+	7	1,498	214

(Source: Local Authority Choice Based Lettings 2009/10)

### **Bringing the evidence together**

#### *Estimate of net annual housing need*

5.36 Through the figures fed into this chapter we are able to estimate the net annual housing need of the borough for the next five years.

**Table 30: Estimate of net annual housing need.**

Step 4 - Total Housing Need (Net Annual)		
Total net need	1.4 - 3.5	1655
Annual flow	20% of total net need (Assume five year period to relieve backlog of need)	331
Net annual housing need	(2.4 + Annual flow) - 3.8	107

(Source: CLG Guidance Version 2)

- 5.37 The net annual affordable housing need for the borough is 243 dwellings per year over the next five years. This includes a total of 679 homes over 5 years (average of 136 per year) which, subject to funding, would be completed through planned delivery by housing providers and an additional housing need per year of 107 homes.
- 5.38 The ability of new residential developments coming forward within the borough being able to deliver this amount of affordable housing is of concern and will have implications for how affordable housing is sought and delivered, particularly within the current economic climate.

*Key issues for future policy/strategy*

- 5.39 The net annual housing need and committed supply of affordable housing taken together represent 84% of the borough's current housing requirement of 289 dwellings per annum. The ability of new residential developments coming forward within the borough being able to deliver this amount of affordable housing is of concern and will have implications for how affordable housing is sought and delivered, particularly within the current economic climate.
- 5.40 The council's Annual Monitoring Report (AMR) assesses gross annual affordable housing completions as an indicator of the affordable housing planning policy. Details of the affordable housing dwellings delivered over the last five years can be found in Table 31.

**Table 31: Summary of AMR: Affordable Housing Completions 2006/07 to 2008/09<sup>13</sup>.**

Year	No. of Sites	No. of Dwellings	Type Delivered
2008/09	8	126	Whittaker Street, Royton (a sheltered housing scheme comprising one and two bedroom flats) accounted for 46.8% of the affordable dwellings completed, providing 59 units for rent. In terms of the type of affordable housing completed, 90 (71.4%) were for social rent, 23 (18.3%) were for discounted sale and 13 (10.3%) were for shared ownership. 24% of the affordable housing delivered was in the HMR area.
2007/08	7	62	Of the 62 dwellings, 10 comprised supported accommodation in the form of self-contained flats. In terms of the type of affordable housing completed, 22 (35.5%) were for social rent, 22 (35.5%) were for discounted sale and 18 (29%) for shared ownership. 61% of the affordable housing delivered was in the HMR area.
2006/07	7	85	Of the total, 36 dwellings resulted from housing association developments, and 49 were secured from private developers through section 106 planning obligations.
2005/06		66	66 housing association completions.
2004/05	Unknown	79	10 were housing association completions and 69 were as a result of resale covenant schemes on private sites under construction as at 31 <sup>st</sup> March 2005.

(Source: Oldham Council's Annual Monitoring Report (2006/07 to 2008/09))

5.41 Table 31 shows that the number of affordable dwellings delivered in a year ranges between 62 and 85. This is with the exception of 2008/09 when there 126 affordable dwellings delivered, although, if you remove the 59 unit sheltered housing scheme there were 67 units delivered. Delivering the required 214 affordable dwellings identified through this SHMA will therefore be a challenge.

5.42 As stated in the CLG Guidance the estimate of net annual housing need assumes a one to one relationship between households in need and dwellings. In reality, however, the relationship is much more complex, for example people may choose to share dwellings and, as a result, to be overcrowded. As evidence shows overcrowding is a significant issue within Oldham, however, it may be that building one new larger property could help to resolve the needs of several households as people 'move up' through the system into larger properties and the smaller properties are occupied.

<sup>13</sup> Information not directly comparable as information contained with AMR has become more detailed in recent years and improvements have been made to the monitoring of affordable housing.

- 5.43 The calculation used to identify the borough's housing need does not include figures for homeless households in temporary accommodation or over-crowding and concealed households therefore the SHMA is not able to identify the proportion of such households in line with the CLG Guidance. Nevertheless evidence assessed as part of the SHMA provides an indication of the key issues affecting such groups.
- 5.44 In terms of homelessness the number of homelessness acceptances has fallen by 89% from 2003/04 to 2008/09. It fell again in 2009/10 to 72 households. The main causes of homelessness within the borough broadly reflect national trends and include parents, or friends, no longer willing or able to accommodate; termination of assured short-hold tenancy; domestic violence; required to leave accommodation provided by Home Office as NASS support; and left an institution or local authority care.
- 5.45 With regards to overcrowding the 2001 Census showed that that 7% (6,400 households) of the borough's housing stock was overcrowded, which was the second highest level in Greater Manchester. More recent evidence, in the form of the 2010 Private Sector House Condition Survey shows that 4.4% of the borough's housing stock is overcrowded with some 3026 households and that it is more prevalent in owner occupied stock affecting 6.5% of such households. The highest levels of overcrowding were to be found in parts of the borough, where the population is predominantly BME (West and East Oldham). The high levels of overcrowding experienced in the borough, together with the over-reliance on smaller terraced properties, highlight the need for larger family accommodation within the borough, particularly within West and East Oldham.
- 5.46 Under-occupation affects a much higher number of households in the borough, representing 39% of all stock (2001 Census). Almost half (49%) of owner occupied properties are under-occupied, followed by private renting (22%), with social renting the least under-occupied (16%). In contrast to overcrowding, under-occupied households are concentrated almost exclusively outside the HMR area particularly in Saddleworth East (70%), Saddleworth West (63%), Royton North (58%), Chadderton North (53%), Crompton (53%) and Chadderton Central (50%). This reflects the general trend that where they are able to afford them people will tend to choose larger properties than actually required in terms of accommodating the number of people in their household. In relation to the social sector the Council run a Downsizing Scheme that helps tenants move into smaller homes, where they are under-occupying their home by two bedrooms or more.
- 5.47 In terms of the requirements for different sized affordable housing the evidence supports the general need for larger family accommodation throughout the borough, for example:
- Analysis of turnover rates within the FCHO portfolio shows that the highest turnover rates are 1 and 2 bedroom properties with the lowest being for 4 or more bedroom properties, highlighting that those occupying larger properties are less likely to move properties compared to those occupying smaller properties. As a result 4 or more bedroom properties are less likely to become available which is compounded by the lack of supply of such properties which only represent 1% of the total FCHO stock within the borough.
  - Out of the total number of 4 plus FCHO properties available in the borough only 7 were available to let in 2008/09, which led to FCHO receiving 214 bids per property, the highest ratio of all properties by size. 1 and 2 bedroom properties received the largest number of bids, 43,619 and 38,934 respectively. However the

greatest number of units available to let, were also 1 and 2 bedroom properties, 604 and 557 respectively.

- 5.48 The evidence set out in chapter 3 also reinforces the need for large family accommodation. In addition to which the borough's ageing population highlights the need for more supported accommodation in the future.
- 5.49 Evidence suggests that there is a correlation between the areas where levels of deprivation, unemployment rates and benefit claimants are higher and the spatial distribution of private sector housing, which tends to be associated with pre-war and terraced housing concentrated in the HMR areas and East and West Oldham. This would suggest that private sector housing may be providing an affordable, or adequate, solution for those households in needs.
- 5.50 In order to understand the implications for estimating the number of households requiring market housing the CLG guidance suggests comparing the net annual need figure with the estimate of total future annual change in total number of households set out in chapter 4.
- 5.51 Based on the GMFM Baseline Scenario for 2009 the SHMA has identified that the average gross new household formation in the borough over a three year period is 400 per year (2010-2013). Based on the net annual housing need of 107 dwellings 293 newly forming households not accounted for requiring market housing.
- 5.52 The actual net annual affordable need is however 243 when taking into account those to be delivered through five year projected completions, subject to funding.
- 5.53 The evidence set out within this SHMA would suggest that when determining the level and type of future affordable housing supply the key issues/factors to consider are
- The low income levels within the borough and the impact this has on the ability of residents to afford their choice of accommodation.
  - The ageing population and forecasted increase in the BME population.

## Chapter 6: Household Requirements of Specific Household Groups

### Introduction

- 6.1 The SHMA has identified particular issues in relation to the young and older population, as well as the BME community. This chapter looks at the housing needs of these groups in more detail.

#### *An ageing population*

- 6.2 The proportion of the borough's population aged 65 or over will increase from around 14.9% in 2009 to around 17.5% by 2022, presenting a new challenge to housing and associated services, particularly regarding the provision of elderly people over the age of 85.
- 6.3 Directly related to the increasing elderly population is an expected increase in the number of people living with long term limiting illness and long term conditions. By 2020 there are expected to be 8,500 more people living with long term conditions than in 2008. Increasing life expectancy and an older population will mean a growing number of people who are living for longer with long term health conditions.
- 6.4 The forecast increase in the number of older people (together with associated increases in the number of people with limiting long-term illnesses (LLTI) or disabilities) is likely to increase the need for housing services related to an ageing population together with support to live independently. Demand for residential and supported accommodation will increase. As a result it will be important to ensure the appropriate accommodation is provided as part of the overall housing mix within the borough.

#### *Youth*

- 6.5 It is important to consider the housing aspirations of the youth of the borough. Currently around a fifth of the borough's population are aged 15 or under. As this population matures and the possible continued low levels of income and issues over the access to owner occupation and the Private rented sector means that it is probable that demand for LA housing amongst the under 25s will remain.
- 6.6 The new allocations scheme will increase opportunities for younger people within the borough to access housing by for example providing pre-tenancy training for people who have not run a home before and licences for 16 and 17 years olds. As Chapter 4 has already highlighted the future affordability of housing will be the main challenge for future.

#### *Black and Minority Ethnic Groups*

- 6.7 The proportion of Oldham's population from Black and Minority Ethnic (BME) groups is forecast to increase from about 18.3% in 2010 to around one-fifth (19.4%) in 2012, and to one quarter (24.6%) in 2022. This is predominantly associated with the growth of Oldham's Pakistani and Bangladeshi heritage communities and is due primarily to the relatively youthful age structures of these populations.
- 6.8 Around three out of ten (29.9%) children aged under 15 are from BME groups. This is forecast to increase to around four out of ten (37.2%) by 2022.



- 6.9 There is a greater need for larger family accommodation amongst the BME applicants for local authority housing. The growing elderly BME population, which suffers from higher levels of respiratory and coronary problems, will add additional pressure on providing suitable housing for older people.

#### *Asylum Seekers, Refugees and Migrant Workers*

- 6.10 In August 2010, 599 asylum seekers were accommodated in the borough. The borough has people from forty-four different countries of origin who are seeking sanctuary. About two-thirds (68%) of asylum seekers living in the borough are from seven countries: Iran (19%), Iraq (11%), Eritrea (9%), Afghanistan (9%), Zimbabwe (8%), Pakistan (6%) and China (6%).
- 6.11 Asylum seekers and refugees have fled persecution to seek safety and have far less control over how and where they live than people in other migrant categories. Asylum seekers have very limited access to public funds.
- 6.12 Most asylum seekers in the borough (426) have accommodation with private landlords and a smaller number (160) are accommodated through First Choice Homes Oldham. Almost four in ten (38%) live in single-person households. About one in five (20%) live in two-person households or three-person households (21%). A further one in five (20%) live in households with between four and six people and just 1% live in households with more than six people.
- 6.13 It is acknowledged that further work is required to fully understand the needs and aspirations of this sector, especially the impact of growing communities such as eastern European immigrants.

#### *Gypsy and Traveller Communities*

- 6.14 There are currently no authorised permanent or transit encampment sites in Oldham. It is estimated that in 2006 between 214 and 478 Gypsies and Travellers lived temporarily in unauthorised encampments. The population living in 'brick and mortar' accommodation is unknown.
- 6.15 The Government's key policy objectives in relation to gypsies and travellers are to ensure that sufficient, suitable provision is made throughout the North West region to meet the needs of these groups through the inclusion of appropriate policies in Development Plan Documents.
- 6.16 The Greater Manchester Gypsies and Traveller Accommodation Assessment (GTAA) commissioned by AGMA identified a current need of 24 pitches for Gypsies and Travellers increasing to 26 pitches by 2016.
- 6.17 On the 29<sup>th</sup> August 2010, the Secretary of State for Communities announced the Government's intention to revoke Planning Circular 01/06 and Circular 04/07, subject to necessary impact assessments, to be replaced with a light-touch guidance outlining councils' statutory obligations.

#### *Low Cost Market Housing and Intermediate Affordable Housing*

- 6.18 In light of the findings of the SHMA more consideration needs to be given to the role of low cost market housing and intermediate affordable housing in meeting the affordable housing need identified.



## Chapter 7 Conclusion

- 7.1 The net annual affordable housing need for the borough is 243 dwellings over the next five years. This includes the net annual housing need of 107 and the 679 identified through the five-year supply. The ability of new residential developments coming forward within the borough being able to deliver this amount of affordable housing is of concern and will have implications for how affordable housing is sought and delivered, particularly within the current economic climate.
- 7.2 A key national challenge, and one that is clearly evident in Oldham given the low wage economy, relates to the ability of prospective home owners to get into the housing market given the average deposit requirements and house price to earning ratios. This will have implications for the type of affordable housing required within the borough and also the need for low cost market housing, which may help to meet a proportion of the identified housing need.
- 7.3 The current state of the UK economy, the relatively weak housing market and limited access to finance, could still have a major impact on local markets. Oldham council will need to work with partners to explore the range of affordable home ownership options available, such as rent to purchase schemes and equity loan products in order to meet the housing need identified and provide the necessary affordable housing. The critical issue will be ensuring the affordability and sustainability of new affordable housing for sale. This will include significant dialogue with the Homes and Communities Agency in respect of future investment opportunities and the ability and scope to work flexibly with a range of other investors and providers to ensure we meet our housing needs.

## Appendices

### Appendix 1: Summary of Changes to methodology

Step by Step	Revised Methodology
1.1 Number of Homeless households and those in temporary accommodation	Zeroed to reduce risk of double counting with those in “other Groups” contained within reasonable preference groups contained within point 1.3
1.2 Number of Overcrowding and concealed households	Zeroed to reduce risk of double counting with those in “other Groups” contained within reasonable preference groups contained within point 1.3.
1.3 Other Groups	Based on “Reasonable Preference Groups” a constant source throughout AGMA and recognised national definitions. Figures taken from end of 2007-8 create much more up to date definition.
2.1 New Household formation	431 based on 3 year average new household formation GMFM.
2.2 Proportion of households unable to buy	Changed to take into account PRS, as seen as next viable option up from social housing. PRS rents taken from Local Housing Allowance figs
2.3 Existing households falling into need	Local authority housing register only. Based on reasonable preference groups who have applied for a local authority home and were housed within 12 months
3.1 Affordable dwellings occupied by households in need	The number at 3.1 previously utilized the number of households in 'priority need' (as per the CLG reasonable preference groups) requesting transfer from existing social rented stock. Transfers had previously been subtracted from the equation (from the waiting list) at Step 1.3 (note: excluding transfers), if there were to be subtracted again at Step 3.1,
3.2 Surplus Stock <sup>2</sup>	No change in methodology
3.3 Committed supply of new affordable housing	No change in methodology
3.4 Units to be taken out of management	No change in methodology
3.6 Annual supply of social re-lets (net)	2 year average for authorities where data was available from CORE. As data was only available for 2006/07 for Oldham, this single year was used.
3.7 Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	

## Appendix 2: CLG Guidance Core Output and Process Checklist

### Strategic Housing Market Assessment core outputs

1	Estimates of current dwellings in terms of size, type, condition, tenure
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market
3	Estimate of total future number of households, broken down by age and type where possible
4	Estimate of current number of households in housing need
5	Estimate of future households that will require affordable housing
6	Estimate of future households requiring market housing
7	Estimate of the size of affordable housing required
8	Estimate of household groups who have particular housing requirements including: families, older people, key workers, black and minority ethnic groups, disabled people, young people, Gypsies and Travellers

### Strategic Housing Market Assessment process checklist

1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region
2	Housing market conditions are assessed within the context of the housing market area
3	Involves key stakeholders, including house builders
4	Contains a full technical justification of the methods employed, with any limitations noted
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner
6	Uses and reports upon effective quality control mechanisms
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken

### **Appendix 3: Data Source Summary**

The following data sources have been used in the completion of this research:

#### **ALMO Current Tenants/ ALMO Housing Register**

The data has been provided by the Information Systems Team at First Choice Homes Oldham (FCHO) and is based on information provided by tenants or applicants and entered on the internal SX3 management system. Although, the housing register provides an excellent starting point into the demand for housing within Oldham, there are limitations that need to be taken into consideration. The overall number of applications may be unclear as households may have one or more applicants either joint or separate applications and ethnicity and age recording is not 100% complete and as such there is the chance of many unknown/hard to reach groups that require further research. Clarity is required from FCHO regarding the calculation of Bed Need. There were several occasions where the bed need shown did not add up

#### **Oldham-Rochdale Housing Market Renewal database**

The Oldham-Rochdale Housing Database is a monitoring system set up by the Oldham-Rochdale Partnership. This database has been established to support the Housing Market Partnership. It contains data on key housing and related measures. Data is sourced from government sources and from data held within Oldham and Rochdale MBC. The geographies for which data is held comprise the boroughs, the Rochdale township areas, the Oldham Committee areas and smaller neighbourhoods defined by the partnership

#### **CORE lettings Log**

CORE (COntinuous REcording) is a national information source funded jointly by the Housing Corporation and the DCLG that records information on the characteristics of both housing association and local authority new social housing tenants and the homes they rent and buy. Registered Social Landlords are required to send regular updates of data collected through questions asked to each new tenancy. Through CORE we are able to create a picture of tenants of socially rented accommodation in the borough. It details all income, reasons for leaving previous property and previous tenure amongst others.

#### **HM Land Registry**

When a house sale completes, the solicitors may not register the change at HM Land Registry straight away, and may leave it a couple of months until they inform the HM Land Registry (solicitors tend to send all returns to the Land Registry in bulk). Therefore, house sales completed in say November and December may not yet be recorded at the Land Registry.

#### **The Working Age Client Group**

Working Age Client Group (WACG) data provides counts of working age claimants of key benefits. It shows breakdowns by their statistical group (their main reason for interacting with the benefit system) gender and age. The main advantage of this dataset is that the double counting of claimants on more than one benefit has been removed so that users will get a

more accurate picture of benefit claiming and Worklessness at a small area level. Each file covers the whole of Great Britain.

### **CACI Paycheck**

Paycheck is a powerful classification providing consistent and reliable estimates of gross household income across the UK. It allows marketers and planners to understand income patterns for targeting and mailing campaigns. The Paycheck Classification splits the population into 19 Income Types. It is designed to let you easily add a single income code to the individuals on your database in order to understand the incomes of your key customer types. The Mean, Median & Mode Income Files is ideal for understanding and mapping the relative levels of income between areas, and the most common incomes within areas. Household Income Profiles complement the Mean Median & Mode files and enable you to highlight areas with high concentrations of particular income bands. These profiles detail the number of households falling into £5,000 income bands ranging from £0 to £5k up to £100k+.

### **2001 Census**

Since 1801, every ten years the nation has set aside one day for the census - a count of all people and households. The information the census provides allows central and local government, health authorities and many other organisations to target their resources more effectively and to plan housing, education, health and transport services for years to come.

### **Annual survey of hours and earnings (ASHE)**

The Annual Survey of Hours and Earnings (ASHE) provide information about the levels, distribution and make-up of earnings and hours worked for employees in all industries and occupations.

### **Population forecasts for Oldham Borough, with an ethnic group dimension**

Cathie Marsh Centre for Census and Survey Research, University of Manchester in May 2005.

This report was commissioned by Oldham and Rochdale Metropolitan Borough Councils (on behalf of the Oldham Partnership and Rochdale Interagency Information Group respectively) and the Rochdale and Oldham Housing Market Renewal programme. The Cathie Marsh Centre for Census and Survey Research (CCSR), University of Manchester, will also provide forecasts of the number of households and the labour force in Oldham Borough, disaggregated by ethnic group, and parallel reports for Rochdale Borough.

### **Housing Strategy Statistical Appendix (HSSA)**

A wide range of local authority housing information is collected in the annual HSSA returns. The Homelessness section collects summary data on a financial year basis. The data are consistent with those collected in the quarterly P1E return, but because of their different collection dates and potential data revisions, these common data may not match precisely. HSSA's Lettings section also collects information on lettings of homeless households in priority need.



## **OMBC Housing Land Monitoring Database**

The Council's Housing Land Monitoring Database is managed by the Strategic Planning and Information section within the Regeneration Directorate. It records information on sites with planning permission, sites subject to the signing of Section 106 planning obligation, sites under construction and remaining UDP housing allocations. The database monitors starts and completions, breaking down information to include on a plot by plot basis, the type of housing being delivered and the number of bedrooms amongst many others. It also records information on the number of affordable housing units to be delivered.

## **Appendix Four: Definitions**

### **Affordable Housing**

Affordable housing is defined in PPS3 as:

‘Affordable housing includes social rented and intermediate housing, provided to specify eligible households whose needs are not met by the market. Affordable housing should:

Meet the needs of eligible households including availability at a low cost enough for them to afford, determined with regard to local incomes and local house prices

Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.

### **Assessing Affordability**

The needs assessment uses household incomes and entry level house prices to estimate the need for affordable housing, through:

- Assessing whether current households who are in unsuitable housing can afford suitable market housing; and
- Applying affordability test to the incomes of newly forming households, to establish the numbers who are likely to be in need of affordable housing. Assessing whether a household can afford home ownership. A household is considered able to afford to buy a home if it costs:
  - 3.5 times the gross household income for a single earner household; or
  - 2.9 times the gross household income for dual-income households.

### **Assessing whether a household can afford market renting**

A household is considered able to afford to market house renting where the rent payable is up to 25% of their gross household income. ‘Rent payable’ is defined as the entire rent due, even if it is partially or entirely met by housing benefit.

### **Broad Rental Market Areas**

Broad Rental Market Area (BRMA) Guidance, provided by the Local Housing Allowance (LHA) Direct website, states that a BRMA is an area ‘within which a person could reasonably be expected to live having regard to facilities and services for the purposes of health, education, recreation, personal banking and shopping, taking account of the distance of travel, by public and private transport, to and from those facilities and services.’

The BRMA guidance also states a BRMA must contain ‘residential premises of a variety of types, including such premises held on a variety of tenures’, plus ‘sufficient privately rented residential premises, to ensure that, in the rent officer’s opinion, the LHA for the area is representative of the rents that a landlord might reasonably be expected to obtain in that area’.

## **Housing demand**

The quantity of housing that households are willing and able to buy or rent.

## **Housing markets**

Geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work. For the majority of this report the borough's housing markets are defined as those of the district partnership.

## **Housing need**

The quantity of housing required for households who are unable to access suitable housing without financial assistance

## **Housing requirement**

The combination of both housing need and housing demand

## **Income**

Gross household income is used to assess affordability. Benefits are excluded. If the data is available, working tax credits may be included.

## **Intermediate Affordable Housing**

PPS3 defines intermediate affordable housing as:

'Housing at prices and rents above those of social rent, but below market prices or rents, and which meet the criteria set out above. These can include shared equity products (e.g. Homebuy), other low cost homes for sale and intermediate rent.'

## **Quarters1-4**

Quarter 1 2009/10 for example is the three month period of April to June 2009 and quarter 4 2009/10 is January to March 2010

## **Social Rented Housing**

PPS3 defines social rented housing as:

'Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant'.





## **GIS Mapping**

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