

1: Dorset's Affordable Housing Crisis?

Setting the scene...

How many new homes are needed in Dorset?

What sort of homes?

And who's paying?



The countryside charity
Dorset

2: How many new homes are needed in Dorset?

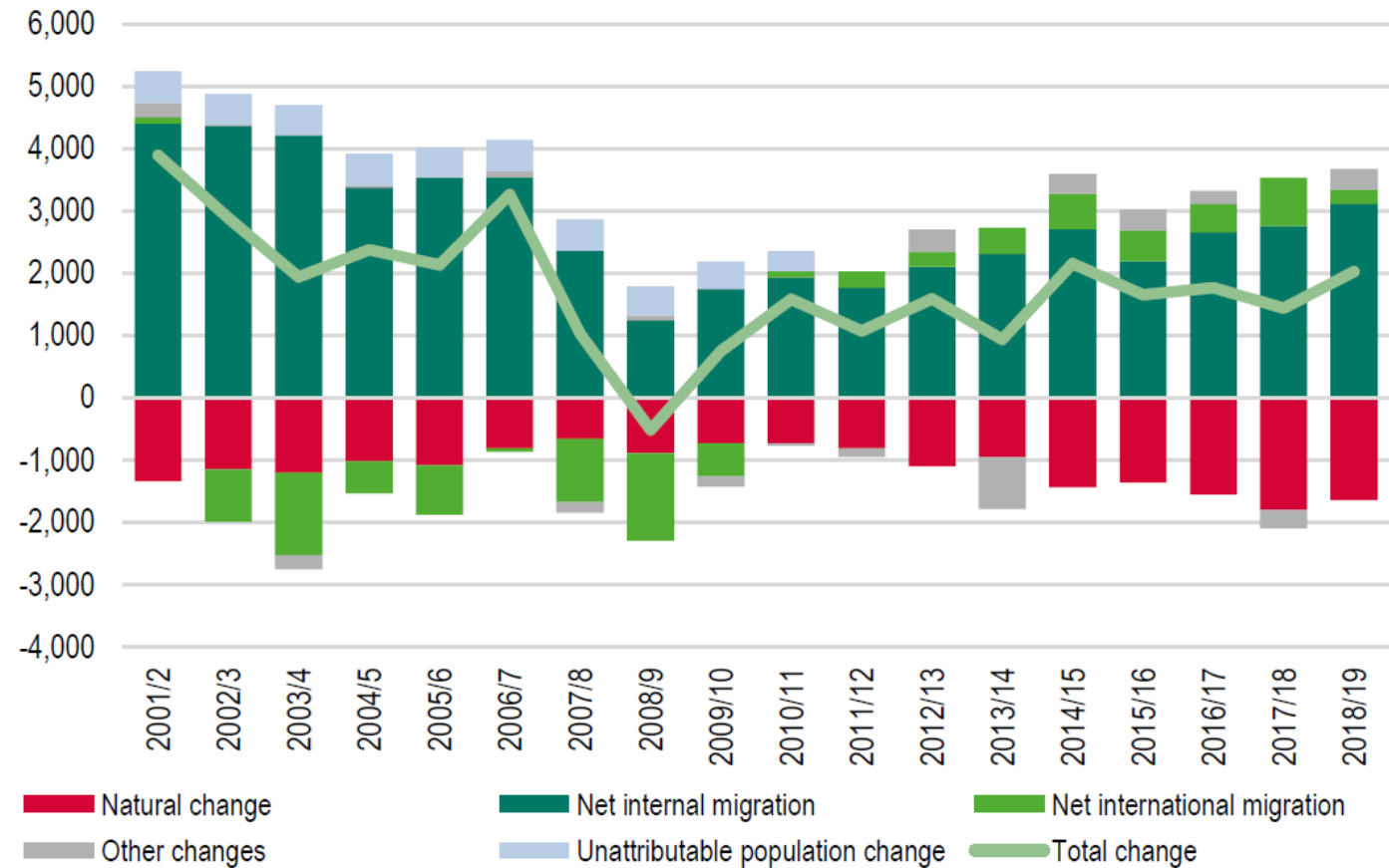
- In 2021 Dorset Council thought that 1,800 new homes were needed annually over the next 17 years
- Target based on the Government's Standard Method currently requiring **40% uplift over projected household growth**, to improve affordability
- When consulted Dorset people disagreed – the plan is paused but may re-start Autumn 2024
- Does the SM really measure housing need in Dorset?



3: Demographic & Market research

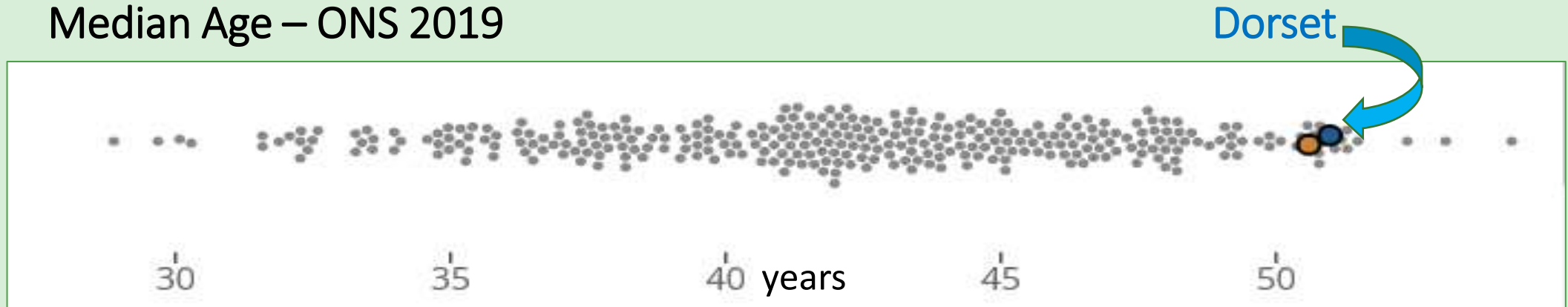
Components of Population Change in Dorset

(Table 6.19 from Icení's HNA; data source is ONS)

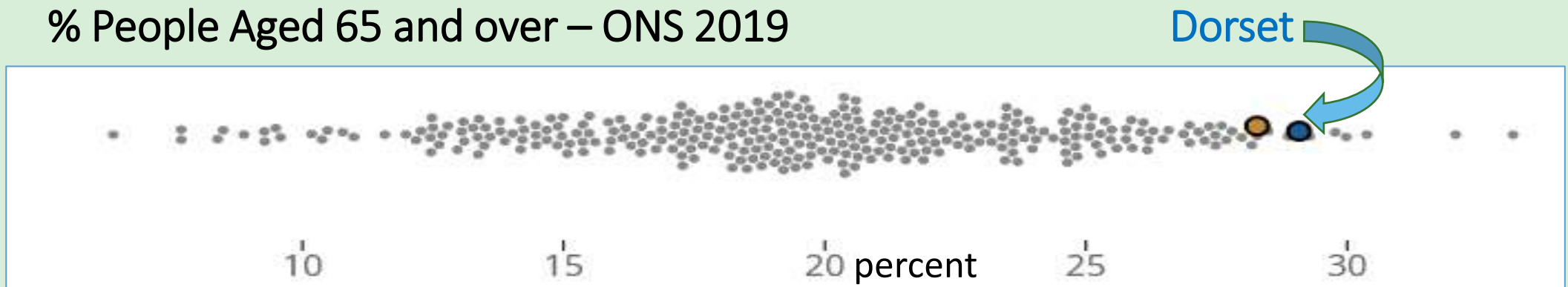


4: Demographic research – LAs in England

Median Age – ONS 2019

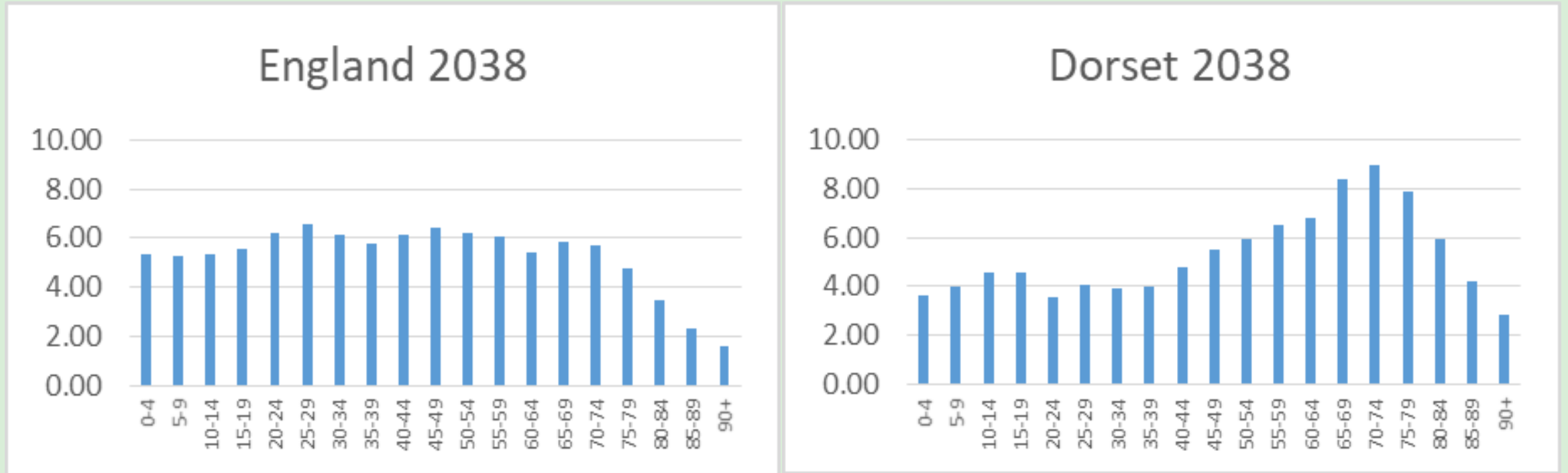


% People Aged 65 and over – ONS 2019



5: Demographic research

Percentage expected in each five year age band in England and Dorset by 2038:



(source: ONS 2018-based Principle Projection)

6: Selling the Standard Method's new homes?

Iceni found that:

- Household formation would need to return to 2001 rates
- Net in-migration would need to double

Not really likely? In 2001 homes in the SW cost just 3.6 times income



7: Market research

Dorset Council tell us that there are over **13,000** house plots with permission in Dorset today, upon which not a single brick has been laid. Evidently the market prefers high prices to extra supply.

So why should planners allocate 40% more land annually than hitherto?



8: So far we can say...

- Dorset people don't want the Standard Method's exaggerated house numbers on their green spaces and don't believe the resulting homes would be truly affordable.
- If built, the Standard Method's housing numbers would further distort Dorset's age profile and challenge local services even more.
- But it's more likely that the market won't, or can't, respond to a greater rate of land allocations.
- The Standard Method idea of increasing supply to improve affordability is not a basis for sound planning in Dorset.



9: A better way...

1. Drop the SM 40% affordability uplift and plan for a realistic 1,300 homes pa:
 - Less pressure on environment and services
 - More consistent with climate emergency
2. Set an ambitious target for truly affordable homes within that 1,300 target

10: Build more truly affordable homes instead?

Dorset Council receive over 500 requests monthly for housing help.

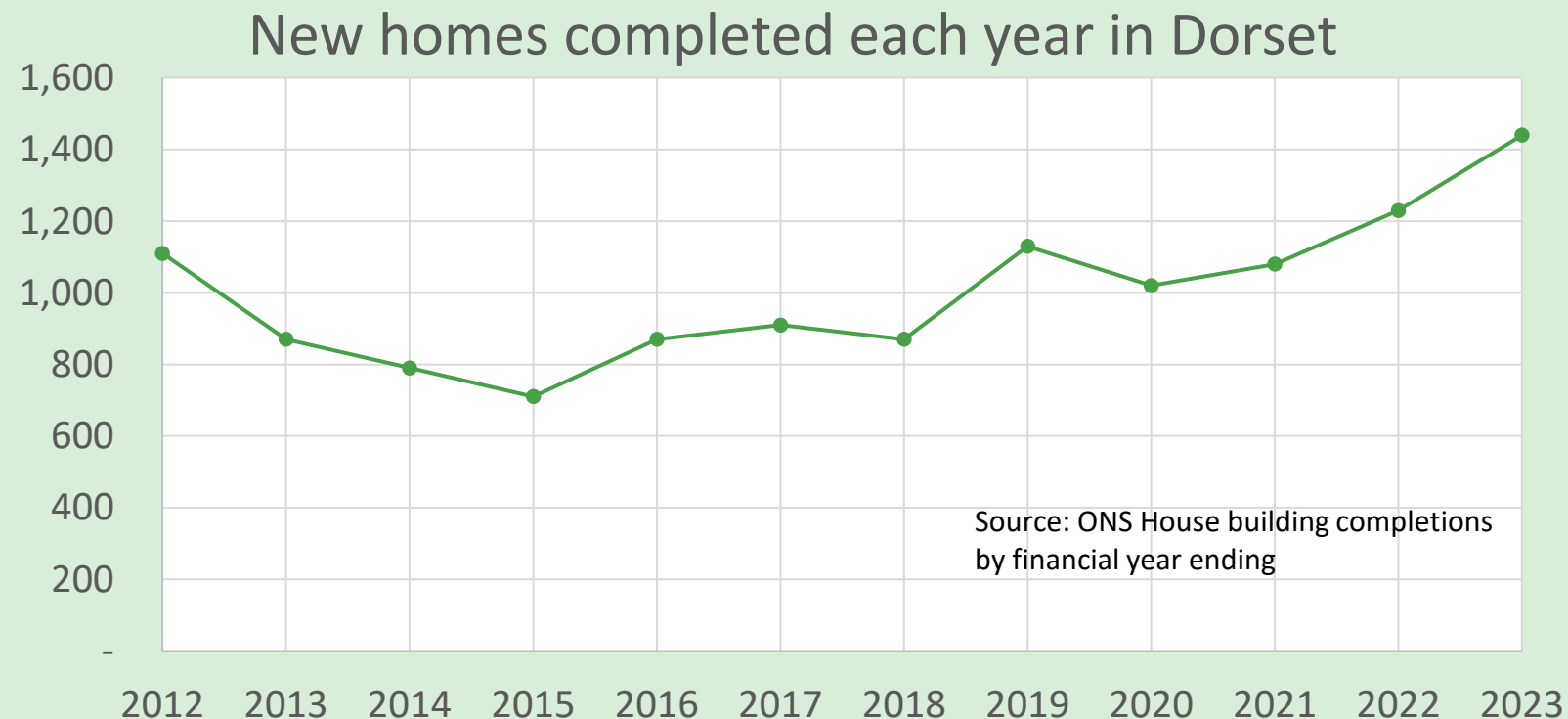
Employers say economy is held back by lack of truly affordable rented homes.

Iceni's Housing Need Assessment found an annual need for 577 social rent homes. But can the market fund them?



11: Viability

- Viability dictates that between 14% and 24.5% of homes on new developments can be for social rent, so 20% possible overall?
- 577pa at say 20% would require a huge total of 2,885 homes pa, but the market has supplied much less hitherto:



12: Cost-Benefit of new social rent homes

The socio-economic value of building 90,000 social rent homes:

(from CEBR report Feb 2024, p5)

Total benefits £86.5bn

- Economic impact from construction & management **£48.2bn**
- Direct benefits to Exchequer **£7.0bn**
- Indirect benefits to Exchequer and wider society **£31.4bn**

Total costs £35.4bn

- Grant funding **£11.8bn**
- Additional funding **23.5bn**

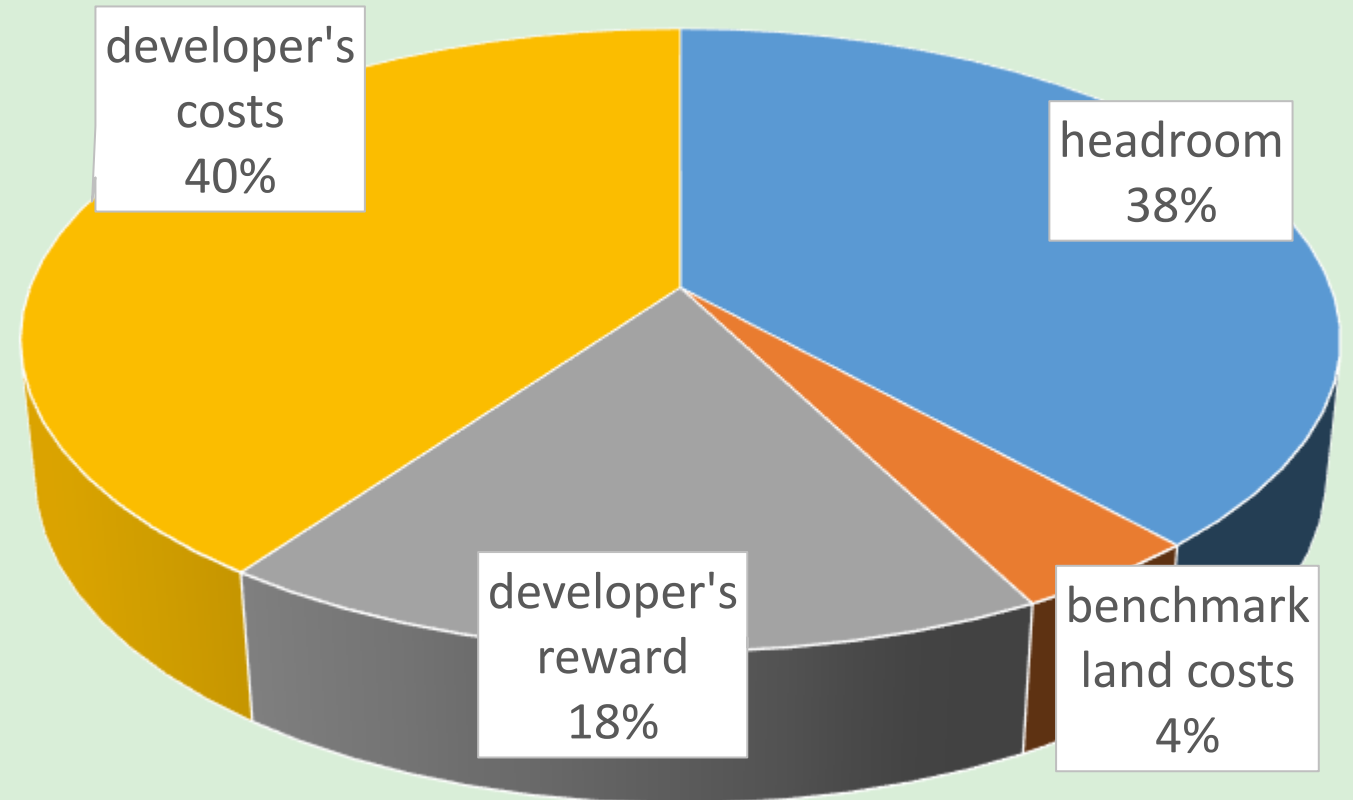
Net positive economic and social impact £51.2 billion

12 (net present value)

13: Cost components of speculative market housing - an example from BCP

Potential savings for social rent schemes:

- Land value (brown)
- Headroom (blue)
- Developer's overheads & profit (grey)



(data from BCPC Viability Report Appendix p144, 4 units)

14: Beauty?

- Tenure blind on larger developments
- Well-designed small scale social rent schemes in rural as well as urban places



15: Summary

How many new homes are needed in Dorset? About 1,300 per annum

What sort of homes? 577 social rent homes in particular

And who's paying? Public investment - to avoid unnecessary costs in LHA, poor health, poor educational attainment, economic constriction and more



Addendum

“A competitive private market will not, on its own initiative, produce sufficient housing to meet overall housing need. The cost of private sector housing, and the level and distribution of incomes and assets, means that significant numbers of households lack the resources to be able to afford adequate housing on the private market. In addition, the wider benefits of housing availability and conditions (such as health outcomes, educational attainment, and productivity) are not captured by private actors in the market (housebuilders and landowners) as profit. **This means that the private market will not, on its own initiative, produce sufficient housing to meet overall housing need, even if it is highly competitive.**” (CMA 4.120)



References

Slide3:<https://www.dorsetcouncil.gov.uk/documents/35024/2012718/Housing+Needs+Assessment.pdf/>

Slide4:<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/populationprofilesforlocalauthoritiesinengland/2020-12-14>

Slide5:<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/localauthoritiesinenglandtable2> (Principle Projection)

Slide6: See slide3 reference; paras 6.38, 6.40, 6.47, 6.50

Slide7: <https://modern.gov.dorsetcouncil.gov.uk/documents/s28999/Appendix%20A%20-%20Dorset%20Council%20Housing%20Delivery%20Test%20Action%20Plan%20-%20FINAL.pdf> (See p5)

Slide10: See slide3 ref; Table 7.31

Slide11:<https://www.dorsetcouncil.gov.uk/documents/35024/3328629/0522+Dorset+Local+Plan+Viability+Assessment+-+Technical+Appendices+May+22V1.pdf/> (para 9, p50)

Slide11:<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/housebuildingukpermanentdwellingsstartedandcompletedbylocalauthority>

Slide12: <https://www.housing.org.uk/globalassets/files/cebr-report-final.pdf> (See p5)

Slide13: <https://www.bcpCouncil.gov.uk/documents/planning-and-building-control/Local-plan/Evidence-base/BCP-Local-Plan-Viability-Study-Appendices-March-2024.pdf> (See p144)

Slide13: <https://www.gov.uk/government/news/new-powers-for-councils-to-help-build-more-affordable-homes>

Addendum:https://assets.publishing.service.gov.uk/media/65d8baed6efa83001ddcc5cd/Housebuilding_market_study_final_report.pdf (See para 4.120, emphasis added)