
Affordable Housing Need

Cheshire East and Preston



Contents

1.	Cheshire East	1
1.1.	Crewe	2
1.2.	Macclesfield	4
1.3.	Middlewich	7
2.	Preston	8
3.	Summary	10

1. Cheshire East

Cheshire East is a local authority situated to the south of Manchester and Stockport, incorporating Crewe and Nantwich in the south, Macclesfield in the east and Middlewich in the west.

The current population of Cheshire East is over 370,000 people. This is estimated to increase to 410,200 by 2030, according to Cheshire East’s Strategic Housing Market Assessment (SHMA) update in 2013, which would constitute an increase of over 10%. Growth in the ageing population will constitute a significant proportion of this increase, with the number of residents over 65 years of age expected to increase by 45% between 2011 and 2030, Inward migration to the area will also be a major factor.

Property prices in Cheshire East have increased significantly over the last 20 years from £57,089 in January 1996 to £210,190 in November 2016, surpassing their previous peak in 2008 of £196,858.

Figure 1 Average House Prices in Cheshire East

Average price: Cheshire East from January 1996 to February 2017

Key: ● all property types



Source: Land Registry House Price Index

Average incomes have not risen at the same rate as property prices and, whilst in 1996 a household income of around £17,095 could afford a median priced property, in 2012 income of around £49,986 was required. This is an increase of over 192% which is far higher than wage inflation over the same period. As such Cheshire East’s SHMA 2013 identified the local authority as the 6th least affordable local authority area, based on an assessment of lower quartile house prices and income in the district:

Figure 2 Extract from Cheshire East SHMA Final Report 2013 Update

District	Lower Quartile House Price 2012*	LQ Gross Income per week 2012	Annual Gross Income 2012	Income to House Price Ratio
South Lakeland	£142,000	£315	£16,354	8.7
Eden	£125,000	£312	£16,203	7.7
Trafford	£142,000	£385	£20,036	7.1
West Lancashire	£126,250	£353	£18,340	6.9
Ribble Valley	£129,200	£366	£19,053	6.8
Cheshire East UA	£122,500	£357	£18,559	6.6

Source: Cheshire East SHMA Final Report Update 2013

Affordable Housing Need

Cheshire East and Preston



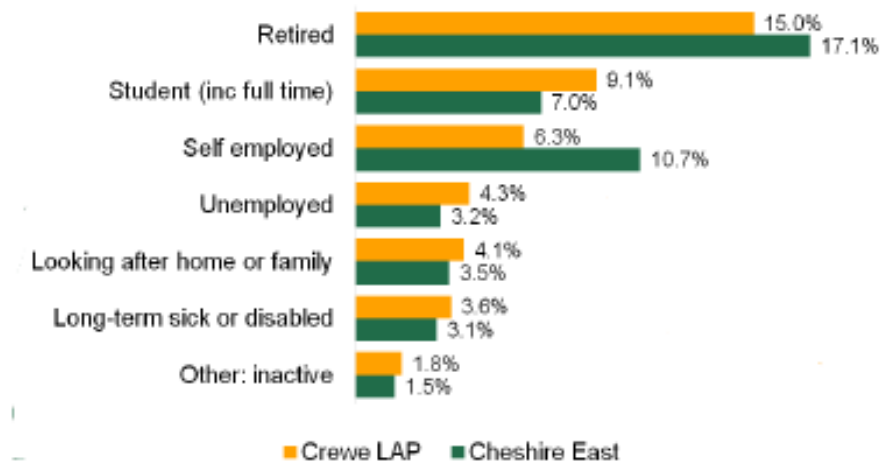
Despite a high range of incomes across the local authority, there is a significant affordability gap identified in Cheshire East and the SHMA 2013 identifies a shortfall of 1,401 affordable dwellings, calculated through the CLG housing needs assessment model. The increase in population, particularly the older population, will have a significant impact on housing supply in Cheshire East, both in terms of delivery and type of housing. The affordability of dwellings, particularly in lower income areas such as Crewe, where average incomes are below the local authority and regional averages, is important. The below sections provide further analysis from the local authority ward profiles on local housing need, looking at micro level demography and income to understand local market needs and dynamics.

1.1. Crewe

Crewe is situated in the southern part of the borough of Cheshire East. The area is one of the largest urban areas in Cheshire comprising approximately 22% of Cheshire East's households with a population of 85,600, the majority of which are of White British ethnicity. A significant proportion of the population is between 16-64 years of age, although 20% are under 15 years of age, which is higher than the local authority average.

Whilst Crewe benefits from a larger than average proportion of working age population, there are higher than average levels of unemployment in the area, as well as students, long-term sick or disabled people, and carers which begins to indicate the need in the area for affordable and social accommodation. This is highlighted by the proportion of households claiming housing benefit which is higher than the Cheshire East average of 11.7% at 15.5% of households.

Figure 3 Economic Status of Working Age Population in Crewe



Source: Cheshire East Crewe Local Area Partnership Profile

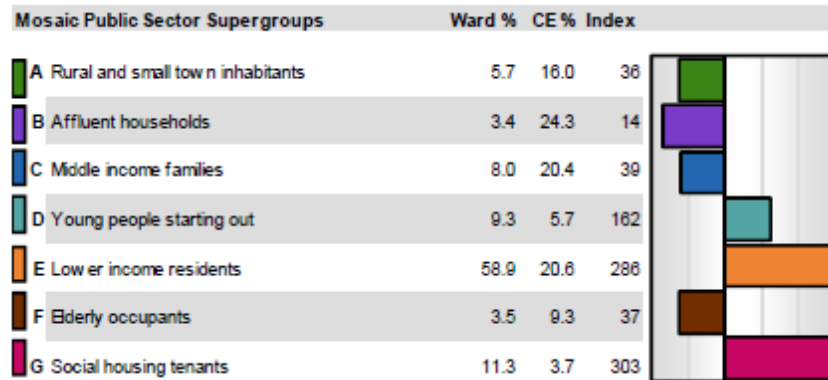
Cheshire East Local Authority undertook an analysis of its population using Mosaic, which allocates all residents into one of 7 "Supergroups" based on a range of socio-economic, financial and demographic characteristics. On a ward by ward basis, this shows the range in demographics in the area. In Crewe, this analysis indicates within many wards including Crewe Central, Crewe South and Crewe North, the higher proportion of lower income residents and social housing tenants as well as young people starting out. In these regions, there are also a lower proportion of households classified as affluent or middle income.

Affordable Housing Need

Cheshire East and Preston



Figure 4 Mosaic Results for Crewe South

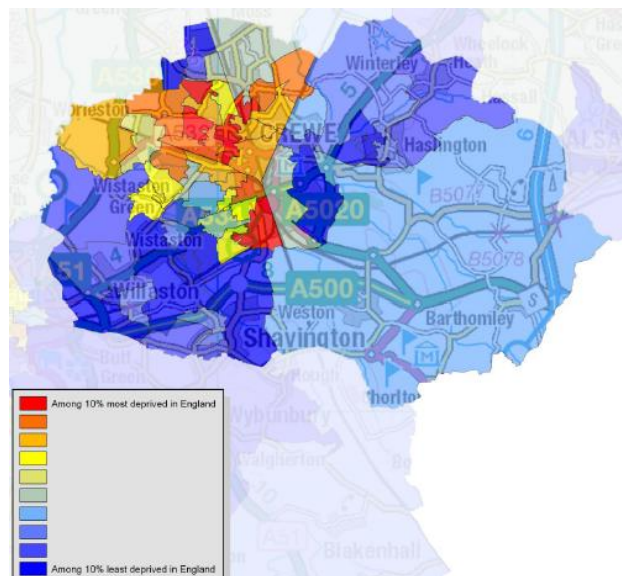


Source: Crewe South Ward Profile Cheshire East Local Authority

The difference in incomes is evident when looking at average incomes. Average incomes in Crewe are £27,300, which is lower than Cheshire East’s average of £32,600, this highlights the deprivation issues faced on a micro level in the area. Average incomes, when looking at ward level information for Crewe, drop as low as £19,400 in Crewe Central, which is the worst in Cheshire East’s local Authority, with Crewe North and Crewe South having average incomes of £24,200 and £23,300 respectively.

As can be seen from the below graph, the lower income levels, as well as low education attainment issues and high crime rates in Crewe, result in areas of significant deprivation, particularly in central and north western Crewe where levels are amongst the worst 10% in the local authority.

Figure 5 Graph showing Deprivation Levels in Crewe



Source: Cheshire East Crewe Local Area Partnership Profile

From the above information and analysis the need for affordable housing in Crewe is evident. Whilst there is a higher proportion of lower value housing in Crewe this remains unaffordable to many due to the levels of deprivation, numbers of young people

Affordable Housing Need

Cheshire East and Preston



starting out, lower incomes and higher percentage of social housing tenants in the area. This indicates the need for increased levels of affordable housing.

1.2. Macclesfield

Macclesfield is situated in the eastern part of the borough of Cheshire East. The town comprises 19% of Cheshire East's households with a population of 69,400 94% of which are of White British ethnicity. A significant proportion of the population are between 16-64 years of age, although slightly below the local authority average of 65%, comprising 63% of the total population.

Macclesfield is traditionally seen as a relatively affluent area in Cheshire East and has a higher than average, average income at £33,400 in comparison to Cheshire East's £32,600. The town also benefits from low average unemployment, in line with Cheshire East's average of 3.2%.

The below graph shows the economic status of the working population in Macclesfield. Whilst there is a slightly higher than average number of residents who are long-term sick or disabled, there is a lower than average proportion who are retired, and a higher proportion who are self-employed.

Figure 6 Economic Status of Working Age Population in Macclesfield



Source: Cheshire East Macclesfield Local Area Partnership Profile

When looking at Macclesfield overall, the area does appear to be relatively affluent with strong average incomes. However, when looking at the ward profiles in the area, particularly the Mosaic groups characterising each area, it begins to show there are areas of lower income, such as Macclesfield Hurdsfield which only has an average income of £24,600 in comparison to Macclesfield Tytherington which has average income of £39,400.

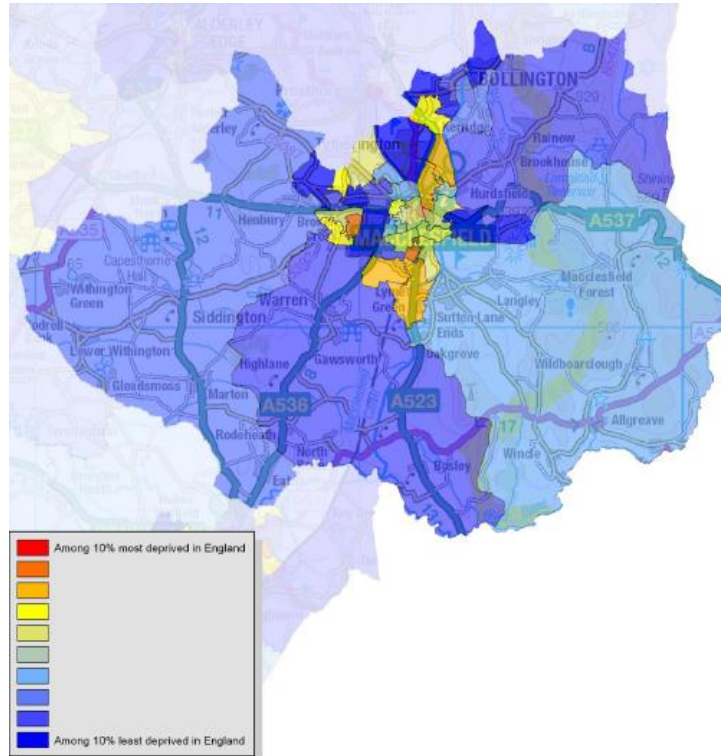
The below deprivation map shows that there are pockets of deprivation within Macclesfield itself, although predominately the area around Macclesfield is classified with low levels of deprivation.

Affordable Housing Need

Cheshire East and Preston



Figure 7 Graph showing Deprivation Levels in Macclesfield



Source: Cheshire East Macclesfield Local Area Partnership Profile

When looking at Macclesfield as a whole the predominant Mosaic group is Middle Income Families living in Moderate Suburban Semis. When analysing the Mosaic results by Ward within Macclesfield town, it shows a diverse range of groups, with some areas having a higher proportion of lower income residents and social housing tenants, such as Macclesfield Hurdsfield as per the table below:

Figure 8 Mosaic Results for Macclesfield Hurdsfield

Mosaic Public Sector Supergroups	Ward %	CE %	Index
A Rural and small town inhabitants	2.5	18.0	16
B Affluent households	0.0	24.3	0
C Middle income families	4.6	20.4	23
D Young people starting out	15.6	5.7	272
E Lower income residents	50.8	20.8	247
F Elderly occupants	16.8	9.3	182
G Social housing tenants	9.6	3.7	258

Figure 9 Source: Macclesfield Hurdsfield Ward Profile Cheshire East Local Authority

Affordable Housing Need

Cheshire East and Preston



There are also a number of wards with a higher than average population of elderly residents, including Macclesfield West Ivy, Macclesfield East, Macclesfield Hurdsfield, Macclesfield South and Macclesfield Tytherington. In particular a number of these, such as Macclesfield West Ivy below, have a higher proportion of elderly residents reliant on state support as well as lower income households.

Figure 10 Mosaic Results for Macclesfield West Ivy

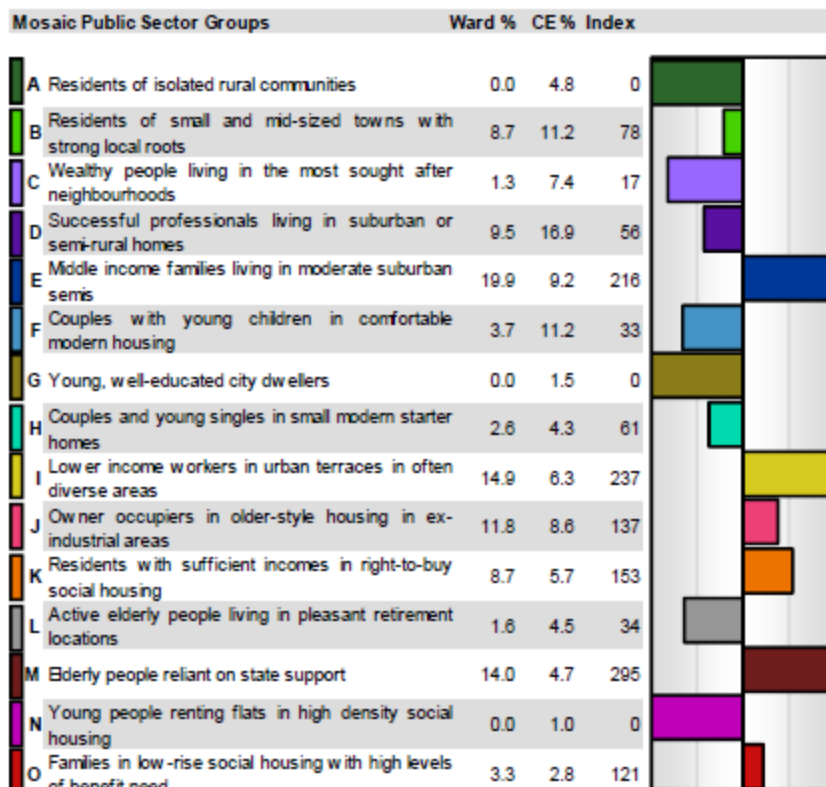


Figure 11 Source: Macclesfield West Ivy Ward Profile Cheshire East Local Authority

This higher than average proportion of lower income families, elderly people and social housing tenants across a number of wards, despite high levels of middle income families, indicates the need in Macclesfield for a variety of affordable housing to cater to the needs of the diverse population. This is particularly important given that the average house price in the area, £166,000, is close to the district wide average house price of £170,000 despite the high proportion of lower income and benefit reliant households.

Affordable Housing Need

Cheshire East and Preston

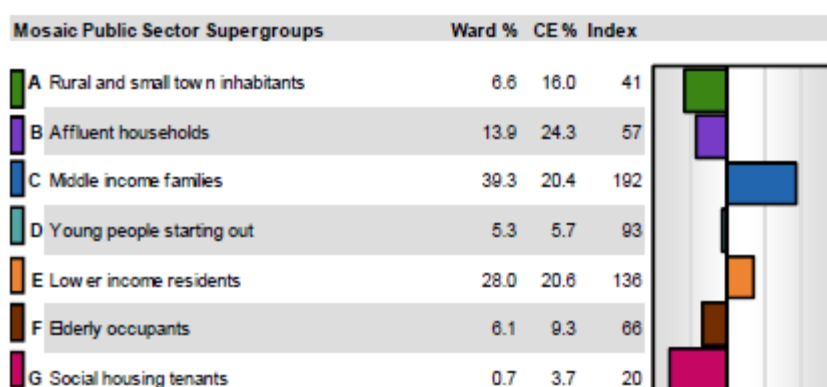


1.3. Middlewich

Middlewich is situated in the western part of Cheshire East, between Crewe and Northwich, and is the second largest ward in the local authority in terms of population with nearly 14,000 residents. The age profile is slightly younger than the borough average, with two-thirds of residents being of working age. The ward is one of the more affluent areas of Cheshire East with average household incomes 9% above the Cheshire East average.

There is, however, a higher proportion of lower income residents in the ward than the Cheshire East average which indicates an ongoing requirement for affordable homes.

Figure 12 Middlewich Ward Profile



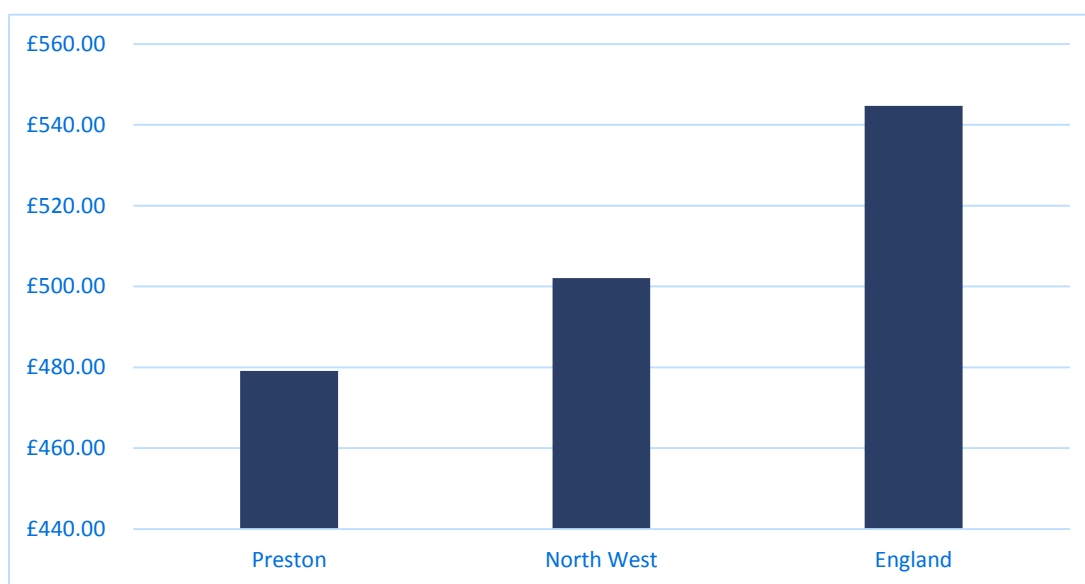
In addition to these local analyses, the income, deprivation and affordability issues across the authority as a whole mean that there is demand for affordable housing, regardless of location, in order to build diverse and sustainable communities.

2. Preston

Preston is a city in Lancashire, in the north west of England. It is situated between Blackburn in the east and Blackpool on the North West coast. The city is home to over 140,500 people in 57,567 resident households. According to the 2011 census, the population is predominately working age with 19% under 16 and 16.5% over 65 years of age. The population in Preston is forecast to grow by just 3.6% or 5,000 to 2021 according to the Preston Housing Demand and Needs Assessment (HDNA) 2013. This is slower than Lancashire's county average of 4.4%, the North West regional estimates of 4.9%, and well below the national growth rate of 8.6%. This low growth rate has been caused by loss of population through migration with 10,300 more people moving out of the area than moving in from other English local authority districts.

There is still a requirement for affordable housing in the district, as identified by the HDNA 2013, due to low incomes in the area. As can be seen from the graph below, average gross pay in Preston Local Authority is significantly lower than the average in the North West, as well as in England. In addition, the average total annual household income is £17,393 in households with one income.

Figure 13 Average Weekly Gross Pay Preston Local Authority



Source: Annual Survey Household Earnings

Whilst average property prices in Preston have not recovered to their 2008 peak of £144,536, the current average of £125,055 represents an increase of 197% over the last 20 years. As such, despite low values relative to the UK house price market, house prices within the area remain unaffordable to a high proportion of households, particularly as the HDNA revealed that almost three fifths of households do not have the required savings for a deposit.

Figure 14 Average House Prices in Preston from January 1996 to February 2017

Average price: Preston from January 1996 to February 2017

Key: ● all property types



Source: Land Registry

In addition, the HDNA also suggests that the 2008 economic crisis and subsequent economic downturn had a significant impact on housing development in Preston. Net completions reduced to just 5 in 2009/10 from 468 in 2008/09. Whilst these figures have increased slightly in recent years, completions are still below this peak and well below the annual housing requirement of 507.

As such it can be surmised that there is demand for affordable housing in Preston. Whilst house prices have fallen, there is still an affordability gap, particularly as there are homeowners in negative equity as a result of falling property prices. In addition, increased unemployment as a result of the recession has impacted incomes and limited both the ability of households to enter the property market or owner occupiers to move. As a result, there is a shortage of supply in the market and an increased need for affordable housing in line with the HDNA 2013.

3. Summary

Whilst Cheshire East as a whole is a higher income, higher value area it has a diverse population and geography comprising affluent areas with high house prices as well as low income areas with high levels of deprivation, particularly in Crewe where although house prices are lower, many properties remain unaffordable. In these areas there is an obvious affordability gap and need for affordable housing; however, when analysed at a more granular level, even the more affluent areas demonstrate the need for affordable housing due to high numbers of lower income households, as well as young person's starting out. These households, as well as the increasing number of over 65 year olds (and in particular those reliant on state support), will require affordable housing.

Whilst Preston on the other hand has lower average property prices, due to the significantly lower than average incomes, there remains an affordability gap. This is in part due to the recession, and higher than average unemployment which has impacted household incomes. The recession, and falling house prices has also impacted the ability of people already on the property ladder to move which is resulting in shortages, particularly of entry level properties. There is therefore significant need for affordable housing in the area.

In conclusion, whilst Cheshire East and Preston represent very different housing markets, both are in need of affordable housing provision.