Introduction

1. The Practice Guidance for undertaking Strategic Housing Market Assessments (SHMAs) published by the Department for Communities and Local Government (CLG) in August 2007 identifies eight Core Outputs that are required of an SHMA. The first two of these outputs are:
   - Estimates of current dwellings in terms of size, type, condition and tenure; and
   - 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.

2. The second Key Research Task set out for the Bedfordshire and Luton SHMA seeks to profile the current housing market in the context of recent trends. The key drivers of the housing market will then be further considered in Research Task 3.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Research Questions</th>
</tr>
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<tbody>
<tr>
<td>The demographic and economic context</td>
<td>What is the current demographic profile of the area?</td>
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<td>What is the current economic profile?</td>
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<td>How have these profiles changed over the last ten years?</td>
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<tr>
<td>The housing stock</td>
<td>What is the current housing stock profile?</td>
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<tr>
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<td>How has the stock changed over the last ten years?</td>
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<tr>
<td>The active market</td>
<td>What do the active market indicators tell us about current demand, particularly house prices/affordability?</td>
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<tr>
<td></td>
<td>How has demand change?</td>
</tr>
<tr>
<td>Bringing the evidence together</td>
<td>How are market characteristics related to each other geographically?</td>
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</table>

3. The Practice Guidance also provides specific Research Questions for these stages of the assessment, which have helped structure this Research Paper (Table 2.1, CLG SHMA Practice Guidance 2007).

4. The concluding questions identified by the Practice Guidance relating to this stage of the research concerned with key drivers and the implication for the future are not addressed in this Research Paper, but form the basis for the third Key Research Task set out for the SHMA.
5. The analysis presented in Research Paper 2 largely predates the present difficulties in the housing market and wider economy, including recent house price falls and limits on loan finance. The implications of these issues for future housing requirements will be considered in the subsequent Research Papers.

National Context

6. Before detailing the past, present and future of the Bedfordshire housing market on a local level it is useful to attain an understanding of its wider context. This helps to appreciate that local policies do not exist in a vacuum and that national and regional policies act as a driver to local policy, as well as the local market itself.

7. Irrespective of which political party has been in power, the central tenet of UK government housing policy has been to ensure that everyone has the opportunity of living in a decent home, which they can afford.

8. In 2003, the government set out their current vision for housing in the Communities Plan. This publication has led to a period of significant change in planning systems across England and Wales, and the current housing policy document is Planning Policy Statement 3 (PPS3) and the accompanying Delivering Affordable Housing, which has recently replaced a series of policies including Planning Policy Guidance Note 3 (PPG3) and Circular 6/98.

9. The objectives of the Communities Plan state that our communities should:
   - be economically prosperous;
   - have decent homes at affordable prices;
   - safeguard the countryside;
   - enjoy a well-designed, accessible and pleasant living and working environment; and
   - be effectively and fairly governed with a strong sense of community.

10. PPS3 supplements these aims with the requirement that people should also live in a community where they want to live. An important series of definitions are also presented in PPS3, of which several are detailed below.

### Housing definitions used in PPS3

**Housing Need:** The quantity of housing required for households who are unable to access suitable housing without financial assistance.

**Housing Demand:** The quantity of housing that households are willing and able to buy or rent.

**Affordable Housing:** Social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:
   - Meet the needs of eligible households including availability at a cost low 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.

**Housing Market Areas:** Geographical areas defined by household demand and preferences for housing. They reflect the key functional linkages between places where people live and work.
11. Notably, one of the six principles of PPS3 is that an evidence-based policy approach to housing provision is taken:

   *Local Development Documents and Regional Spatial Strategies policies should be informed by a robust, shared evidence base, in particular, of housing need and demand, through a Strategic Housing Market Assessment.*

12. The Government tasked the nine English regions with setting up a regional housing body or board to deliver the Communities Plan. The East of England Regional Assembly is responsible for delivery in the East. The regional planning policy is set out in the East of England Plan. The plan takes account of and builds on the Regional Economic Strategy and the Regional Sustainable Development Framework.

### The East of England Plan and the Milton Keynes and South Midlands Sub-Regional Plan.

13. The wider context for the Regional Plan and the Sub-Regional Strategy is set by the Government’s Sustainable Communities Plan (February 2003). This seeks to accommodate the economic success of London and the wider South East and ensure that the international competitiveness of the area is sustained, identifying a key role for the four growth areas. Specifically, the Sustainable Communities Plan seeks to address a number of strategic challenges facing the South East:

   - to increase housing supply by providing for the region’s growing population, turning around the trend in house completions, improving the match between housing needs and provision, and making better use of land;
   - to make home ownership more affordable;
   - to tackle transport and other infrastructure issues;
   - to address issues concerning skills and the labour market;
   - to tackle deprivation and the need for urban renewal

14. The Sustainable Communities Plan makes clear that where new or expanded communities are needed, these should be sustainable, well-designed, high quality and attractive places where people will choose to live and work.

15. The strategic planning framework for Bedfordshire is provided by two documents, both of which are part of the Regional Spatial Strategy:

   - The East of England Plan; and
   - The Milton Keynes South Midlands Sub Regional Strategy, which provides the sub-regional policy framework for the Bedfordshire growth towns of Bedford, including the northern Marston Vale, and Luton/Dunstable/Houghton Regis with Leighton Linslade.

16. This section considers aspects of both.

17. The East of England Plan (2008) sets policies and targets up to 2021 but also sets a vision, objectives and spatial strategy for the longer term.

18. The overall vision of the East of England Plan (2008) is to provide a high quality of life for its people, including meeting their housing needs in sustainable and inclusive communities while at the same time reducing any adverse impact on the environment. The main objectives are to:

   - Reduce the region’s impact on, and exposure to, the effects of climate change;
   - To address housing shortages in the region;
• Realise the economic potential of the region and its people;
• Improve the quality of life for the region’s people; and
• Improve and conserve the region’s environment.

19. The East of England Plan has been influenced by the Government’s Sustainable Communities Plan (ODPM 2003) which sets out a long-term programme of action for delivering sustainable communities in urban and rural areas. The plan identifies four ‘growth areas’, three of which (Thames Gateway, the London-Stansted-Cambridge corridor and Milton Keynes South Midlands) lie partially within the East of England and so implications of the plan are addressed in the RSS. In 2006 this policy evolved to include Peterborough and Stevenage within London-Stansted-Cambridge and also identified Haven Gateway, Norwich and Thetford as New Growth Points.

20. Local Strategic Partnerships have been established for Bedfordshire County and for Luton to bring together key agencies in each of these areas with an interest in improving the quality of life for residents.

21. Bedfordshire’s sustainable community strategy covers the county except for Luton. Its vision statement is ‘We want Bedfordshire to be an even better place to live, work and visit 2003-13’. It identifies priority areas for improvement which includes the economy, the environment, young people, safe and cohesive communities, an aging population, inequalities in health, promoting sustainable development and, most importantly for this study, affordable housing.

22. The Luton Forum is Luton’s Local Strategic Partnership and was formed in 2000. Its members are drawn from the public, business, community and voluntary sectors within Luton. Its vision is ‘People will be proud of Luton, a lively, hopeful, cando town’. There are four themed areas for delivering their vision: stronger and safer communities, health and well being, environment and the economy, children and young people.

23. Policy H1 in the East of England Plan (2008) states that provision will be made for at least 508,000 dwellings between 2001 and 2021 in the East of England as a whole. Supporting text in paragraph 5.3 of the Regional Spatial Strategy states that to achieve this 26,830 dwellings should be provided per annum from 2006.

24. The figures quoted for each local authority are allocations to be regarded as minimum targets to be achieved, rather than ceilings which should not be exceeded.

25. Policy H1 in the East of England Plan (2008) sets out the distribution of dwelling provision across the sub-region for the period 2001-2021. Figure 1 summarises this distribution for Bedfordshire:
Figure 1

<table>
<thead>
<tr>
<th>Local Authority Area</th>
<th>Total to Build April 2001 to March 2021</th>
<th>Of which Already Built April 2001 to March 2006</th>
<th>Minimum still to build April 2006-March 2021</th>
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<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Annual Rate</td>
<td>Total</td>
</tr>
<tr>
<td>Bedford/Kempston/Northern Marston Vale</td>
<td>19,500</td>
<td>975</td>
<td>2,380</td>
</tr>
<tr>
<td>Luton/Dunstable/Houghton Regis together with Leighton Linslade</td>
<td>26,300</td>
<td>1,315</td>
<td>4,400</td>
</tr>
<tr>
<td>Rest of Bedford BC</td>
<td>1,300</td>
<td>65</td>
<td>1,020</td>
</tr>
<tr>
<td>Rest of Mid Beds</td>
<td>11,000</td>
<td>550</td>
<td>3,120</td>
</tr>
<tr>
<td>Rest of South Beds</td>
<td>1,000</td>
<td>50</td>
<td>170</td>
</tr>
<tr>
<td>Bedfordshire and Luton</td>
<td>59,100</td>
<td>2,955</td>
<td>11,090</td>
</tr>
</tbody>
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26. Local authorities are required to plan for delivery of housing for at least 15 years from the adoption of relevant DPDs, assuming that the rate of annual provision after 2021 will be the same as the rates in the policy for 2006-2021 or 2001-2021, whichever is the higher.

27. It is important that new development not only provides the required additional housing stock but also meets the sustainable patterns of development set out by the ‘Spatial Strategy’. Additionally, alongside supporting the regional economy, the region’s environmental and ecological assets must be protected.

28. Policy SS3 recommends that, to achieve sustainable development, new development should be concentrated in one of 21 identified locations known as Key Centres for Development and Change (KCDC). In Bedfordshire this includes; Luton/Dunstable/Houghton Regis and Leighton Linslade, and Bedford/Kempston/Northern Marston Vale.

29. There are significant challenges in providing the required number of dwellings. New physical and social infrastructure provision (i.e. road capacity, waste water and education and health facilities), appropriate economic interventions in some areas and increased delivery rates by the construction industry will all be needed to complement the accelerated home building programme.

30. The Joint Economic Strategy recognises that if the growth in housing is not matched by the growth in jobs then the amount of out-commuting will increase. This is contrary to the policy aim of enabling the reduction in net out-commuting. A short term target of 3,000 net growth in jobs per annum to 2010 has been set. A target of arresting the growth in out migration by 2010 has also been set. At a recent meeting with the Bedford and Luton Economic Partnership (BLEDP) we were informed the target for jobs was likely to be met.

31. The Milton Keynes and South Midlands Sub-Regional Strategy (MKSM Strategy) provides the sub-regional policy frame work for the Bedfordshire growth towns of Bedford, including the northern Marston Vale, and the Luton/Dunstable/Houghton Regis with Leighton Linslade. It also covers parts of the East Midlands and South East Regions.
32. The following map is taken from the MKSM regional strategy. It depicts the main settlements growth areas and communications.

Figure 2
Milton Keynes & South Midlands Sub-Regional Strategy Spatial Diagram (Source: Milton Keynes South Midlands Sub-Regional Strategy)
Overview of the Key Sub-Areas

33. The purpose of these overviews is to describe the sub-market areas in terms of their geography and local economy and relate these factors to housing issues identified in strategy documents and stakeholders.

34. Research Paper 1 clarified the geographical boundaries of the three sub-regional housing market areas. These are shown in Figure 3 below. The brightly coloured areas represent housing sub-markets within Bedfordshire, with the faded colours representing the extent of the housing sub-market outside of Bedfordshire. Solid black lines represent local authority boundaries.

![Figure 3: Identifying the Functional Housing Sub-Markets in the Sub-Region](Source: Bedfordshire Strategic Housing Market Assessment 2008. Note: Area outside the sub-region shown in lighter shading)

35. Whilst there are four housing sub-markets covering areas within Bedfordshire, two of these (Stevenage and Milton Keynes) fall largely outside the sub-region. Consequently it has been agreed that the sub-areas used for this analysis will be the Bedford and Luton housing sub-markets, and the Central Bedfordshire administrative area. The client authorities agreed it was appropriate to use Central Bedfordshire as the reporting framework for the parts of the county that fall into the Milton Keynes and Stevenage markets. It should be noted however that the Central Bedfordshire administrative area also covers parts of the Luton and Bedford markets.

36. The map illustrates the considerable linkage and overlap between the three sub-areas. Much of the overlap is driven by the Milton Keynes and South Midlands (MKSM) Sub-Regional Strategy. The overlap is multi-layered in that there is a great deal of commuting within and between Bedfordshire and neighbouring towns such as Milton Keynes, Stevenage, Cambridge and Greater London. There is also the element of in and out-migration driven by choice, quality of life and economic factors. These will be analysed in Research Paper 3. SHMAs have been undertaken separately for these linked sub-regions.
37. To avoid repetition in the overview we ask readers to accept that many of the features described in one sub market are common to all three. Economic development for the sub-region is joint between the local authorities. Some of the initiatives described in the section on the Bedford sub-market also apply to the Luton sub-market.

38. The overview draws on detailed information and the key local policy context obtained from published information such as community strategies and local authority and sub-regional strategies and reports.

**Bedfordshire**

39. The following description is based upon the Bedfordshire Community Strategy and as such does not describe Luton which is a unitary Authority. Luton is described separately below. On 1 April 2009, two unitary authorities will replace the existing three districts and county council structure. Bedford Borough Council will become a unitary covering its existing geographical area and a new unitary authority, Central Bedfordshire Council, will be formed to cover Mid Bedfordshire and South Bedfordshire.

40. Understanding the broad character of the County of the county provides a helpful perspective on the character of its housing markets. Bedfordshire is situated in the eastern region of England and is the smallest shire county by area. With just over 400,000 residents it is also the third smallest by population. Although it is largely rural, 60% of the population live in larger towns such as Bedford and Dunstable. Bedfordshire enjoys a rich and diverse natural environment, created by and reflected in the county’s geology, landscape and biodiversity. This environment ranges from the river Ouse valley in the north to the chalk downland of the Chilterns Area of Outstanding Natural Beauty in the south. As well as its rural countryside there are diverse communities; historic towns and villages; and a number of visitor attractions. There are over 100 Parish and Town Councils.

**Bedford Housing Sub-Market**

41. Bedford is the County Town of Bedfordshire. It is located within easy reach of the A1 and M1 and also has good rail connections to London.

42. It has maintained its role as a service centre for the surrounding small towns and villages but other roles have changed in several respects.

43. Like many other towns and cities traditional manufacturing industries are being replaced with service sector industries. It is also noteworthy that, according to the Bedfordshire Community Strategy, nearly half of the fastest growing startup locations are in rural areas or towns that serve a rural economy.

44. The 2005 Bedfordshire and Luton Economic Development Partnership (BLEDP) joint Economic Development Strategy (JEDS) recognises that Bedford and Luton each have a role of being a dormitory town supporting the...
economies of other towns and cities with 13% of the resident workforce out commuting. An implication of commuting on this scale is significant road traffic congestion.

45. The 2008 Joint Economic Development Strategy is a development of the 2005 JEDS in the context of a new Regional Economic Strategy (RES), the Milton Keynes South Midlands (MKSM) growth agenda and evolving local development frameworks and their associated documents. It builds on the now broad and powerful consensus around the 2021 50,000 jobs target for Bedfordshire and Luton, broadly matching the labour force growth implications of housing growth targets for the area. The Joint Economic Development Strategy identifies many drivers of the local economy and initiatives to deliver economic growth. The strategy seeks to achieve a key aim of the RES and the RSS in terms of enabling less commuting to take place by linking job and housing growth with infrastructure.

46. The East of England Plan has embraced the Government’s aim of achieving a step change in the production of new house building. This is to be achieved in designated growth zones as well as smaller growth points and through developing out land within existing town and village envelopes.

47. The Milton Keynes and South Midlands Sub-Regional Strategy sets out targets for the growth in housing and the types of housing needed for the period 2001-21. 19,500 dwellings is the planning requirement for the Bedford, Kempston and Northern Marston Vale Growth Area, with the majority of this growth (16,270) located in Bedford Borough. 2,380 of this total have been built so far (2001-2006) with a minimum of 17,120 still to build by 2021. There will need to be an accelerated rate of delivery if these figures are to be met.

48. Renaissance Bedfordshire http://www.renaissancebedford.org.uk/ is the informal partnership created to help meet the challenge of delivering growth targets for new homes jobs and infrastructure in the Bedford and North Marston Vale Growth Area.

49. Completion of the Bedford Western by-pass will unlock access to two of the major housing allocations West of Bedford. It will also reduce peak-hour road congestion around the western flank of Bedford.

50. One such Housing Project is in The Biddenham Loop area of Bedford. 2760 homes are proposed and currently 800 of these new homes will be affordable housing. Providing sufficient affordable housing is a challenge across the area, but particularly in more rural areas.

51. This development area together with West of Kempston will also include its own local centre, 10,000 square feet of retail and its share of 5 acres of B1 (Business: offices, light industry, research and development).

52. Two local proposals successfully progressed to the next level of governmental scrutiny following the first round bidding process for Eco-town status. One is the New Marston Eco-town as submitted by Gallagher Estates and the other is Marston Vale Eco-town from O&H Properties. Subsequently the new Marston bid was withdrawn. Around 35% of the new dwellings planned for the Marston Vale would be affordable, across a range of housing densities.

53. Town centre regeneration is underway in Bedford. The former BT Tower is being transformed into apartments and will bring city living to Bedford. The town centre is undergoing a masterplan driven renaissance.

54. Other initiatives include BOOST to pursue Bedford’s bid as an Olympic host town and training centre.
55. A more long term project is the East West rail proposal. This will add significant impetus to the
oxford2cambridge arc (O2C). The University of Bedfordshire has recently refurbished its campus in
Bedford. There is a student population in Bedford that clearly helps to sustain the private rented
sector. 25% of students come from overseas to study here. 500 new student bedsits have recently
been provided at Liberty Park which is situated on campus.

56. This is an area of growing population and ethnic diversity in the urban centres. The population is
concentrated in the urban areas but there is a large rural hinterland with market towns and smaller
villages.

57. Disadvantaged communities, delineated by the Index of Multiple Deprivation, are centred in the urban
areas, although there is some rural deprivation particularly in the north east of the area. Specific
measures of poor private sector house condition are also concentrated in the urban areas. However
there are notable concentrations in some rural wards. The measures examined later in this paper are
regarding fuel poverty and the standard of decency.

58. About 60 different ethnic groups are represented across the area with significant BME populations in
Bedford town (15% of the population). There are significant communities of people from Ireland,
Poland and Italy. It is believed that as much as 30% of the town’s population is at least partly of Italian
descent.

59. The types of households reflect the national picture very closely with adult couples with children
representing 30% of all households and all pensioners 22%.

60. The local economy is growing and although unemployment is above the regional and national averages,
employment rates are high. In rural areas agriculture remains significant but the economic base in the
urban areas has changed in recent years. There have been reductions in engineering and
manufacturing industries, although the latter, linked to the food chain, remains higher than the
national average.

61. The area has higher than national averages of senior managers and professionals and strong education,
health, real estate and wholesale and retail sectors. The East of England Plan 2008 identified a target
of 27,000 additional jobs across the Bedford and Mid Beds growth area and the draft Regional
Economic Strategy for the East of England stresses the importance of achieving “a better balance
between housing and employment opportunities contributing to effective and affordable places”.

62. The Bedford sub-market has the highest proportion of homes owned outright in the study area, which
tend to be larger properties, either detached or semi-detached.

63. There has been a large growth in the private rented sector in the last five years and the Bedford sub-
market has more of these dwellings than other parts of the housing sub-region. Nearly 30% of
households in the private rented sector in the sub-region are non-pensioner single people. The growth
in the private rented sector is difficult to measure. It is being driven by affordability problems and the
actions of the buy to let investor. Although buy to let activity has been curtailed few landlords have
been able to sell their property due to weaker market prices due to the credit crunch. Our estimates of
growth are made from data and qualitative information from stakeholders. The County Council
community strategy estimates that 10,000 eastern European migrant workers are present in the
county. These will be largely housed by the private rented sector. Some will be housed in converted
flats accessed through the informal market – typically advertised in shop windows or accessed by word of mouth.

64. The proportion of social rented housing is lower than in the Eastern region and all of it has been transferred to the ownership and management of RSLs. The majority of this housing is terraces or flats.

65. Although house prices in the area have risen significantly in the area over the last eight years, they remain below the average for the Eastern region – lower than prices in the Hertfordshire and Essex area, but higher than those in many parts of Milton Keynes, Northamptonshire and north Cambridgeshire.

66. However the real change is in affordability of housing for local people, which has worsened considerably. In 2000, the price of an average property was over 5 times the median earnings of a full-time worker in the area, but by 2007 an average property was over 8 times median earnings.

**Luton Housing Sub-Market**

67. The area has strong strategic transport links. The M1, A6 and A5 all pass through the area providing strong north-south routes and there is also a reasonable east-west network. Luton airport, in the south east of the area, is growing fast and is linked by train both to London and the Midlands.

68. Luton itself is a sub-regional shopping destination focused on the Arndale Centre and future major retail development is likely to be concentrated in the town centre.

69. The MKSM strategy for the Luton/Dunstable/Houghton Regis area states the focus should be on ensuring the regeneration of the towns, improving the skills base of local people and making the most of its proximity to London. The indicative employment growth by 2021 is for 23,000 jobs.

70. In relation to housing, Luton, Dunstable, Houghton Regis, (with Leighton Linslade) is designated as a growth area in the MKSM strategy with a projected minimum of 26,300 new dwellings for the period 2001-21. The strategy focuses on Luton as the regional city, the ‘engine of growth’ for the area and a priority for economic regeneration.

71. Much of the following description of the modern Luton and its ongoing transformation is taken from the Sustainable Community Strategy.

72. Although Vauxhall car production ended, the current production of vans for the European market by General Motors has expanded and maintains part of the town’s engineering expertise. The former Vauxhall site is undergoing a £400million redevelopment transforming it into Napier Park, one of the
south east’s largest urban regeneration projects with high quality housing, a five star hotel, light industry and airport car parking.

73. Luton is emerging from a period of major economic restructuring. It has already attracted major developers with £4 billion invested in funding infrastructure and private development over the next six years – the largest for any town in the UK. In the past seven years more than thirty companies, including Blue Chip organisations, have relocated or stayed in Luton and brought in investments of over £60 million.

74. London Luton Airport has emerged as the key asset of the sub-region. The planned expansion will create large economic and employment benefits in Luton and Bedfordshire. The Luton Eastern corridor from the M1 (junction 10) to the airport will be made into a dual carriageway.

75. The Oxford2Cambridge arc (O2C) and Bedfordshire and Luton’s location at its heart should improve inward investment opportunities and increase the transfer of new ideas to economic activity through initiatives such as the Central Innovation Network.

76. Luton also has a town centre university campus which is part of the University of Bedfordshire. The university provides student accommodation in the town centre and has recently refurbished some of it.

77. In addition, the Thameslink 2000 project will substantially increase capacity on the rail links between Bedford, Luton and central London, as well as link effectively into continental “Eurostar” services at Kings Cross/St Pancras.

78. Like Bedford, a master plan for Luton town centres exists and is will lead to a town centre renaissance and an improvement of the quality of the built environment in key locations such as the rail and bus stations.

79. ONS statistics show that the population of Luton has been growing slowly compared to the rest of the sub-region. In part this may simply reflect an under-count of population in the 2001 Census which has subsequently been used as the basis for estimating the current population of the borough.

80. The United Kingdom Census 2001 showed that Luton had a population of 184,371, a 5.8% increase from the last census meaning that Luton is the 27th largest settlement in the UK. Of this, 43,324 were under 15, 131,660 were between 16 and 74 and 9,387 were over 74. The Office for National Statistics mid-year estimate of the 2006 population is 186,800. However, the Luton Borough Council Research and Intelligence Team criticise this figure as understating the recent immigration from Eastern Europe, and they estimate the true figure to be “in the region of 202,500”.

81. A decrease in the overall population is forecast by 2011. Increases are forecast, to 2021, in the numbers of under 19s and older people (aged 65 or over) by 6,000 and 5,700 respectively, and a 8,200 decrease in the working population from 2011-2021. The area has the highest proportion of single people and the lowest proportion of pensioners in the sub-region.

82. Large parts of Luton, Dunstable and Houghton Regis have high rates of deprivation with worsening IMD scores from 2004-7. In 2007 Luton was ranked the 87 most deprived local authority area in England (out of 354) with 6 areas in Luton town in the worst 10% nationally (increasing from 3 areas in 2004). Specific measures of poor private sector house condition are also concentrated in the urban areas. However there are notable concentrations in some rural wards. The measures examined later in this paper are regarding fuel poverty and the standard of decency. Notably Luton appears to have made the
greatest progress of the 3 sub-areas in meeting the PSA7 target for 2011. PSA7 is the Government’s target for Local Authorities. By 2011 Local Authorities will seek to ensure that no fewer than 70% of vulnerable households in private sector housing live in housing that meets the standard of decency.

83. The area is ethnically diverse, especially in Luton town which has well established Indian, Pakistani, Bangladeshi and Black Caribbean communities. The 2001 census shows that 35% of the population in Luton Borough was from BME groups, though only 25% of the Luton sub-market are from BME groups. 12% of the population in the sub-market was Asian or Asian British and 4% Black or Black British. 54% of school pupils are from minority groups in Luton borough, suggesting that is a young and growing population.

84. The Local Plan for Luton identifies that there were 78,600 jobs in 2002 in Luton town and, despite the move of jobs to the service sector in recent years, the number of manufacturing jobs remains higher than the national average. Although unemployment is higher than the national average (7.9% in Luton borough), the rates have been falling in the last five years. There remain pockets of high unemployment in Luton town (variation between 1% and 4% with an average of 2.7% in 2007) and the population of the area has lower qualifications compared to regional and national averages.

85. Median earnings are also lower for both full time and part time earners living in Luton Borough than in the rest of the sub-region. Despite this, the aspirations for the economic development area (both Luton and Bedfordshire) emphasise developing high value activities, such as financial and business services linked to London, which is only thirty miles away. It is currently the case that the median incomes of workers who work in Luton are higher than those who live in the borough. This implies that many higher paid workers in Luton live outside of the borough.

86. Put simply, the image of Luton must be balanced with the potential for its economy and its housing sub-market. Undoubtedly job growth prospects are favourable. What is less clear is whether Luton is perceived as an attractive place to live by people who can exercise choice. Unless the quality of the new housing and the overall offer of Luton is perceived as good value the policy aim of less net out-commuting will be frustrated. The downside of a more successful housing market is that it will be generally less affordable to local people.

87. There are fewer detached houses and more flats than elsewhere in the sub-region and 40% of the total housing stock was built between 1970 and 2000.

88. Luton has a similar tenure profile to the Bedford sub-market with just under 75% of owner occupiers, about 15% of stock rented from social landlords and the remaining properties are in the private rented sector.

89. The large and growing population, added to little land available for development, means a high demand for affordable housing. The current deficiency of high quality accessible green space in certain areas of the town is an issue affecting the health, wellbeing and overall quality of life of people.

90. Housing prices have risen steadily in the Luton area, but still remain below those in the rest of the sub-region. Affordability of property in the area has worsened, from 4 times the median earnings of a full time worker in the area for an average property in 2000 to 7 times the median full-time earnings in 2007.
Central Bedfordshire Administrative Area

91. The Central Bedfordshire administrative area is influenced by all four of the identified housing sub-markets. Information about those areas that fall within the Bedford and Luton sub-markets have been considered within the earlier sections about these sub-markets – but as the sub-region only covers parts of the Stevenage and Milton Keynes housing sub-markets any analysis of these sub-markets would inevitably only provide a partial picture. In this context, this section provides information about the whole of the Central Bedfordshire administrative area to ensure that the report provides comprehensive geographic coverage of the sub-region.

92. The Central Bedfordshire administrative area comprises the existing Mid Bedfordshire and South Bedfordshire local authority areas. It is strongly influenced by two different housing markets. On the western side the housing market is centred on Milton Keynes. To the east a large area of the current Mid Bedfordshire, falls into the housing market centred around the A1(M) corridor originating in Stevenage.

93. The results from this SHMA will need to be used with the SHMAs for these two areas in order to construct a full picture of the influences on housing in the Central Bedfordshire area.

94. The MKSM growth area of Luton, Dunstable, Houghton Regis, (with Leighton Linslade) falls partly within the new Central Bedfordshire administrative area – namely the towns of Dunstable, Houghton Regis and Leighton Linslade.

95. Town regeneration is underway in Dunstable and the other towns are priority areas for economic regeneration, with assisted area status in line with the Milton Keynes South Midlands Sub Regional Spatial Strategy. A review of the greenbelt around the Luton, Dunstable, Houghton Regis area is proposed to find the room for development that is needed to accommodate the planned growth in urban extensions in the area.

96. The MKSM strategy for the Luton/Dunstable/Houghton Regis area states the focus should be on ensuring the regeneration of the towns, improving the skills base of local people and making the most of its proximity to London. The indicative employment growth by 2021 is for 23,000 jobs.

97. In relation to housing, Luton, Dunstable, Houghton Regis, (with Leighton Linslade) is designated as a growth area in the MKSM strategy with a projected minimum of 26,300 new dwellings for the period 2001-21. The strategy focuses on Luton as the regional city, the ‘engine of growth’ for the area and a priority for economic regeneration.

98. The population of this largely rural area is growing faster than the national average and projected to continue growing to an estimated 289,600 in 2021. Central Bedfordshire ranks low on the IMD scale.
and does not have any super output areas in the worst 20% nationally. In addition, progress toward the PSA7 target for 2011 seems to be achievable given that few wards have especially low scores. Fuel poverty would appear to be a greater challenge according to the data and recent trends in energy prices.

99. There is a low BME population, which is less than 3% of the population, with the largest group being Indian (0.6% of population). The area has a higher proportion of adult couples with children than the other two housing sub-markets, linked to the supply of family sized accommodation in the area.

100. Nearly 80% of the housing stock is owner occupied (with a mortgage or owned outright) and there is a higher proportion of detached and semi-detached housing than in Bedford or Luton. There is less social rented stock than elsewhere in the sub-region.

101. Despite the fact that residents in Central Bedfordshire are the highest earners in the sub-region, property prices related to incomes are the least affordable in the sub-region. The average property price was nearly 6 times the median full time earnings of someone working in the area in 2000, and this rose to over 9 times the median earnings in 2007.

102. This suggests that high income households and retirees are taking advantage of the higher quality of life offered by this sub-market. There will be challenges for future housing development as existing residents can be resistant to housing growth especially of affordable housing.

The Demographic, Economic and Housing Stock Context

103. The analysis that follows reports at both the housing sub-market level and each of the component local authorities of the sub-region in terms of:

- Demographic Context
  - Population and household trends, composition and ethnic origin
  - Deprivation
- Economic context
  - Unemployment
  - Industry
  - Incomes and earnings
- The housing stock
  - Type
  - Tenure
  - Dwelling size
  - Condition
  - Price trends
Demographic Context

National Level Household Changes

104. Recent figures show that the number of households in the UK has increased more rapidly than housing supply. There are several key reasons for the increase in household numbers. According to the Office for National Statistics (ONS), until the mid-1990s, natural change was the main driver for population growth. However, more recent population growth has been predominantly fuelled by international migration.

105. Figure 5 shows that there is a natural increase in the UK population. The natural population increase between 2004/05 and 2005/06 was 170,100 people. This increase is commonly attributed to improvements in health care, which has led to reduced child mortality rates and increased life expectancy.

106. Figure 6 demonstrates that there has been fairly rapid growth in net UK migration, with particularly high growth in 2004/05. The ONS reports that this increase was mainly due to the rise in the number of citizens coming from the ten accession countries (A10) that joined the EU in May 2004. The figures for 2005/06 indicate that net international migration declined, due to a combination of lower in-migrant and higher out-migrant numbers.

107. In addition to a growing population, the size of households has been reducing over recent years, leading to an increase in the number of dwellings needed. The average household size in England was 2.67 in 1981 and is predicted to be 2.15 in 2021. This significant reduction in household size has several possible causes. There are three main reasons:

- Increases in relationship breakdown and divorce;
- People are choosing to have fewer children, leading to a decrease in family size; and
- Many older people are living longer due to advances in medical techniques, and those that outlive their partners are continuing to live alone for significantly longer than in the past.
Local Population Trends

108. Bedfordshire & Luton is a sub-region which has seen a steady growth in its population, as illustrated in Figure 7. Taking the 1981 population as a base, the graph shows that the population of Bedfordshire & Luton rose by 15.8% in the period up to 2006 from 510,000 to 590,700 people. This compares with a rise in population of around 8.5% for the whole of England and 15.5% for the Eastern region.

109. Figure 8 illustrates that the population of Mid Bedfordshire grew by 26.6% between 1981 and 2006. It is also noteworthy that the population of Luton grew rapidly until the mid 1990s since when it has had the lowest rate of population growth in the sub-region.

110. Figure 11 shows that 565,900 people were resident in the sub-region at the time of the 2001 Census, with 224,600 households across the area. The population was estimated to be 590,700 people in 2006, equivalent to a 4.4% increase over the 5-year period. The rate of increase varied from around 1.3% in Luton to 9.3% in Mid Beds.
There are some reservations about the robustness of the ONS population forecasts for the sub-region, and Bedfordshire and Luton have independently produced alternative projections which have been locally agreed.

A key driving force behind the need to create the alternative population projection was the identification of an apparent under-count of population in the 2001 Census for Luton. The 2001 Census population figures were then used as the basis for future household projection figures. For the period from 2001 to 2006 the difference between the ONS and the Beds CC forecasts is only 900 persons across the entire sub-region, so we have not sought to explore the difference here – but as there are far larger differences when the longer term figures are considered, these will be important later in the SHMA process.

Bedfordshire Community Strategy 2003-2013

The Bedfordshire Community Strategy 2003-13 sets out the objectives and targets for local partners for the period 2003-2013. Bedfordshire has experienced growth in recent years and looks set to continue to do so. The strategy states that in 2001 the population of Bedfordshire was 568,000, by 2006 it had grown to 590,000 and is projected to increase to 616,200 by 2016. The projected increase in population from 2001 to 2016 is 38,200 (12.5%), however decreasing household sizes means this will represent an increase of 33,500 households (21%). Part of this growth will be fuelled by net in-migration of 30,600 people, despite projected net out-migration from Luton. The age of this population is rising and by 2013 there will be a significantly higher proportion of those of retirement age, as well as an increase of those with a limiting long term illness.
Ethnic Origin

Figure 10
Ethnic Group Classification by Local Authority, Administrative Areas and Housing Sub-Market by percentage of population (Source: UK Census of Population 2001. Note: Figures may not sum due to rounding)

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Sub-region</th>
<th>Local Authority</th>
<th>Central Beds</th>
<th>South Beds</th>
<th>Mid Beds</th>
<th>Luton &amp; South Beds</th>
<th>Bedfo</th>
<th>Luton</th>
<th>Milton Keynes</th>
<th>Stevenage</th>
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</table>

As the above table shows the sub-region is one in which over four fifths of the population are classified as white. Non white groups tend to be found in urban areas, most particularly Luton where 35% of the population is classified as non white. Research undertaken for Luton BC has suggested that the percentage of the non white population is approaching 44%. By contrast the more rural districts of Mid and South Beds are both more than 90% white.

By far the largest category of minority groups are the Asian or Asian British groups which make up almost 9% of the population of the sub region concentrated mainly in Bedford and Luton where they account for just over 8% and 18% of the population respectively.
The policy seeks to ensure that the needs of the BME communities are catered for. This is of considerable importance to the sub-region’s housing strategy.

In 2006 ORS studied the housing and support needs of Black and Minority Ethnic households in Luton. The study found that the Census 2001 underestimated the population of BME residents in Luton. As noted above (para 113), the ORS study found that the population is 44% with 37% of these coming from visibly non-White groups.

The study outlined that the BME population was growing for various reasons including the fact that such groups generally have more children and when asked stated they were less likely to leave the area in the coming years than the white British population.
118. The study also discovered that the proportion of Asian households containing a member with a long term illness was similar to the white population; this is worrying given the comparative youth of the former.

119. The study found that Other White and Asian households are generally more likely to live in overcrowded conditions than White British households.

**Household Type**

120. Figure 12 shows that compared to both England & Wales and the Eastern region, the Bedfordshire & Luton sub-region contains more adult couples with children and proportionally fewer pensioner households.

121. When the local authorities within the Bedfordshire & Luton sub-region are compared it is apparent that Luton borough contains the highest proportion of single people and the lowest proportion of pensioners. Both Mid Bedfordshire and South Bedfordshire have a high proportion of adult couples with children.

Figure 12  Household Type by Local Authority, Administrative Area and Housing Sub-market  
(Source: UK Census of Population 2001)

122. There are policy implications from this analysis that are considered in Research Paper 3, especially when the characteristics of the dwelling stock are taken into account. Research Paper 3 will consider housing market drivers and a major driver, population trends will be considered. This leads to a key issue of occupancy ratings. There is a trend towards spare rooms being used as office space and study space. Also older people value spare rooms to facilitate support in times of illness rather than prolonged stays in hospital or nursing homes. There is also the question of affordability. Given the plans for housing growth and job growth and the key aim of reducing commuting there is a policy dilemma. Smaller homes tend to be cheaper, however extra space is important to a modern lifestyle.
Vulnerable Households

123. The following maps show the distribution of vulnerable occupiers across the sub-region, where vulnerable is defined in relation to households being in receipt of certain benefits as set out by the Government for considering targets for achieving decency standards in the private sector. These benefits include:

- Income support
- Housing benefit
- Council Tax benefit
- Income based job seekers allowance
- Attendance allowance
- Disabled living allowance
- Industrial injuries disablement benefit
- War disablement pension
- Pension credit
- Working tax credit (with a disability element) [total income < £15,500]
- Child tax credit [total income < £15,500]

124. The data has been derived from the Building Research Establishment (BRE) Housing Stock Modelling System, and does not look at other characteristics that have traditionally defined people as vulnerable, for example older occupiers, certain household types and residents with disabilities. The map clearly shows the concentration of vulnerable households in the urban areas (in particular in Luton) and also around the A1(M) corridor.

Housing Strategies

Future housing will have to be provided with vulnerable groups in mind, and this is certainly the case when one looks at the policy documents for the four Bedfordshire authorities.

- Luton’s housing strategy sets a target of 80% of vulnerable people to occupy decent homes by 2010 after a study of private stock showed that many of the borough’s 4000 unfit homes are occupied by vulnerable people.
- Mid Bedfordshire also sees this issue as linked to stock condition and announces plans for a stock condition survey, before calling for funds to be allocated to improve the homes of vulnerable residents.
- Bedford Borough outline in their housing strategy the granting of £2million per annum of private sector grants for vulnerable people such as Disabled Facilities Grants (DFGs) and other discretionary grants.
- South Bedfordshire aim to achieve the target of 70% of vulnerable people in decent homes by 2011, setting out a whole list of action points to be carried out right up until 2013.
Figure 13
Percentage Households Living in Private Sector Housing that have Vulnerable Occupiers by Ward (Source: BRE Stock Modelling System)
Index of Multiple Deprivation

125. Many of the characteristics of an area can be aggregated to generate an overall picture of the relative wellbeing of an area. This is the Index of Multiple Deprivation (IMD) and the 2007-based figures are shown in Figure 14. Darker colours on the map are associated with higher levels of deprivation and the boundaries are lower super output areas.

Figure 14
Index of Multiple Deprivation 2007 (Source: CLG. Note: Data shown at lower-level Super COA. Higher levels of deprivation shown in darker shading)

126. The map shows that the areas with the highest levels of deprivation in the sub-region are associated with urban areas. In contrast, much of rural Mid Bedfordshire has very low levels of deprivation. It should be noted that the map shows relative deprivation within the sub-region, rather than how deprivation in the sub-region compares to the rest of England. Of the 354 local authorities in England, Luton is the 87th most deprived while Bedford is 184th, South Bedfordshire 263rd and Mid Bedfordshire
340th. Therefore Luton is the only borough in Bedfordshire and Luton sub-region which has above average deprivation levels when compared with the whole England.

127. Figure 15 shows how the scores for each lower super output area in the Bedfordshire & Luton sub-region changed between 2004 and 2007. An increased score indicates that deprivation has increased in that area and is shown coloured in brown/orange, with the darker shade indicating a larger change. The areas coloured in blue/green are those which have experience the greatest improvement in their deprivation scores, with the darker shade again indicating a larger change.

128. The map shows that roughly the same numbers of lower super output areas in the Bedfordshire & Luton sub-region have increased their IMD score, as have reduced their scores. Large areas of Luton, Houghton Regis and Dunstable now have higher IMD scores, indicating that deprivation has worsened in these areas. Meanwhile many rural areas in Bedfordshire have lower IMD scores indicating lower levels of deprivation relative to the rest of England.

Figure 15
Change in Score for Index of Multiple Deprivation for 2007 Compared to 2004 (Source: CLG and ODPM. Note: Data shown at lower-level Super COA.)
Economic Context

Employment and Unemployment

129. Figure 16 shows that unemployment, as measured by the claimant count, has been in long-term decline in all the local authorities in the sub-region. Figure 17 shows that the unemployment claimant count rate is lower in Bedfordshire & Luton sub-region than it is in England as a whole.

130. The decline in unemployment claimants in the sub-region may not entirely reflect the strength of the local economy. Many working age persons not in jobs are not eligible, or do not claim, unemployment benefit.

131. Figure 18 shows that in all authorities the number of working age residents claiming incapacity benefit has risen since 1999. Incapacity benefit is more generous than unemployment benefit and also places less onus on the individual to seek a job. The growth in incapacity benefit claimants may have contributed to the decline in unemployment rates since 1999.
Bedfordshire and Luton Joint Economic Development Strategy

The Bedfordshire and Luton Joint Economic Development Strategy published in 2008 sets the target of 50,000 new jobs in the area by 2021. It cites the Government’s Annual Business Inquiry, which records job growth of 2,960 between 2001 and 2006; this is above the pro-rata long term rate of 2,500 required to achieve the aforementioned goal.

It also serves as a record of the economic climate showing that:

- In 2006 Bedfordshire and Luton had an unemployment rate of 5.7% compared with regional and national rate of 4.6% and 5.3% respectively. The employment rate was below the East of England average but above the national average; coming in at 74.3%. Luton had a particularly low rate of 68.5% reflecting ethnic minority gender factors.
- Average weekly income for Bedfordshire and Luton was £451 in 2006 compared with £444 for the region and £449 nationally. Within the region average income was lowest in Bedford at £436 per week.
- NVQ4 levels were below the regional and national average, coming in at 23.6% compared with 25% and 27.4% respectively.
- Business land and floor space has been strong in Bedford and Mid Beds but weak in Luton and South Bedfordshire.

As well as outlining the volume of jobs required, the strategy also stresses that job creation must have a high skills and high values bias. The main focus of the strategy will be to support business start-ups, business growth and inward investment but with the role of wider agendas recognised.

Industry

A measure of innovation and entrepreneurship is the number of new VAT registered businesses in a year. A business must register for VAT if its turnover exceeds £67,000 per year. It can de-register if its turnover falls below £65,000. In practice most de-registration is likely to be due to the business being acquired, merged or liquidated. Figure 19 shows the net new VAT registrations in Bedfordshire & Luton per annum. In total, since 1997 the number of VAT registered businesses has grown by over 3,500.

This represents a 23% growth in the number of VAT registered business since 1997, which is similar to England as a whole and the Eastern region where the number of VAT registered businesses have grown by 20% over the same time period.

Figure 19
Net New VAT Registered Businesses in Bedfordshire & Luton Sub-region: 1997-2006 (Source: VAT Registrations)
133. Figure 20 shows that Mid Bedfordshire has had the largest proportionate expansion of new businesses since 1997, while the lowest rate of growth has been in Luton.

Figure 20

134. Figure 21 shows that the recent growth in VAT registered businesses has been heavily concentrated in the real estate, renting and business activates sector with a significant growth also having occurred in the number of firms in the construction sector. Meanwhile, there has been a loss of 80 manufacturing businesses in the sub-region over the last 10 years, with 65 of these being in Luton. The growth in the real estate and construction sectors imply that the economy of Bedfordshire & Luton sub-region is vulnerable to the slowdown in the housing and construction sectors following the credit crunch in 2007.

Figure 21
Net New VAT Registered Businesses in Bedfordshire & Luton Sub-region: 1997-2006 by Sector (Source: VAT Registrations)
At the time of the 2001 Census the range of occupations of Bedfordshire & Luton sub-region residents did not differ widely from those of the overall population of England & Wales or the whole of the Eastern region. The wholesale & retail trade, manufacturing and real estate were the main sectors of employment in the Bedfordshire & Luton sub-regional economy.

Another measure of the employment of residents in an area is the National Statistics Socio-economic Classifications (NS-SEC). NS-SEC is a constructed measure which reflects the socio-economic circumstances of the individual so that each person in a NS-SEC category has a similar socio-economic status. The population of Bedfordshire & Luton sub-region contained proportionally more people in managerial and professional categories than England & Wales as a whole.
Concentrating only on industry of employment, Figure 23 shows that at the time of the 2001 Census manufacturing and transport were relatively important to the Luton economy. Meanwhile, Bedford had a relative dependence upon the real estate, education and health sectors.

Figure 23
Industry of Employment for Bedfordshire & Luton Sub-region Local Authorities (Source: UK Census of Population 2001)

Figure 24 and Figure 25 shows the change in the mix of industry across the sub-region over the period since 1999-00. The information is shown as % point change in relative to 1999-00 in Figure 26.

Figure 24
It is apparent that the largest decline has been in manufacturing, where the proportion of employees has fallen by 7.0% points (from 21.9% to 14.9% of the workforce). Distribution, hotels and restaurants showed a small growth in the period from 20.1% in 1999-00 to 21.7% in 2002-03, but has since declined to 17.6% in 2007 (2.5% points below the level in 1999-00).

The sector that sustained most significant growth over the period was public administration, education and health, which increased by 5.9% points in the period 1999-00 to 2004 (from 20.8% up to 26.7%) but it has now fallen back to nearer its 1999 level with 22.3% of employees now working in this sector. Overall, the service sector has shown a sustained increased from 68.8% of 72.3% of employees (from 1999-00 to 2007), representing a 3.5% point growth. It is also worth noting the increase in Construction (in line with the earlier data on VAT registrations) showing that the sector increased by 2.8% points from a base of only 7.5% in the period 1999-00 to 2006, peaking at 10.3% before falling back slightly to 9.9% in 2007.
Incomes and Earnings

141. Alongside economic activity the other key component of the economy of an area is the wages earned by workers. There are two separate ways to analyse average earnings in a local authority. One is to examine only those who are employed within the authority. The other is to examine the earnings of the residents of the authority.

142. Since 2002 the New Earnings Survey (NES) and subsequently the Annual Survey of Hours and Earnings (ASHE) has recorded both measures for all local authorities. There are some concerns about the sample sizes within ASHE at district level so it is worth emphasising that this data is shown for information only.

143. Figure 28 shows the comparisons for each authority for median gross annual earnings for 2007. The results show that residents in Mid Bedfordshire and South Bedfordshire are the highest earners in the sub-region. Those employed in Luton earn more on average than those who are resident in the area by around £2,000. This pattern is reversed in all other areas, which may imply that many residents travel outside the sub-region to higher paying jobs elsewhere, in areas such as London, Hertfordshire, Cambridgeshire and Milton Keynes.

144. By considering the median full-time earnings in 1999 as a base, over the period to 2007 median earnings have risen more quickly in Mid Bedfordshire, while Luton have lagged behind the rest of the sub-region.

145. These figures only consider those in full-time employment. Bedfordshire & Luton also has many employees working part-time. Figure 29 shows the average employed person resident in any of the local authorities in the sub-region earns around £4,000-£5,000 less than the average full-time employee.
Housing Stock

146. The general character of the dwelling stock is important in understanding the type of housing available to residents of an area and the relationship that dwelling type, age and location has on dwelling condition. The mix of properties will have a bearing on home-owners’ choices in terms of accommodation and the type of investment properties available to landlords.

147. A dwelling stock that is suited to the local population will also enable wider policy objectives. For example in terms of economic objectives the challenge is to link the opportunities presented by housing growth and job growth. For example two policy aspirations are to reduce commuting and support the growth of high level jobs.

148. Dwelling location is an important factor in determining dwelling condition. Findings from the English House Condition Survey (EHCS) from 1996, 2001 and 2003 all indicate that rural dwellings are more prone to poor physical condition and problems with energy efficiency than urban stock.

149. The following analysis examines a number of general physical characteristics of the housing stock. It will contribute to the outputs of the SHMA in terms of understanding the characteristics of the existing stock in order that new housing can address the nature of future demand.

Growth in Housing Stock

150. The overall dwelling stock of the Bedfordshire & Luton sub-region has grown by 12,000 units in the last six years, but the social housing stock has remained relatively stable having increased by only 400 units over the same period. Completions have been highest in Mid Bedfordshire where over 4,000 dwellings have been completed in the last six years.

Figure 30
Total Housing Stock 2002/03 to 2007/08 (Source: Local Authority Housing Strategy Statistical Appendix (HIP))

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedford</td>
<td>62,027</td>
<td>62,565</td>
<td>63,269</td>
<td>63,973</td>
<td>64,268</td>
<td>64,835</td>
</tr>
<tr>
<td>Luton</td>
<td>72,979</td>
<td>73,509</td>
<td>74,066</td>
<td>74,518</td>
<td>74,954</td>
<td>75,512</td>
</tr>
<tr>
<td>Mid Bedfordshire</td>
<td>51,271</td>
<td>51,370</td>
<td>53,062</td>
<td>53,595</td>
<td>54,444</td>
<td>55,107</td>
</tr>
<tr>
<td>South Bedfordshire</td>
<td>47,914</td>
<td>48,319</td>
<td>48,963</td>
<td>49,218</td>
<td>49,918</td>
<td>50,785</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>234,191</strong></td>
<td><strong>235,763</strong></td>
<td><strong>239,360</strong></td>
<td><strong>241,304</strong></td>
<td><strong>243,584</strong></td>
<td><strong>246,239</strong></td>
</tr>
</tbody>
</table>

Figure 31
Total Social Housing Stock 2002/03 to 2007/08 (Source: Local Authority Housing Strategy Statistical Appendix (HIP))

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedford</td>
<td>10,610</td>
<td>10,640</td>
<td>10,892</td>
<td>10,818</td>
<td>10,802</td>
<td>10,725</td>
</tr>
<tr>
<td>Luton</td>
<td>12,091</td>
<td>11,824</td>
<td>11,911</td>
<td>11,816</td>
<td>11,740</td>
<td>11,772</td>
</tr>
<tr>
<td>Mid Bedfordshire</td>
<td>6,836</td>
<td>6,935</td>
<td>6,829</td>
<td>6,975</td>
<td>7,295</td>
<td>7,292</td>
</tr>
<tr>
<td>South Bedfordshire</td>
<td>6,881</td>
<td>6,891</td>
<td>7,001</td>
<td>6,956</td>
<td>6,951</td>
<td>7,035</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>36,418</strong></td>
<td><strong>36,290</strong></td>
<td><strong>36,633</strong></td>
<td><strong>36,565</strong></td>
<td><strong>36,788</strong></td>
<td><strong>36,824</strong></td>
</tr>
</tbody>
</table>
Summary of Growth by Area

Bedford

151. Since 1991, an additional 9,766 dwellings have been built in the Borough, which is 1,934 less than the Local Plan requirement. Between 2001 and 2006/07 2,433 (406 annually) new dwellings were built in the area identified by the Bedford Borough Annual Monitoring Report as the growth area, again 867 less than the requirement. However, in the same period 1078 dwelling were completed in other parts of the Borough. Increased density requirements set by national planning policy meant that the overall target was exceeded by 390. It is recognised that there needs to be increased delivery of new housing, in the growth area, to 998 annually over the next 14 years.

152. However, although past build rates fall below the annual requirements, there are currently 7,628 dwellings with planning permission and a further 3,193 dwellings that, subject to a section 106 agreement, will be granted planning permission, along with other possible sites. It is therefore expected that the target of 16,270 dwelling by 2021 will be almost achieved (15,994 of 16,270).

Luton and South Bedfordshire

153. For 2006/07 and beyond, Luton Borough Council and South Beds District council prepared a joint housing trajectory to recognise that there is now one housing provision covering both areas. In total between 2001 and 2007, across Luton and South Beds, a net 5,667 dwellings have been completed and it is expected that a further 12,139 will be completed between 2007 and 2021. This gives an overall total of 17,806, against a target of 26,300 – a shortfall of 8,494 dwellings.

154. In South Bedfordshire there was a total net 323 dwelling completions between April 2006 and March 2007. The majority of new dwelling completions between 2006 and 2007 were in Dunstable (145) and Leighton Linslade (165).

Mid Bedfordshire

155. A total of 4,166 new dwellings were completed across the Mid Bedfordshire District between 2001 and 2007, giving an annual average of 694.

156. Parts of Mid Bedfordshire (Marston Moretaine and Houghton Conquest) lie within the MKSM growth area, where there is a requirement for 3,230 (162 annually) new dwellings by 2021. Since 2001 335 new dwellings have been completed in this area. For the rest of Mid Bedfordshire District, the revised East of England Plan allocation is for 11,000 dwellings and 3,831 had been completed by 2007. This leaves a shortfall of 7,169 to meet the East of England Plan targets and a shortfall of 206 to meet the MKSM sub-regional strategy target.
Property Type

157. Figure 32 shows the mix of existing properties in the Bedfordshire & Luton sub-region in terms of property type. As illustrated, detached and terraced properties comprise around a quarter of the stock, semi-detached housing around a 36% of the total, with flats accounting for the remaining 14%.

158. Luton Borough contains a much higher proportion of flats than any of the other local authorities, while Mid Bedfordshire has nearly a third of its housing stock as detached dwellings.

159. Luton has the lowest proportion of detached dwellings of the housing sub-markets. The Mid Bedfordshire housing sub-market has the lowest proportion of flats.

![Figure 32: Property Type by Local Authority, Administrative Area and Housing Sub-market](Source: UK Census of Population 2001)

160. The distribution of housing type in the Bedfordshire & Luton sub-region is shown in Figure 33. The colour shown for each lower super output area reflects the most common type of dwelling in that area. Therefore, any area marked in light blue contains more semi-detached dwellings than any other type. The map shows that across large areas of the sub-region detached housing is the predominant type. However, most of these areas are in low housing density rural areas. Within the urban areas there are greater concentrations of terraced housing and flats.
Figure 33
Predominant Property Type for Bedfordshire & Luton Sub-region (Source UK Census of Population 2001)

Figure 34 and Figure 35 shows a more detailed view of the predominant property types within the immediate vicinity of the towns of Bedford and Luton. This highlights that significant parts of both towns contain a predominance of flats or terraced dwellings.
Figure 34
Predominant Property Type for Bedford (Source UK Census of Population 2001)

Figure 35
Predominant Property Type for Luton (Source UK Census of Population 2001)
Housing Tenure

162. Figure 36 shows the proportion of dwellings in each of the local authorities in the Eastern region that were classified as social rented housing in 2007. It is apparent that the overall proportion of social rented housing in the Bedfordshire & Luton sub-region is lower than both the English and Eastern averages.

163. Both Bedford Borough and Mid Bedfordshire have undergone voluntary stock transfers, and no longer directly control any of the social rented stock. Meanwhile, Luton and South Bedfordshire directly manage around 10% of the housing in their authorities.

164. It is also worth noting that six (Harlow, Stevenage, Welwyn Hatfield, Basildon, Dacorum, Peterborough) out of the top ten authorities for social rented housing have New Towns in their areas.

165. Figure 37 shows the overall tenure of housing stock in the sub-region, confirming that the dominant form of housing is owner occupation. 74% of all properties across the area are owned outright or owned with a mortgage. Around 15% of the stock is rented from social landlords with the remaining 11% in the private rented-sector.

**Figure 36**
Proportions of Social Rented Housing in the Eastern Region by Local Authority (Source: Housing Strategy Statistical Appendix 2007, DCLG)

**Figure 37**
Housing Tenure Across Bedfordshire (Source: UK Census of Population 2001. Note: Shared ownership stock is included with owner with a mortgage)
30% of the housing stock in Bedford Borough is owned outright. Meanwhile, Luton and Bedford Borough have the highest proportion of private rented stock in the Bedfordshire & Luton sub-region. The Bedford housing sub-market contains the highest proportion of both homes owned outright and private rent dwellings.

Figure 38
Tenure by Local Authority, Administrative Area and Housing Sub-market (Source: UK Census of Population 2001)

Figure 39 shows the difference in property type which exists between owner-occupied and social housing in the Bedfordshire & Luton sub-region. 30% of owner occupied housing is detached with a further 40% being semi-detached. In contrast, 29% of all social housing is terraced and 38% flats or maisonettes, while 38% of all private rent dwellings are also flats.
**Dwelling Size**

168. Figure 40 shows that Luton borough contains fewer large dwellings (with 7 or 8 or more rooms) than the other authorities in the sub-region. The proportion of small dwellings (with 1, 2 or 3 rooms) is only marginally higher than the sub-region (15% cf. 12%) but almost three quarters (73%) of properties in Luton borough have 4, 5 or 6 rooms compared to only two-thirds across the sub-region as a whole.

169. The proportion of properties with 1, 2, 3 and 4 rooms is broadly consistent across each of the housing sub-markets – but whilst the Bedford, Milton Keynes and Stevenage housing sub-markets each have a similar distribution of 5, 6, 7 and 8+ room homes, the Luton sub-market differs having a higher proportion of 5 and 6 room properties with fewer 7 and 8+ room homes.

170. Figure 41 shows both private rented and social rented dwellings typically have fewer rooms than those which are owner occupied. The results still imply that nearly 17% of social rented dwellings have six or more rooms and 42% five or more. It should be noted that the 2001 Census discounted from the room count, bathrooms, toilets, storage cupboards, hallways or landings.
Condition of Private Sector Housing

171. In examining stock condition in the private sector, of key importance is consideration of the Decent Homes Standard. It is Government policy that everyone should have the opportunity of living in a “decent home”. The Decent Homes Standard contains four broad criteria that a property should:
   A. Be above the legal minimum standard for housing;
   B. Be in a reasonable state of repair;
   C. Have reasonably modern facilities (e.g. kitchens and bathrooms) and services; and
   D. Provide a reasonable degree of thermal comfort (i.e. effective insulation and efficient heating).

172. If a dwelling fails any one of these criteria it is considered to be “non decent”. Detailed definitions of the criteria and their sub-categories are described in the ODPM guidance: “A Decent Home – The definition and guidance for implementation”, February 2004.

Figure 42
Non-Decent Private Sector Dwellings by Ward (Source: BRE Stock Modelling System)
The four Local Authorities within the sub-region have commissioned modelled analysis of stock condition across their areas from the Building Research Establishment which is based on their Stock Modelling System. This provides detailed area based information based on the probability of different types of housing in different areas passing (or failing) a range of criteria, including the decent home standard (Figure 42). Since commissioning this research, Luton Borough Council have also undertaken a stock condition survey based on primary data – but as this is not able to provide comparable information at a ward level, all of the GIS outputs are based on results from the BRE model. The Luton Borough Council private sector stock condition survey can be found at:


From 2006 the Decent Homes Standard has been measured against the Housing Health and Safety Rating System (HHSRS) which measures Category 1 hazards. Prior to 2006, the Decent Homes Standard was measure against a series of criteria which considered whether the dwelling was fit or unfit. In Bedford it is estimated that there are 1,274 unfit private sector dwellings, Luton contain 4,716 dwellings with Category 1 hazards, Mid Bedfordshire is estimated to contain 8,832 dwellings with Category 1 hazards and South Bedfordshire contains 7,350 dwellings with Category 1 hazards.
Vulnerable Occupiers in Decent Housing (PSA 7)

176. Under “The Decent Homes Target Implementation Plan”, June 2003 (as modified April 2004) the ODPM outlined its commitments under Public Service Agreement (PSA) 7. At present the government target set for achieving decency standards in the private sector is that under PSA 7, where 65% of all dwellings occupied by vulnerable residents (as defined on pages 10-11) should be made decent by 2006/07 with 70% to be made decent by 2010/11.

Figure 43
Proportion of Private Sector Households with Vulnerable Occupiers in Non-Decent Dwellings by Ward (Source: BRE Stock Modelling System)

177. Figure 43 illustrates the proportion of all households living in private sector housing who have vulnerable occupiers and also fail the decent homes standard. Figure 44 shows the proportion of households living in private sector housing that have vulnerable occupiers where their homes meet the decent home standard.

178. It is apparent that the outputs from the BRE model showed that only five wards across the whole sub-region met the 2011 target of 70%, with a further 11 having met the 2006 target of 65%. It is also
notable that all of the wards meeting the 70% target and many of those with scores of 65-70% are in Luton.

Obligations under PSA 7 are based on the overall stock for England and then at the level of each local authority. No requirement is made on individual wards or HMAs individually, but it is useful to consider concentrations by area in order to target resources to try and achieve the targets under PSA 7.

Figure 44
Proportion of Private Sector Households with Vulnerable Occupiers in Decent Dwellings by Ward (Source: BRE Stock Modelling System)

Fuel Poverty

Another specific measure of dwelling condition is energy efficiency, and a key issue in reducing energy consumption is tackling fuel poverty. The occupiers of a dwelling are considered to be in fuel poverty if more than 10% of their net household income would need to be spent on heating and hot water to give an adequate provision of warmth and hot water. Not only do dwellings where households are in fuel poverty represent dwellings with poor energy efficiency, they are, by definition, occupied by residents with low incomes least likely to be able to afford improvements.
The BRE model estimated there to be 8,320 (6.0%) dwellings with households in fuel poverty in the Bedfordshire and Luton sub-region at the time of the analysis, compared to approximately 11.0% in England based on 2001 EHCS data (although the figure for England is likely to have reduced since 2001). Nevertheless, the recent significant increases in fuel prices will clearly have an impact on these results.

Figure 45
Proportion of Private Sector Households with Vulnerable Occupiers in Decent Dwellings by Ward (Source: BRE Stock Modelling System)
Private Rented Sector

182. The private rented sector has increased in importance in the housing market over recent years. The impact of low interest rates and concerns about the rate of returns on long-term investments and pensions led to many people investing in the buy-to-let housing market. Figure 46 shows how the number of specific buy-to-let mortgage advances has grown since the first quarter of 1999. It highlights the enormous growth in this form of investment and demonstrates that there is no evidence, nationwide, of buy-to-let advances declining in the first half of 2007. However, more recently lending of all forms for house purchases has declined and it is likely that buy-to-let mortgages will have been similarly affected.

![Figure 46: Buy to let Mortgage Advance 1999-2007](Source: Council of Mortgage Lenders 'Buy-to-let Mortgage Lending and the Impact on UK House Prices', February 2008)

183. The private rented sector is also important because of its role in housing particular household groups. Many households, who cannot afford to move into owner occupied accommodation, start life in the private rented sector. It is also the case that many students occupy housing in the private rented sector. This is particularly relevant for Luton and Bedford which are the home of the University of Bedfordshire and Cranfield University.

184. As previously mentioned, at the time of the 2001 census, around 11% of the housing stock was in the private rented sector. Evidence from national surveys such as the English House Condition Survey shows that the private rented sector has been expanding in recent years across the whole of England. This data is not available at local authority level, but it is likely that this trend will be reflected in the Bedfordshire & Luton sub-region.

![Figure 47: Age Profile for Private Rented Sector Compared with Whole Population of Bedfordshire](Source: UK Census of Population 2001)

185. Figure 47 shows the population in the private rented sector has a distinctively younger (16-34 years) age profile when compared with the rest of the population of the Bedfordshire & Luton.
sub-region. Figure 48 shows that nearly 30% of households in the private rented sector in the sub-region are non-pensioner single persons. This compares with around 15% of all households in the general population of the sub-region (Figure 12).

Figure 48
Household Type for Private Rented Sector by Local Authority and Administrative Area (Source: UK Census of Population 2001)
Social Housing

186. The social rented sector is meeting two particular needs - pensioner households and single adult households with dependent children. Figure 49 shows households in the social rented sector do not reflect the age profile of the rest of the population of the Bedfordshire & Luton sub-region. There are proportionately more children aged 0-15 years and adults 65+ years in this type of accommodation than is found in the population of the sub-region as a whole.

187. Figure 50 shows that in Bedfordshire & Luton sub-region 21% of households in the social rented sector are lone parents and 31% are all pensioner households. Across all households in Bedfordshire & Luton sub-region, 9% of households are lone parents and 21% are all pensioners (Figure 12).
Detailed individual records of all social lets are available from the Continuous Recording (CORE) system maintained by the University of St Andrews. All figures relate to general social lets made between April 2005 and March 2008 and exclude those who transferred from one socially rented property to another. Data is provided by all RSLs operating across the sub-region and by the Bedfordshire local authorities, but the information about the stock owned by the local authority in Luton is only partial and these figures should therefore be treated as indicative rather than definitive for the sub-region as a whole.

Figure 51 shows that nearly a third of all new tenants were aged under 25 years and 60% were aged under 35 years in the Bedfordshire & Luton sub-region. Therefore, while much of the current social rented housing is occupied by older people, it is likely that future tenants will in general become younger.

CORE records also allow an analysis of the number of times the property was offered to, but then was not occupied by a household. There are many possible reasons why this might happen, but all imply that the bidder did not eventually wish to occupy the dwelling they were allocated to. The results indicate that nearly 75% of dwellings were occupied by the first household it was offered to, but nearly 10% of dwellings had offers to three or more households, who subsequently chose not to occupy them.

Figure 53 indicates the length of time a dwelling was vacant before a new tenancy began. For a third of dwellings this was less than 10 days and for three quarters it was less than 30 days. However, around 11% of dwellings took over 50 days to let after becoming vacant. Some of these properties would have been left empty while major repairs were undertaken on them, but others would have remained empty because allocated households subsequently chose not to occupy them. Therefore, anything which can be done to reduce the number of households failing to occupy an allocated dwelling would help reduce the pressure on the social housing system, by reducing the length of time properties are empty.
Distribution of Social Sector Stock

192. Figure 54 shows the density of social rented housing in each Census Output Area across the sub-region. It is apparent that many rural areas have less than 10% of the stock now owned by social landlords, with no stock at all in a number of COAs. It is also noticeable that there are also some urban areas (in particular in the northern parts of Luton) where there is little or no existing social rented housing.

193. In other areas of the sub-region, more than half of the existing stock is social rent – not only in Bedford and Luton, but also in some of the smaller settlements across the sub-region.

Figure 54
Percentage of Social Housing Bedfordshire & Luton Sub-region (Source LA & RSL Administrative Data 2008)
194. Figure 55 and Figure 56 show a more detailed view of the proportion of social rented property within the immediate vicinity of the towns of Bedford and Luton. This highlights the concentrations of stock where at least 50% of the housing is rented from social landlords.

Figure 55
Percentage of Social Housing for Bedford (Source LA & RSL Administrative Data 2008)

Figure 56
Percentage of Social Housing for Luton (Source LA & RSL Administrative Data 2008)
Changes in Social Housing Stock

195. Figure 57 shows the number of new Registered Social Landlord (RSL) rented properties which were completed in each year from 2002/03 to 2006/07, and also the projected number of completions in 2007/08 and 2008/09. This shows that across the sub-region a total of 1,433 dwellings were completed in the five year period. Completions for the two most recent years were lower than in 2003/04 and 2004/05.

Figure 57
RSL Social Rent Completions 2002/03 – 2006/07 by Local Authority (Source: Local Authority Housing Strategy Statistical Appendix (HIP) Data)

<table>
<thead>
<tr>
<th>Tenure</th>
<th>Number of Units Delivered</th>
<th>2002-07 Total</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedford</td>
<td>93</td>
<td>148</td>
<td>100</td>
</tr>
<tr>
<td>Luton</td>
<td>30</td>
<td>18</td>
<td>153</td>
</tr>
<tr>
<td>Mid Bedfordshire</td>
<td>103</td>
<td>110</td>
<td>37</td>
</tr>
<tr>
<td>South Bedfordshire</td>
<td>48</td>
<td>73</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>274</td>
<td>349</td>
<td>365</td>
</tr>
</tbody>
</table>

196. Completions of RSL rented dwellings represent the additions which have occurred to the social rent stock in the Bedfordshire & Luton sub-region. Figure 58 details the number of Right-to-Buy sales across the study area since 2002/03, where it is apparent that over 1,350 properties have transferred from Social Rent to Owner Occupation over the 5-year period. This helps explain the limited growth in the number of social rented dwellings across the sub-region over the five year period. Both Luton and South Bedfordshire having sold more social rented stock than they have completed new builds. Nevertheless, the recent change in legislation, coupled with increasing house prices in the area, has led to far lower sales in recent years.

Figure 58
Right-to-Buy/Right to Acquire Sales for Bedfordshire & Luton sub-region 2002/03 to 2006/07 by Local Authority (Source: CLG and Housing Corporation)

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>2002/03</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bedford</td>
<td>43</td>
<td>41</td>
<td>19</td>
<td>10</td>
<td>15</td>
<td>128</td>
</tr>
<tr>
<td>Luton</td>
<td>231</td>
<td>251</td>
<td>150</td>
<td>67</td>
<td>83</td>
<td>782</td>
</tr>
<tr>
<td>Mid Bedfordshire</td>
<td>87</td>
<td>34</td>
<td>28</td>
<td>16</td>
<td>7</td>
<td>172</td>
</tr>
<tr>
<td>South Bedfordshire</td>
<td>101</td>
<td>71</td>
<td>42</td>
<td>33</td>
<td>21</td>
<td>268</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>462</td>
<td>397</td>
<td>239</td>
<td>126</td>
<td>126</td>
<td>1,350</td>
</tr>
</tbody>
</table>
Communal Establishments

197. It is also important to note that not all people live in traditional household units. Figure 59 shows that over 1% of the population of the Bedfordshire & Luton sub-region live in communal residences, with this being as high as 1.3% in Bedford Borough.

198. Whilst there is no further information available about the nature of “other” communal housing, it is likely that the “other” communal housing in Mid Bedfordshire and Luton is accommodation provided for students by organisations other than the University, i.e. privately operated halls of residence.

Figure 59
Proportion of People in Communal Housing by Type of Establishment by Local Authority, Administrative Area and Housing Sub-market (Source: UK Census of Population 2001)
**House Price Trends**

199. Figure 60 shows the average property prices in the Bedfordshire & Luton sub-region from the second quarter of 2000 until the first quarter of 2008. It should be noted that discounted local authority properties bought under ‘right-to-buy’ are not included in the statistics.


201. Figure 61 shows the average property prices in each of the local authorities. Between 2000 and 2008, the average property price in Bedford Borough rose by 101%, in Luton by 128%, in Mid Bedfordshire by 111%, and in South Bedfordshire by 94%.

202. Figure 62 shows the average property prices in each of the housing sub-markets. Between 2000 and 2008, the average property price in the Bedford rose by 98%, in Luton by 107%, in Milton Keynes by 100%, and in Stevenage by 106%.

203. The average property price for an area provides only a limited amount of information about the conditions in a local housing market. The overall picture of the housing market is much more dependent upon the spread of property prices, and how these relate to incomes in the area. The housing market of any area is also dependent upon other key national and global factors such as interest rates, inflation, tax changes, and credit difficulties.
204. Figure 63 shows the variation of house prices from the Bedfordshire and Luton sub-region mean house prices from April 2007 to March 2008. It should be noted that extreme values of house prices have been remove to ensure that they do not distort the average.

205. Areas in red are where house prices are over 150% of the Bedfordshire and Luton average and those in dark green are less than 75% of the Bedfordshire & Luton average. The sub-region has relatively low house prices when compared with many areas of Hertfordshire, Buckinghamshire and Cambridgeshire, with lower average house prices in the larger urban centres than the rural areas which surround them. Nevertheless, many areas of Mid Bedfordshire and South Bedfordshire have higher prices than areas of Milton Keynes and Northamptonshire.
Figure 64 shows how relative property prices in the Bedfordshire & Luton sub-region have changed since 2000. This figure compares the prices of properties in the area with those in the Eastern region as a whole. In 2000, the average house price in the Bedfordshire & Luton sub-region was over 90% of the Eastern region average. The relationship remained relatively stable until mid 2006, when property prices in the Bedfordshire & Luton sub-region started to decline in relation to the whole of the Eastern region.

Figure 65 shows how relative property prices in the local authorities compare to average incomes earned in the areas. In 2000, the price of an average property in Luton was around 4 times the median earnings of someone working full-time in the area. By 2007 this had risen to around 7 times the median full-time earnings. At the other extreme, in 2000 the average property price in South Bedfordshire was nearly 6 times the median full-time earnings of someone working in the Authority. By 2007 the average property had risen to nearly 10 times the median earnings of the Authority.

Although this comparison is relatively simplistic (for there will often be more than one earner in each household, and the household’s capacity to borrow is only one of the elements that determine affordability) the relationship between local purchase prices and local incomes is clearly important. This relationship is particularly relevant for one person households without existing equity – for they often are relying exclusively on their capacity to borrow (though even they may not earn the average income or need to purchase an average size and price home).
209. Figure 66 illustrates how property prices have changed in the Bedfordshire & Luton sub-region. In the second quarter of 2000, over 50% of all completed property sales were priced at less than £100,000. This figure was below 5% of all sales from 2004 onwards. Conversely, the number of dwellings selling for over £200,000 has risen from just around 10% of all completions to around 65% of the total.

210. The surge in property prices in 2001-2004 is clearly shown in the falling proportion of properties that sell for less than any of the given categories.

211. Beyond looking at the obvious measure of a housing market – i.e. the prices at which properties are sold – it is also worth exploring the volume and composition of sales, as this can tell us more about the dynamics of the housing market.

212. Figure 67 shows the volume of annual property sales since 2001. It is apparent that the number of completed sales peak at over 16,000 sales in 2002. There was a slightly smaller peak over the 12 month period from late 2003 to early 2004, but after this time the number of sales has sharply declined – to only 12,000 transactions in the year to mid 2005. However, completions rose from 2005 until mid 2007, since when they have been in decline again. Completions in the year up to the first quarter of 2008 were 20% lower than they were in the equivalent period in 2007 reflecting the national slowdown in the housing market.
Summary of Key Points

- Nationally, the population has been increasing through a combination of increased births, fewer deaths and a sustained net inward migration from overseas. Locally, the population increased by 15% in the 25-year period from 1981 to 2006, in line with growth across the Eastern region as a whole – but this masks local variations, with Mid Beds experiencing 27% growth compared to only 9% growth in South Beds over the same period.

- The highest levels of deprivation in the sub-region are associated with the centres of urban areas, and given its rural nature much of Mid Bedfordshire has very low levels of deprivation. Between 2004 and 2007, many of the urban areas in Luton tended to become relatively more deprived, whereas there was less consistent change in the Bedford urban areas – with some areas improving and others getting worse. On the whole, the rural areas of the sub-region tended to become relatively less deprived.

- In terms of private sector stock condition, significant challenges remain in terms of meeting the PSA7 target for 2011 especially in the Bedford sub area. Fuel poverty levels are notable in some rural wards.

- The growth in the real estate and construction sectors imply that the economy of Bedfordshire & Luton sub-region is vulnerable to the slowdown in the housing and construction sectors following the credit crunch in 2007. Full time employees resident in Bedford and Luton earn less than those employed in the area – suggesting that the areas’ higher earners live outside the local authority (and conversely those in lower paid jobs elsewhere live in these urban centres). The average annual income for full-time employees who are resident in both Mid Beds and South Beds is around £27,500, higher than the average for workplace employees.

- Property types in the sub-region reflect the mix across the whole of the Eastern region – with both the sub-region and region having proportionately fewer flats than England and Wales as a whole. Flats and terraced housing tend to be concentrated in the centre of Bedford and Luton and other settlements such as Biggleswade, Dunstable and Leighton Buzzard. Detached housing is the predominant housing type across most of the rural areas.

- The proportion of social rented housing in the sub-region is around the same as the England average, but is lower than the figure for the Eastern region as a whole. The proportion does not vary enormously between local authorities in the sub-region, ranging from 13% in Mid Beds up to 17% in Bedford.

- Older persons and households with children tend to be over-represented in the social rented stock – with almost 60% of all new social tenants being aged under 35. People aged 16-34 are proportionately over-represented in the private rented sector.

- Whilst over 1,400 new social rented properties have been delivered over the last 5 years, there have been 1,350 losses from the social stock through Right-to-Buy – so the overall size of the social rented sector has not significantly changed, and has proportionately reduced.

- Between 2000 and 2008 property prices in the sub-region rose by 107%. However the average price of a property in the sub-region was only approximately 86% of the Eastern region average, and therefore relatively cheap when compared to other surrounding areas.

- Affordability for single first-time buyers has declined sharply since mid 2004 with below 5% of all sales at less than £100,000 and 65% selling for over £200,000. A large number of households are not able to afford owner occupation in the sub-region, based on the evidence of incomes.

- This information is the housing context for a sub-region undergoing significant change in its housing and job markets due to rapid planned expansion. The policy aim is to link growth in the two areas with improvements in the infrastructure to improve long term sustainability. A notable aim is to reduce commuting and improve the connection between living and working in the housing sub-markets.