



TENDRING DISTRICT COUNCIL

2002 HOUSING NEEDS SURVEY

EXECUTIVE SUMMARY

1. INTRODUCTION

This document provides a Summary Overview of the housing needs survey carried out on behalf of Tendring District Council by *Fordham Research*. Housing needs surveys have become, over the past decade, a standard requirement for local authorities across Britain. The publication by the *Department of Transport, Local Government and the Regions* (DTLR) of '*Local Housing Needs Assessment: A Guide to Good Practice*' (July 2000) has standardised the form of such assessments which are designed to underpin housing and planning strategies. Most importantly the guidance sets out a model for defining housing need.

The DTLR Guide provides a detailed basis for housing needs assessment. It culminates in an assessment of the net annual need for new affordable housing. The method put forward in the Guide is, in most important respects, similar to the approach previously used by *Fordham Research*. However the approach has been fine tuned so as to conform as closely as possible to the Guide.

The *Basic Need Assessment Model* suggested in the DTLR guidance sets out 18 stages of analysis to produce an estimate of the annual requirement for additional affordable housing. The model can be summarised as three main analytical stages with a fourth stage producing the final requirement figure. The stages are:

- Backlog of existing need
- Newly arising need
- Supply of affordable units
- Overall affordable housing requirement

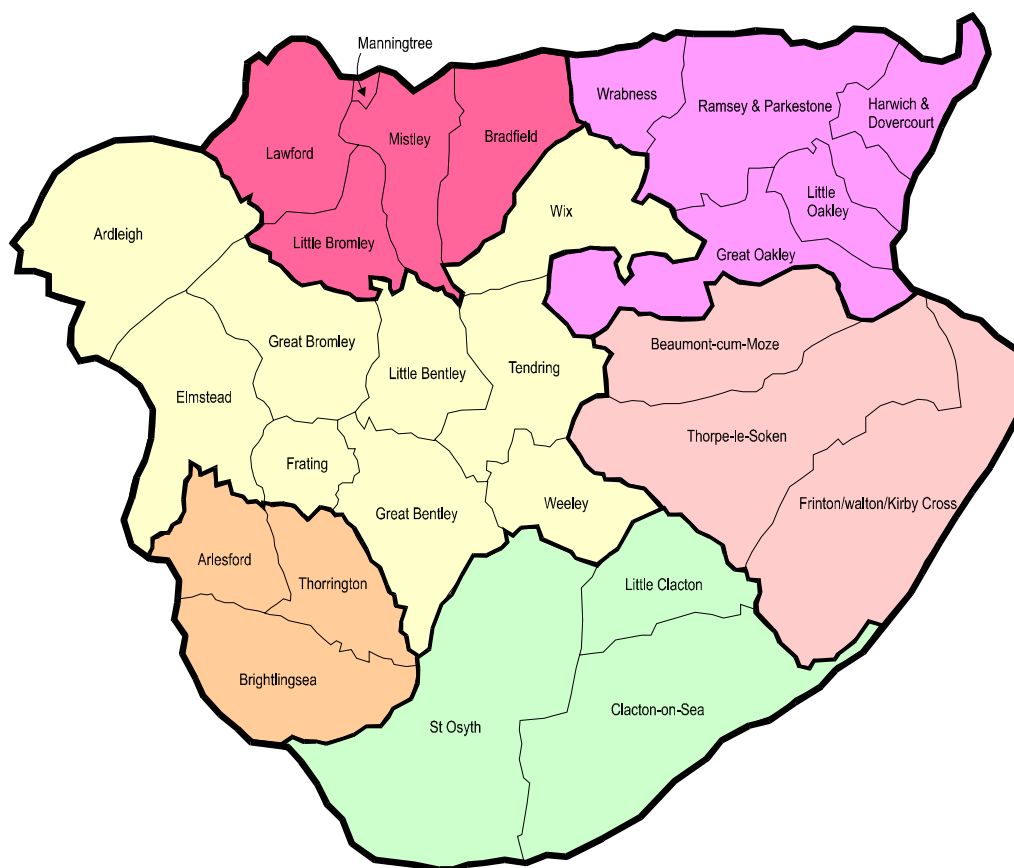
The first two of these added together minus the third stage produce the fourth: an overall annual shortfall or surplus of affordable housing. A more detailed discussion of the model can be found in the main housing needs survey report.

2. SURVEY WORK AND VALIDATION

The survey covered all areas and tenure groups within the District, and the analysis of housing need is based on a total of 4,408 responses. The survey sample – drawn at random from the Council Tax Register – was stratified in such a way as to allow analysis within the District of twenty-eight parishes and six broader sub-areas (made up of groups of parishes).

The survey data was weighted to make it representative of all households in Tendring – this was done in terms of the number of households in each sub-area and within five main tenure groups. It was estimated that there were 60,415 households in Tendring at the time of the survey; of these 82.6% are owner-occupiers, with 9.0% social renting tenants and 8.4% in the private rented and other tenure categories.

Tendring District Council - Housing Needs Survey – Study area



3. LOCAL HOUSING MARKET STUDY

A crucial part of any housing needs survey is an assessment of households' ability to afford private sector housing. One of the main inputs for this is an assessment of local private sector housing costs for both purchase and rental. The Local Housing Market study was carried out by means of a series of interviews with local estate and letting agents. The main purpose of the exercise was to estimate the minimum (entry-level) prices of housing in the area, which is crucial when assessing whether or not a household can afford to access private sector housing.

Minimum prices/rents in Tendring (August 2002)

<i>Property size</i>	<i>Minimum price</i>	<i>Minimum rent (£/month)</i>
<i>1 bedroom</i>	£52,000	£310
<i>2 bedrooms</i>	£66,500	£370
<i>3 bedrooms</i>	£80,000	£490
<i>4 bedrooms</i>	£126,500	£540

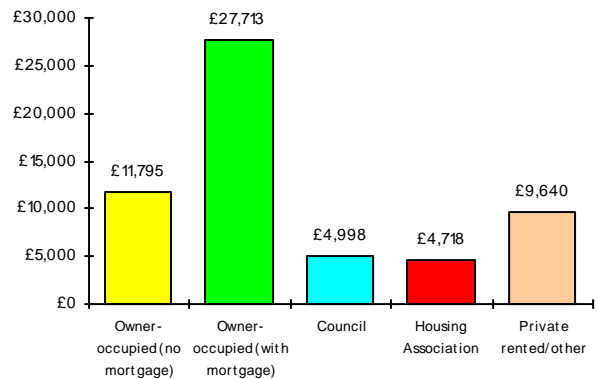
The survey estimated that entry-level prices ranged from approximately £52,000 for a one bedroom home to £126,500 for four bedrooms. Minimum rents were estimated to be from £310 to £540 per month. In addition the survey collected information about newbuild prices; these ranged from £91,500 to £243,000 depending on size.

4. FINANCIAL INFORMATION

The survey estimated that average earned household income was £16,859 per annum. This compares with a national average of around £23,000 and a regional average of around £26,000. Average weekly net income (including non housing benefits) was estimated to be £301.

The survey data showed considerable differences in income levels between tenure groups. The lowest average gross incomes are those who rent from Housing Associations (at £4,718). Owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage. The survey also showed that single pensioner and lone parent households had incomes significantly below the District average.

Average gross household income by tenure



5. AFFORDABILITY

Bringing together the local housing market data and the financial information collected from each household (and including further information about size requirement) it is possible to estimate which households can afford to access the private sector housing market. This is done by assessing whether or not each household can afford either to buy or privately rent suitably sized housing in the District. The affordability measures used in the assessment are set out below.

Mortgage affordability: A household is not eligible for a mortgage if it has a gross household income less than one third its mortgage requirement.

Private rental affordability: A household is unable to afford private rented housing if renting privately would take up more than 30% of its net household income.

The affordability assessment also takes account of the equity available to owner-occupiers who are identified as being unable to afford minimum priced market housing. Where an owner-occupier has stated they could afford a home of a suitable size if they had to move (even though they have failed the main affordability test) they are assumed to be able to afford market housing.

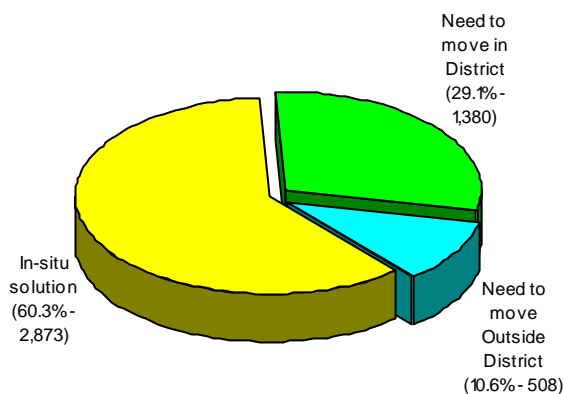
An assessment is also made of the ability of potential households (namely persons who currently live as part of another household) to access the private sector housing market. The affordability of potential households is assessed using the judgements of respondents; an approach in line with DTLR Guidance.

6. BACKLOG OF EXISTING NEED

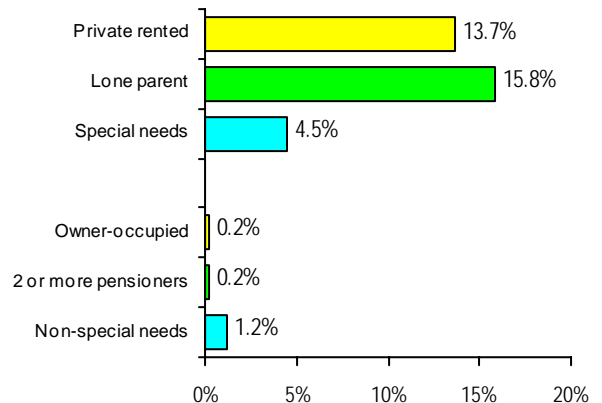
The survey highlighted a series of potential situations, which would make housing unsuitable for the occupants. In total it is estimated that 4,761 households are currently living in unsuitable housing (7.9% of all households). Further analysis indicates that households renting properties, lone parent households and those with special needs are more likely to be living in unsuitable housing. Of those in unsuitable housing 39.7% needed to move to different accommodation to solve the problem, representing 1,888 households. Of these 1,380 would be looking to remain living in the District.

Of the 1,380 households living in unsuitable housing (and requiring a move within the District) an assessment of affordability was made involving the consideration of local property prices, size requirement and their financial situation. It is estimated that 74.8% could not afford local market housing of a suitable size making for an estimated 1,032 existing households in housing need (1.7% of all households). Further analysis indicates that households in the Council, Housing association and private rented sectors are most likely to be in need as are lone parent households and households with special needs

Unsuitable housing and in-situ requirements



Household groups with high/low levels of housing need



When looking further forward to the additional affordable housing requirements of these households we remove households currently living in social rented housing to produce a final figure of 810.

The final element of backlog need considered the needs arising from potential and homeless households. The survey estimates that there are 633 potential households who state a need or are likely to move now. When account has been taken of those joining up with other persons and those who would be looking to remain within the District, this number is reduced to 340 households. Using information about whether or not potential households could afford market housing, it has been estimated that a total of 182 potential households are in housing need (representing 53.7% of those potential households who need or are likely to move now).

**Homeless households accommodated by local authority
(average for year ending 30th June 2002)**

<i>Category of temporary accommodation</i>	<i>Number</i>
Directly with a private sector landlord	66
Private sector housing leased by authority	0
Private sector housing leased by RSLs	0
<u>Within Council's own stock</u>	<u>208</u>
<u>RSL stock on assured shorthold tenancies</u>	<u>35</u>
<u>Hostel</u>	<u>0</u>
<u>Women's refuges</u>	<u>1</u>
<u>Bed and breakfast</u>	<u>11</u>
<u>Other</u>	<u>0</u>
Homeless at home	9
TOTAL	330

After considering the various homeless categories, it was decided there were six that should be included as the additional homeless element. These have been underlined in the table. The data shows that for the year ending June 2002 the average number of homeless households accommodated by Tendring Council was 330, of which 255 should be included as an additional element.

Combining these two elements together make for 437 additional households in need.

Bringing together all the factors of the backlog of housing need (as defined by the DTLR and followed by *Fordham Research*) it is estimated that there is an overall backlog of need of 1,247 affordable homes. Annualised, assuming a 20% reduction per year suggests an annual need to reduce the backlog of 249 dwellings.

7. NEWLY ARISING NEED

In addition to the backlog of existing need there will be newly arising need. This is separated into three main categories - each of these based on annual estimates of additional need. The three categories are as follows:

1. New household formation (× proportion unable to buy or rent in market)
2. Existing households falling into need
3. In-migrant households unable to afford market housing

It is estimated that there will be an additional 889 households forming per year in the District. Of these it is estimated that 73.4% cannot afford private sector housing (without housing benefit). This makes for 653 additional households in housing need per year.

The newly arising need from existing households is based on information about previous household moves. Groups excluded from potentially being in need are those who will move to owner-occupation (as they are able to afford market housing), those who previously lived with parents, relatives, or friends (included in the household formation element), households moving within the social rented sector (additional needs arising from within the social rented stock will be net zero) and households whose previous move could have been avoided by repairs or adaptations. It is estimated that the number of households falling into need within the District is 428 households per annum.

The final element of newly-arising need are households currently living outside the District but who are expected to move into the District but cannot afford suitable private sector housing. The survey estimates that a total of some 314 households per annum fall into this category.

Elements of Newly Arising Need	
<i>Element</i>	<i>Total</i>
New household formation	653
<i>plus existing h'holds falling into need</i>	428
<i>plus in-migrant h'holds unable to afford</i>	314
<i>equals Newly arising need</i>	1,395

Combining the various elements of the newly arising need together, the survey reveals a requirement for 1,395 units per annum.

8. SUPPLY OF AFFORDABLE UNITS

Having made estimates of the numbers of households both currently and projected to be in housing need it is important to assess the likely future supply of affordable housing to meet this need. Affordable housing is taken to be relets (excluding transfers) available from the Council and Registered Social Landlords (RSLs). Information for this has been taken from Housing Investment Programme (H.I.P.) returns for the last three years.

Council and RSL lettings (2000 – 2002)	
<i>Year</i>	<i>Total lettings</i>
1998-99	511
1999-2000	481
2000-01	399
AVERAGE	464

The table shows an average supply for the past three years. The overall average supply of relets over the last three years is 464 lettings per year. The figures indicate that over the three year period the number of relets has been in decline.

The estimated supply of affordable housing is therefore 464 dwellings which also makes allowance for transfers from RSL to LA housing (none in the case of Tendring). We also need to deduct lettings made to new dwellings. As one of the main purposes of the survey is to estimate any surplus or shortfall of affordable housing, it is important to avoid double counting by not including likely future supply through additions to the stock from RSLs (although these new properties will themselves in time produce some relets). Data from the Council's H.I.P. form for 2002 suggests that an average of 52 new RSL dwellings have been completed per year over the past three years. Therefore the estimated supply of affordable housing is 412 per year (464-52).

Finally it is important to consider likely changes in the future level of available affordable housing. For the purpose of this survey, it is assumed that the losses from the social rented stock (i.e. through right to buy) would be offset by the gains from additional relets from the RSL sector. In addition, on the basis of the information currently available it is assumed that the new build programme will continue at its present level.

However, it should also be considered that subsequent to 2002 there will be an impact on the number of social housing units developed by RSLs as a direct consequence of a) the abolition of Local Authority Social Housing grant from 2003; b) the prioritisation of Housing Corporation funding according to regional investment themes; and c) the unfavourable Total Cost Indicator (TCI) banding of Tendring relative to neighbouring authorities. It is therefore anticipated that, in practice, the yield from RSL development will fall considerably below what has been achieved in the past.

It is assumed, therefore, that the future supply of affordable housing will be 412 units per annum.

9. BASIC NEEDS ASSESSMENT MODEL

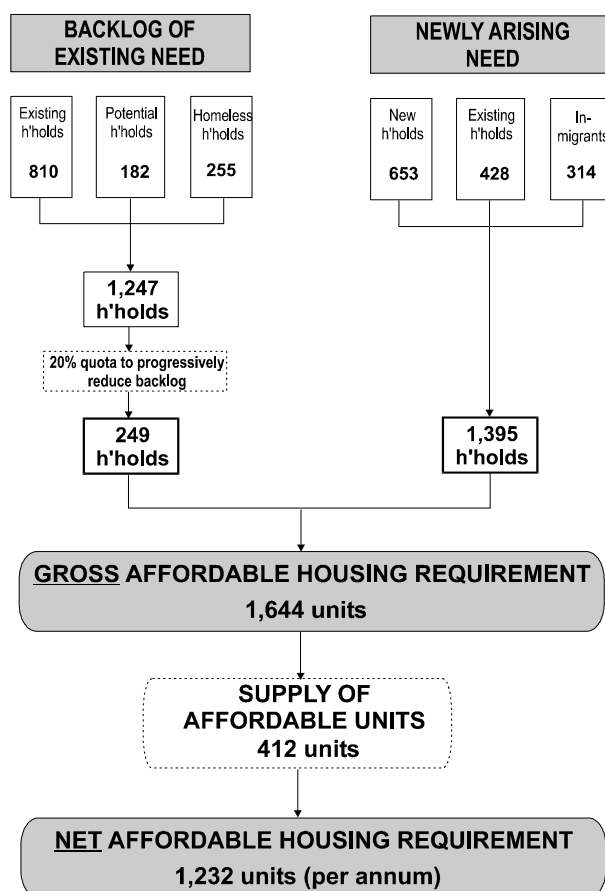
Having made estimates of the numbers of households currently in need and those projected to fall into housing need in the future along with projected supply it is possible to arrive at an estimate of the total requirement for additional affordable housing to meet housing need.

The first element is the backlog of existing need. This is an estimated 1,247 households – made up of 810 existing households, 182 potential households and 255 homeless households. The final stage is to include a quota to progressively reduce this backlog. This is a somewhat novel concept introduced by the DTLR guidance. A reduction in the backlog of need of 20% per year has been assumed in Tendring. The annual need to reduce the backlog is therefore 249 dwellings per annum.

The newly arising need is estimated to be 1,395 households per year – this is made up of 653 from household formation, 428 from existing households currently living in the District and 314 in-migrant households.

In total it is estimated that there is an annual need over the next five years for 1,644 affordable homes (249+1,395). The supply to meet this need is estimated at 412 dwellings per annum. Therefore there is an estimated annual shortfall of 1,232 affordable homes.

Summary of housing needs situation (per annum 2002 – 2007)



10. BALANCING HOUSING MARKETS

A traditional housing needs survey (HNS) can be criticised for not paying enough attention to the broader housing requirements of a local authority area. Generally this implies studying the requirements for additional private sector housing. This suggestion, indeed, appears in the DTLR guidance on HNS (under the heading of 'Gross Flows'). The general aim of the approach is to build a picture of how households move within and between different tenures and also how new households join the system and others leave (e.g. new household formation or dissolution through death). By including demographic estimates it is expected that such a model could help to estimate the tenures and sizes of dwellings required/demanded in the future.

A gross flows approach as a forecasting method simply repeats what has happened. This is not only pointless, but highly unlikely to be an accurate prediction of what either may or should happen. Thus a Gross Flows approach is not a useful part of any forecasting of the future of housing in an area.

However the 'balance' idea inherent in Gross Flows can be adapted to be of practical use. The advantage of our Adapted Gross Flows (AGF) approach is that it allows the Council to monitor the degree to which the situation in Tendring is approaching 'balance'. It shows exactly what shortages and surpluses exist, according to size of dwelling and tenure, in the existing stock. It also allows movement towards 'balance' to be monitored and, so far as possible, adjusted.

Most of the implications of this analysis would be evident without the 'demand balancing' exercise carried out here. The key implications are as follows:

1. The Council should try to secure as much additional affordable housing as possible. This would sensibly include attempting to secure a reasonable proportion of all allocated sites as affordable (e.g. having a 40%+ affordable housing target). Additionally, the Council should wherever possible secure affordable housing through other means (e.g. on 100% sites and also through other schemes such as conversions or empty homes).
2. It is clear that in the short-medium term there will be a shortage of affordable housing for the people of Tendring. It is likely that the private rented sector will continue to be used to make up for the shortfall of affordable housing although this would not be considered to be a long-term housing solution.
3. In the owner-occupied sector the Council should encourage the building of smaller one and two bedroom homes only.

11. AFFORDABLE HOUSING: HISTORY & EVOLUTION

Affordable housing negotiated under the relevant Government guidance has become, in most parts of the country, the main source of new housing to address housing need. The housing needs survey therefore provides guidance to the Council on Local Plan policies and the scope for obtaining affordable housing subsidy through negotiation under Planning Policy Guidance Note 3 (2000) and the preceding Circular 6/98.

There have in the past been four major shortcomings in the Government guidance:

- No definition of housing need
- No coherent definition of affordable housing
- No indication of how targets relate to need
- No indication of the nature or level of subsidy involved

The first of these (a definition of housing need) has been addressed in the DTLR guidance. However, the other three have not been addressed, and so it is very difficult for councils to achieve both consistency with Government guidance and a result that addresses the problem.

12. WHAT TYPES OF AFFORDABLE HOUSING

The housing needs survey provides a wealth of data about exactly how much housing should cost to be affordable to households in housing need. The analysis suggests that low-cost market housing cannot meet any housing need whilst shared ownership might be able to help a very small fraction of households in need (around 0.9%), for the remainder only social rented housing will be of any use.

13. AFFORDABLE HOUSING POLICY

Results from the housing needs analysis indicate a total requirement for new affordable housing over the next five years of 6,160 dwellings ($1,232 \times 5$). Although the scale of target and site size thresholds are both, ultimately, matters for policy decision by the Council there are a number of comments which can be made. Given that the likely level of provision of all housing will be below this figure (6,160) it is clear that any target for affordable housing will be perfectly justified. Also, given the amount of additional housing required it would be fair to assume that the Council would want to secure affordable housing on all sites regardless of size. Hence we would suggest a site threshold of 15+ dwellings/0.5 ha on all allocated and windfall sites (or 2+ dwellings in areas with a population of 3,000 or less). Additionally survey data suggests that the vast majority of any affordable housing should be social rented.

14. KEY WORKERS

The housing needs survey highlights a considerable number of households who contain key workers. In total it is estimated that 5,572 households contain only key workers of which 12.2% are in private rented accommodation. Taking an alternative definition of key workers (based on employment in all sectors and affordability) it has been estimated that there may be 2,936 key worker households – 1,596 of these live in private rented housing.

Although, there appears to be a considerable number of key workers in the District it would not be sensible to suggest that any housing specifically for this group should be provided. This conclusion is reached for a number of reasons:

- Many key worker households appear to already be able to afford market housing
- A large number of key workers who need or are likely to move would like to move from the District (relative to the numbers who expect to move from the District). This implies that if anything the shortages of housing for such groups lie outside the District (i.e. key worker households live in Tendring but work in other local authority areas)
- The costs of housing are such that very few households are in the affordability gap between being able to afford social rented housing without housing benefit but unable to afford full market housing
- There is no reason why general needs housing could not be used to house key workers if required.

15. SPECIAL NEEDS HOUSEHOLDS

Some 14.4% of all the District's households (8,699) contain special needs members. 'Physically disabled' is the main category of special needs. There are 5,213 households with a 'physically disabled' person and a further 2,512 with 'frail elderly' household members. These categories represent 59.9% and 28.9% of all special needs households respectively.

Special needs households are disproportionately constituted of only one person which has implications for caring patterns. Although many special needs households are in the private sector, a high proportion are found in the social rented sector (31.8% of all council households contain a person with special needs). Analysis also indicates that special needs households are more likely to contain older people.

16. OLDER PERSON HOUSEHOLDS

Just over a third of households contain older persons only (38.3%), a further 10.0% contain both older and non-older persons. Older person only households are disproportionately constituted of only one person which has implications for caring patterns. Although many older person only households are in the private sector, a high proportion are found in the social rented sector (61.4% of all housing association households contain older persons only).

17. OVERCROWDING AND UNDER-OCCUPATION

Survey results suggest that 1.9% of all households are overcrowded and 31.3% under-occupy their dwelling. The owner-occupied (no mortgage) sector showed particularly low levels of overcrowding (0.8%) and high levels of under-occupation (38.3%). The opposite was particularly true in the social and private rented sectors.

18. SUMMARY AND CONCLUSION

The housing needs survey in Tendring provides a detailed analysis of housing needs issues in the District. The survey followed the *Basic Need Assessment Model* suggested in DTLR guidance. This sets out 18 stages of analysis to produce an estimate of the annual requirement for additional affordable housing. The model can be summarised as three main analytical stages with a fourth stage producing the final requirement figure. The stages are:

- Backlog of existing need
- Newly arising need
- Supply of affordable units
- Overall affordable housing requirement

Using this 'model' it has been estimated that there is a requirement to provide an additional 1,232 affordable dwellings per annum if all housing needs are to be met (for the next five years). Over the five year period to 2007 this represents a need to provide an additional 6,160 dwellings.

It would be sensible to suggest that in the light of the large requirement shown, the Council will need to maximise the availability of affordable housing from all available sources (including new-build, acquisitions, conversions etc.). Attention should also be paid to the cost (to occupants) of any additional housing to make sure that it can actually meet the needs identified in the survey.