

EREWASH BOROUGH COUNCIL



2006 HOUSING NEEDS ASSESSMENT

EXECUTIVE SUMMARY

April 2007



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Context of the Study

Fordham Research were commissioned to carry out a Housing Needs Assessment for Erewash Borough Council. To do this the study drew on a number of sources of information. These included:

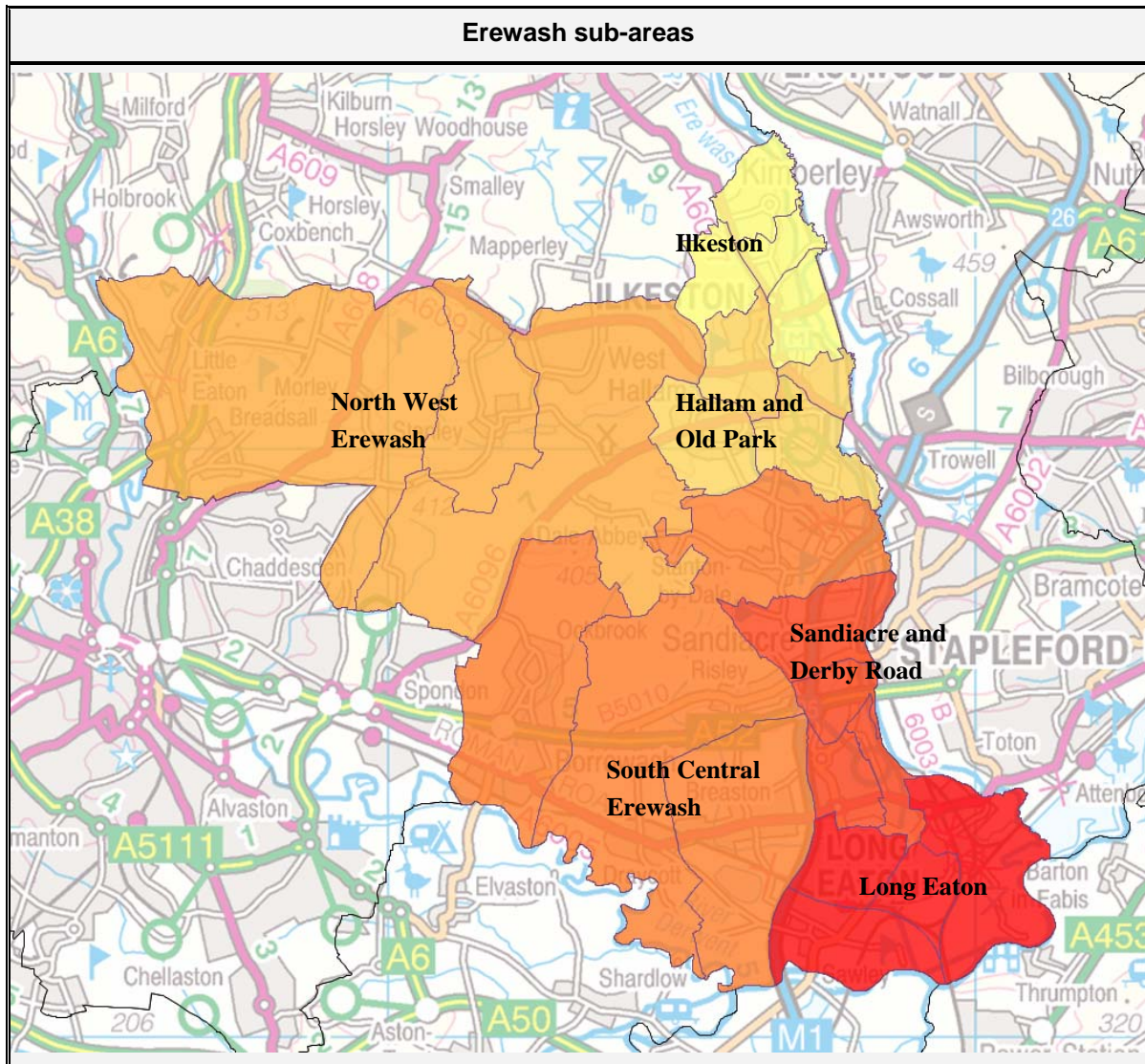
- Primary data collected from 2,385 returned postal questionnaires
- A further 150 interviews with BME people
- Interviews with local estate and letting agents
- Review of secondary data (including Land Registry, Census and HSSA data)

Survey and initial data

A major part of the study process was the completion of the primary data collection via postal questionnaires with local households. In total 2,385 households took part in the survey. The questionnaire covered a wide range of issues including questions about:

- Current housing circumstances
- Past moves
- Future housing intentions
- The requirements of newly forming households
- Income levels

Information from the questionnaire survey was used throughout the report (along with secondary information) to make estimates about the future housing requirements in the Borough. The number of responses provided sufficient data to allow complete, accurate and detailed analysis of needs across the Borough and geographical breakdowns for six sub-areas which are shown in the below map.

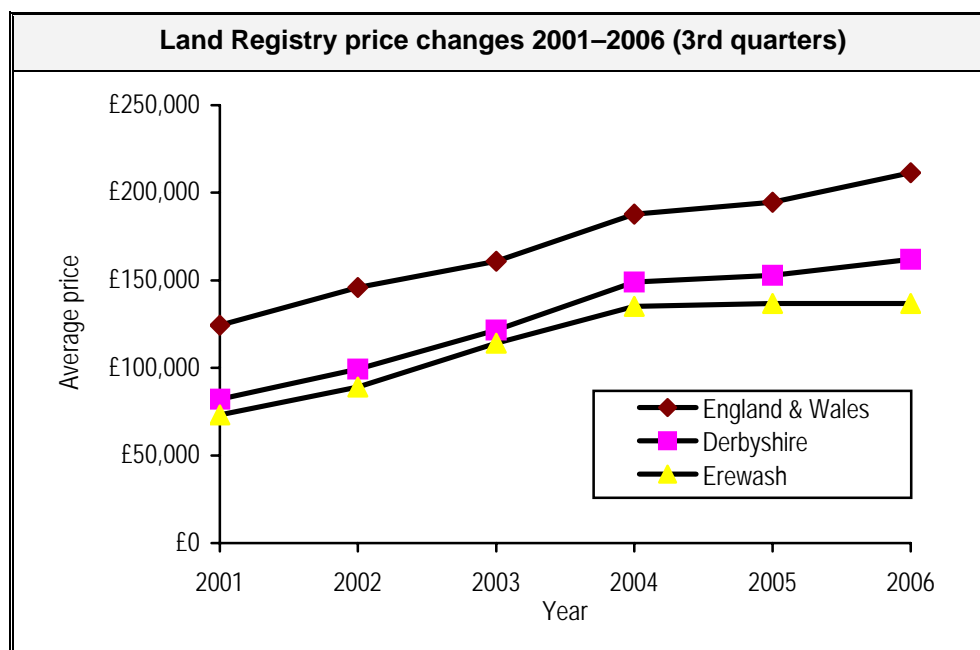


Overall the survey estimated that around 81% of households are currently owner-occupiers with 12% living in the social rented sector and around 7% in the private rented sector.

Number of households in each tenure group				
Tenure	Total number of households	% of households	Number of returns	% of returns
Owner-occupied (no mortgage)	17,187	35.8%	950	39.8%
Owner-occupied (with mortgage)	21,697	45.2%	1,027	43.1%
RSL	5,905	12.3%	291	12.2%
Private rented	3,211	6.7%	116	4.9%
TOTAL	48,000	100.0%	2,384	100.0%

One of the main sources of secondary information was the Land Registry. This data source suggested that property prices in the Borough are below both national and County-wide figures.

The rate of increase in property prices in Erewash is higher than national but lower than regional equivalents. Information from the Land Registry shows that between the 3rd Quarter of 2001 and the 3rd quarter of 2006 average property prices in England and Wales rose by 69.9%. For Derbyshire the increase was 97.2% whilst for Erewash the figure was 86.8%.



A survey of local estate and letting agents identified estimates of the minimum costs of housing to both buy and rent in the Borough. Overall, the survey suggested that prices started at around £82,000 for two bedroom properties with private rental costs starting from around £415 per month.

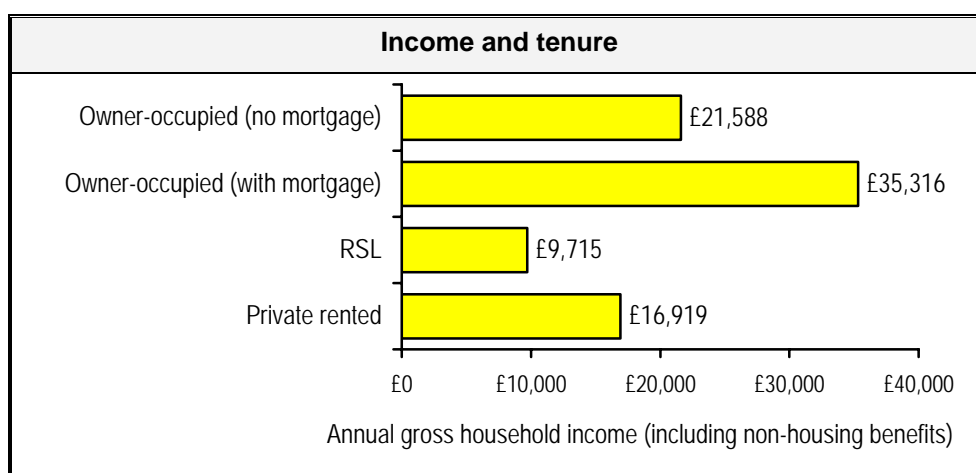
Minimum property prices/rent in Erewash		
Property size	Minimum price	Minimum rents (per month)
2 bedrooms	£82,000	£415
3 bedrooms	£108,500	£450
4 bedrooms	£166,500	-

However, our analysis of the minimum and average property prices in the Borough showed that prices in the Long Eaton area (to the south of the borough) were more expensive than those found in the Ilkeston area (to the north). For the purposes of calculating the appropriate prices for the assessment of affordability, it was felt that the two separate sets of prices/rents should be applied in these two housing market areas. They are shown in the table below.

Minimum property prices/rent in Erewash for the two housing market areas				
Property size	Ilkeston HMA		Long Eaton HMA	
	Minimum sale	Minimum rent	Minimum sale	Minimum rent
2 bedrooms	£74,000	£400	£90,000	£430
3 bedrooms	£99,000	£425	£117,000	£475
4 bedrooms	£171,000	-	£162,000	-

The information about minimum prices and rents was used along with financial information collected in the survey to make estimates of households' ability to afford market housing (without the need for subsidy).

The survey estimated average gross annual household income (including non-housing benefits) to be £26,020. There were, however, wide variations by tenure; with households living in social rented housing having particularly low income levels.



The survey also calculated the average gross annual household income of potential households (namely persons who currently live as part of another household) to be £10,231. Further analysis of potential households suggests that 58.5% would be unable to afford market housing in the Borough if they were to move now.

The Guide model

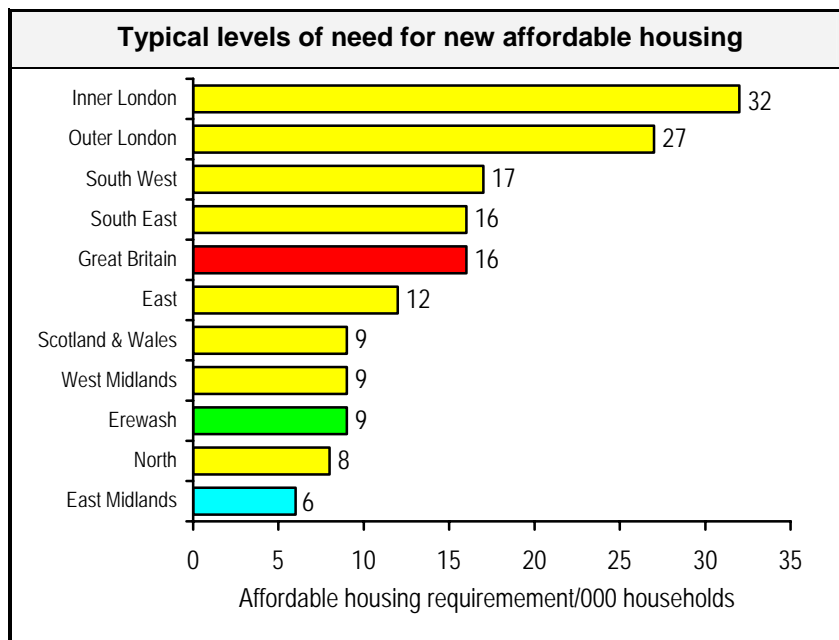
The DCLG sets out a number of steps in order to produce an estimate of the annual requirement for additional affordable housing. The model can be summarised as four main analytical stages. The stages are:

- Current need
- Available stock to offset need
- Newly arising need
- Future supply of affordable units

Detailed needs assessment table for Erewash		
Stage and step in calculation	Notes	Output
STAGE 1: CURRENT NEED (Gross)		
1.1 Current occupiers of affordable housing in need		347
1.2 plus Households from other tenures in need		636
1.3 plus Households without self-contained accommodation		4
1.4 equals Total current housing need (gross)	1.1+1.2+1.3	987
STAGE 2: AVAILABLE STOCK TO OFFSET NEED		
2.1 Current occupiers of affordable housing in need		347
2.2 plus Surplus stock		0
2.3 plus Committed supply of new affordable units		0
2.4 minus Units to be taken out of management		0
2.5 equals Total stock available to meet current need	2.1+2.2+2.3+2.4	347
2.6 equals Total current unmet housing need	1.4–2.5	640
2.7 times annual quota for the reduction of current need		20.0%
2.8 equals annual requirement of units to reduce current need	2.6×2.7	128
STAGE 3: NEWLY ARISING NEED		
3.1 New household formation (gross per year)		829
3.2 times Proportion of new households unable to buy or rent in the market		28.5%
3.3 plus Existing households falling into need		404
3.4 equals Total newly arising housing need (gross per year)	(3.1×3.2)+3.3	640
STAGE 4: FUTURE SUPPLY OF AFFORDABLE UNITS		
4.1 Annual supply of social re-lets (net)		330
4.2 plus Annual supply of intermediate housing available for re-let or resale at sub-market levels		10
4.3 equals Annual supply of affordable units	4.1+4.2	340
NET SHORTFALL OR SURPLUS OF AFFORDABLE UNITS		
Overall shortfall or surplus	2.8+3.4–4.3	428

Overall, using the BNAM it was estimated that there is currently a shortfall of affordable housing in the Borough of around 428 units per annum. The data suggested that there is a shortfall of all sizes of accommodation with the largest shortfall being for two bedroom units. It is important to note however, that the shortage relative to supply is greatest for four or more bedroom properties. In addition, the survey showed that the Long Eaton sub-area displays the largest overall shortfall of affordable housing, although there is affordable housing need in all areas.

Putting the results in context suggests that the affordable housing requirement in Erewash is well below the national average of a shortage of 16, though above the average for the East Midlands of a shortage of 6. The figure below shows the affordable housing requirement standardised as an annual rate per thousand households.



Affordable housing target

Given the results of this table it is clear that at the general level, any target would be justified. In our view there is no real point in varying the target from site to site or from locality to locality; the target is only likely to be varied downwards as a result of this practice.

The usual threshold stipulated by PPS3 is 15 dwellings/ha. Given the amount of additional housing required, it would seem reasonable to assume that the Council would want to secure affordable housing on all sites regardless of size.

“Intermediate” housing need

Further analysis suggests that some of this need (around 10%) could theoretically be met by ‘intermediate’ housing, available at outgoings between social rents and the minimum cost of (second hand) market housing.

Broader Housing Market & Future Changes

In addition to concentrating on the need for affordable housing in isolation the study looked at housing requirements in the private sector market. The analysis began by looking at the differences between three broad housing sectors (owner-occupation, private rented and social rented). The survey data revealed large differences between the three main tenure groups in terms of stock profile (size of accommodation), turnover and receipt of housing benefit (or income support towards mortgage interest payments in the case of owner-occupiers). These figures are based on information collected in the survey, and on households those wishing to move in the next 2 years, therefore the figures will vary slightly from HSSA and CORE information.

Profile and turnover of stock and housing benefit claims by tenure			
Tenure	% of properties with less than three bedrooms	Annual turnover of stock (% of households)	% claiming housing benefit (income support for owners)
Owner-occupied	27.8%	5.5%	1.7%
Private rented	51.5%	20.2%	29.5%
Social rented	68.7%	10.3%	70.7%
ALL HOUSEHOLDS	34.4%	7.1%	12.1%

Having studied the need for affordable housing using the DCLG’s needs assessment model, the study moved on to look at housing requirements across all tenures. A ‘Balancing Housing Markets’ (BHM) assessment looks at the whole local housing market, considering the extent to which supply and demand are ‘balanced’ across tenure and property size.

The inherent idea behind the BHM method is that it seeks to meet the requirements of the current population first with the amount of in-migration used to ‘balance’ figures to the estimated scale of new housing in the area. The table below shows the overall results of the BHM analysis.

BHM results for Erewash (constrained)					
Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	89	-15	-314	21	-219
Private rented	-11	-100	-81	106	-86
Intermediate	10	72	91	15	187
Social rented	-40	287	33	128	408
TOTAL	48	244	-271	270	290

A number of conclusions can be drawn from this analysis:

- (i) In terms of the demand for affordable housing in the Borough it is clear that this is on-going. The BHM methodology suggests a significant shortfall of affordable housing of all sizes of accommodation, most notably two and four bedroom homes
- (ii) The data shows an overall surplus in the owner-occupied sector. In terms of size requirements, the information suggests that in the owner-occupied sector the main surplus is for three bedroom homes.
- (iii) The model indicates that there is a surplus in the private rented sector. In this sector all dwelling sizes (with the exception of 4 or more bedroom dwellings) show a surplus, since many households view this sector as an undesirable long term solution whilst the supply of private rented housing is likely to be large due to the temporary nature of the tenure.

The Needs of Particular groups

The study moved on from a consideration of future needs for additional housing to look at the needs of particular groups. The survey concentrated on the characteristics and requirements of households with support needs, older person households, Black and Minority Ethnic households and overcrowded households.

Households with support needs

Information from the survey on special needs groups can be of assistance to authorities when contributing to detailed Supporting People Strategies. Some 27.4% of households in Erewash (13,173) contain special needs members. ‘Physically disabled’ is the largest category with special needs.

Special needs categories			
Category	Number of households	% of all households	% of special needs households
Frail elderly	3,721	7.8%	28.2%
Physical disability	7,619	15.9%	57.8%
Learning disability	1,087	2.3%	8.2%
Mental health problem	1,859	3.9%	14.1%
Severe sensory disability (hearing, vision, speech)	2,245	4.7%	17.0%
Non visible condition (e.g. epilepsy, diabetes)	4,131	8.6%	31.4%
Young with difficulties living independently	1,202	2.5%	9.1%
Other	1,016	2.1%	7.7%

Special needs households in Erewash are generally smaller than average for the Borough and are disproportionately made up of older persons only. Special needs households are more likely than households overall to be in unsuitable housing.

Special needs households in general stated a requirement for a wide range of adaptations and improvements to the home. The most commonly-sought improvements needed were low-level shower units and a handypersons service.

The survey also suggested considerable scope for ‘care & repair’ and ‘staying put’ schemes.

Older person households

Older persons are defined as those of a pensionable age i.e. men aged 65 or older and women aged 60 or over. Some 25.6% of households in the Erewash area contain older persons only, and a further 9.5% contain a mix of both older and non-older persons. Older person only households are largely comprised of one or two persons, providing implications for future caring patterns. Although the majority of older person only households live in the private sector, it is interesting to note that nearly a third of social rented accommodation houses older people only.

Although older person households do not contribute significantly to the overall need for additional affordable housing, they may well have a significant impact on the future of social rented housing and the future need for sheltered housing and adaptations.

Black & Minority Ethnic households

A supplementary survey of 150 BME households was undertaken as part of the Housing Needs Assessment. Due to the small sample size of some of the groups, some of the categories have been re-grouped, resulting in three different ethnic groups. The table below shows estimates of the proportion of households in each of the three ethnic groups.

BME households	
Categories	% of households
Asian	34.7%
Black	44.7%
Mixed	20.7%
TOTAL	100.0%

Source: Erewash Housing Market Assessment – 2006

The survey found that BME households and Black households in particular are likely to be larger than average. BME households and Mixed households in particular are more likely to occupy private rented housing than average. Asian households are less likely than average to reside in the social housing sector. BME households are more likely than average to contain children, and less likely to contain a special needs member. BME households tend to have lower incomes and fewer savings than average, and are therefore more likely to have problems accessing market housing in Erewash, though are less likely to live in unsuitable housing.

Rural households

Use of the National Statistics Rural and Urban Classification of Output Areas (July 2004) indicated that over 90% of households in Erewash live in an urban area, with just 9.7% classified as rural. The survey records that rural households are more likely to be owners and are more likely to be resident in a detached home.

Rural households record average incomes 20% higher than those for urban households and average savings levels almost double that found in urban areas. Rural households are more likely to own a car than urban households and therefore display a similar level of accessibility problems to urban households.

The survey indicates that there is a significant affordability problem for local households in the rural area, particularly potential households. The survey indicates that of the 117 potential households currently living in rural areas that would like to move within Erewash in the next two years, only 10.3% of these would be able to afford to purchase a home in the rural part of the Borough, whilst 59.8% would be able to afford to purchase a home in the urban part.

Overcrowding and under-occupation

Finally, the survey looked briefly at overcrowding and under-occupation, overcrowding having been shown as one of the most important reason for households to be living in unsuitable housing. The results suggest that 1.6% of all households are overcrowded and 39.7% under-occupy their dwelling. The owner-occupied (no mortgage) sector shows the highest levels of under-occupation; whilst the private rented sector has the highest level of overcrowding.

Number of bedrooms required	Number of bedrooms in home				TOTAL
	1	2	3	4+	
1 bedroom	3,457	9,759	13,859	2,266	29,341
2 bedrooms	22	2,926	7,323	2,534	12,805
3 bedrooms	34	287	3,002	1,779	5,102
4+ bedrooms	-	39	382	330	751
TOTAL	3,513	13,011	24,566	6,909	47,999

Overcrowded households tend to have low incomes (per person) and are far more likely to state that they need or expect to move than other households.

Conclusions

The Housing Needs Assessment in Erewash provides a detailed analysis of housing requirement issues across the whole of the Borough. The study began by following the DCLG's needs assessment model, which estimated a shortfall of 428 affordable dwellings per annum.

The study continued by looking at requirements in the whole housing market using a 'Balancing Housing Markets' methodology. This again suggested a significant requirement for additional affordable housing to be provided.

In the light of the affordable housing requirement shown, it would be sensible to suggest that the Council will need to maximise the availability of affordable housing from all possible sources (including newbuild, 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.