



# Housing Needs Assessment 2009



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## APPENDICES

### I Glossary of Terms

# 1 INTRODUCTION

## 1.1 Government Guidance

1.1.1 Government Guidance in PPS3 and the Practice Guidance for Strategic Housing Market Assessment require that local authorities have robust and up to date assessments of the housing needs in their area. These are required to support the Housing Strategy and bids for resources and in policies and targets for future delivery by type and size in all sectors and affordable housing provision Development Plan Documents.

## 1.2 The 2007 Study

1.2.1 DCA conducted a wide ranging housing assessment study in Knowsley Borough in 2007. This study examined housing requirements in both market and social sectors. The data is now two years old and this study is being undertaken to maintain the study up to date in accordance with Guidance.

## 1.3 The Update Study Objectives

1.3.1 The objectives of this update study are to:-

- Re-weight the survey data to the 2009 household population and re-configure the data structure to identify Super Output Areas;
- 2009 house prices / rents and current income levels to be able to calculate up to date affordability thresholds;
- Review the most recent population forecasts in view of the impact of demographic change on household formation and future demand and comparison to 2001 Census data;
- Re-calculate the Affordable housing need in the new Assessment Model in the 2007 CLG Good Practice Guidance;
- Provide targets for affordable and market housing;
- Up-date the stock Supply and Demand Analysis to identify the future requirements by type and size for market, intermediate and social rented housing.

## 1.4 Definitions

1.4.1 DCA work to a definition of housing requirements that encompasses demand, need and preferences. Households that can enter the general market without intervention of any sort can be defined as demand, whereas those households unable to enter the general market without some form of intervention can be defined as having a housing need.

1.4.2 Our methodology enables us to identify this distinction by asking for both a household's characteristics in terms of size, current property condition and income and a household's view on suitability of current housing and preferences for moving or modification.

1.4.3 Affordability in our view is defined by the relationship between local incomes and the local general housing market. Our definition of affordable housing is as follows:-



*Affordable housing is that provided with subsidy, both for rent and low cost market housing, for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes. This definition covers housing for social rent, shared ownership, low cost home ownership and sub-market rent.*

1.4.4 The types of affordable housing which comply with our definition are as follows:-

- *Units for rent, the major requirement;*
- *shared ownership with grant;*
- *shared equity where land value is retained to provide housing for sale at below market levels and where control of the 'equity discount' can be retained as long as they are needed;*
- *discounted market rented housing.*

1.4.5 The issue of affordability is central to our approach. Within the project, a range of data is captured on actual incomes and costs of housing and the likely level of incomes and the accessible costs of housing for moving or newly forming households. Secondary data is also examined on incomes, house prices and rent levels. Thus a reliable indicator of affordability is derived that leads towards the identification of real options for meeting housing need.

## **1.5 Methodology**

1.5.1 The study consisted of the following elements:-

- A Housing Market Survey analysis using :-
  - the Land Registry database;
  - an estate agents survey to assess the current price levels in the survey sub-areas and rental costs in the private rented sector.
- a review of the most recent Population and Household formation forecasts;
- analysis of the HSSA data at 31/03/2009 to calculate an annual level of re-lets, waiting list change, right to buy and loss of stock and new unit delivery since 2007. The information required from the Council would be similar to the data provided for the 2007 survey on these elements.
- develop a 'flows' Needs Assessment Model in line with current Guidance using 2008 / 2009 secondary data and the primary data from the 2007 survey on the needs of existing households in unsuitable housing and of new forming households accessing the local market;
- an update of the Supply and Demand Analysis to identify the stock balance requirements by type and size for market, intermediate and social rented housing.

1.5.2 A full update of the external survey data is required every three to four years. Your 2007 Housing Needs survey data has a valid 'life' to 2010 / 2011 and the update does not require new primary data.

1.5.3 As a database therefore the achieved sample of 2,400 achieved in 2007 is robust and is larger than sample required, achieving 95% statistical confidence.

## 2 POPULATION GROWTH & HOUSEHOLD FORMATION PROJECTIONS

### 2.1 Introduction

- 2.1.1 In this section of the report a short background commentary is provided to the demographic element in housing demand in Knowsley Borough. The purpose is two-fold. First, to provide a context in which the results of the postal questionnaire can be interpreted. Secondly, to give a more specific focus on the demand for affordable housing provision and to make projections for five and ten year periods.
- 2.1.2 Modelling housing needs is a very complex procedure and it is only very recently that attempts have been made to model local housing needs. Most of the established procedures are aimed at the provision of national level estimates of housing need, including:-
- simple estimates such as those provided by the CLG, which measured the crude dwelling to household surplus (and concluded no additional building was necessary to meet need);
  - a second approach by the Audit Commission measured household growth minus expected private sector output;
  - Glen Bramley's work focused on local supply and demand to calculate for a particular point in time the proportion of new households unable to buy in the market (minus social sector re-lets);
  - Steve Wilcox described a 'Net Stock' approach which calculates net household increase and adds a factor for concealed households before deducting new private sector output to arrive at estimates of need in the social sector.
- 2.1.3 Kleinman and Whitehead have devised a so-called 'Gross Flows' approach which looks at gross household formation, tenure choice, demand from in-migrants and deducts these from new social output and re-lets to yield a measure of social housing requirements.
- 2.1.4 How these national models translate to the local level is not at all clear. Kleinman and Whitehead have attempted a 'Gross Flows' analysis for Cambridge but relied entirely on secondary data for their estimates. This is a problem in the model particularly for the incorporation of measures of concealed households and factors relating to affordability are not considered directly but by modelling the tenure propensities of new households.
- 2.1.5 Our method emphasises the affordability issue and gives much greater weight to the issue of concealment of households than most of the 'national' level studies.
- 2.1.6 The affordability measure is derived from primary data collected in the household's surveys and from access to the Land Registry database on house prices and the concealment issue is also addressed through the survey findings. Since our study is targeted at Knowsley Borough, there are inevitable limitations because local housing markets encompass much wider areas than a single Local Authority area.

## 2.2 Demographic Analysis

- 2.2.1 There are four basic components to changes in the number and composition of households. The aim of this section of the report is to highlight the issues which are relevant to the evaluation of housing needs in Knowsley Borough particularly the changes in:-
- the age distribution of the population arising from births, deaths and ageing of the indigenous population;
  - family units such as marriage, divorce and child bearing patterns;
  - the number and composition of households arising from migration, particularly due to employment opportunities in the area;
  - the probabilities that family units form a separate household, particularly in response to changes in incomes in the labour market area.
- 2.2.2 In local area forecasting new household formation is mainly due to responses to income and employment opportunities. New household formation is also affected by life cycle patterns. This purely demographic influence on the number of households contributes to about 40% of the growth in the number of new households at any one time (Dicks, 1988; Ermisch, 1985).
- 2.2.3 The general demographic forecasts in the tables in this section are Office for National Statistics (ONS) 2006 based population projections, released on the 12<sup>th</sup> June 2008.
- 2.2.4 They project forward mid-2006 population estimates to give an indication of future trends in population by age and sex down to local authority level for the next 25 years from 2006 to 2031.
- 2.2.5 Being trend based projections, assumptions for future levels of births, deaths and migration are based on observed levels; mainly over the previous five years (2002 to 2006). They show what the population will be if recent trends continue.
- 2.2.6 The projections are produced on a consistent basis across all local authorities in England. They do not take into account any future policy changes or local development policies that have not yet occurred.
- 2.2.7 They are fully consistent with the 2006 mid-year population estimates published on 22 August 2007. They are constrained at a national level to the 2006-based National Population Projections published by the Office for National Statistics on 23 October 2007.
- 2.2.8 The data has taken into account dwellings built in 2004 and a balanced mix, within the estimates. These projections replace the original 2004-based population projections published in October 2006. These revisions have been made to take account of the improved methodology for international migration, developed as part of the ONSCD 'Improvements to Migration and Population Statistics' work programme.



- 2.2.9 The factors which combine to produce the population and household forecasts are:- population age-sex structures, headship rates, survival factors, infant mortality, fertility rates, base numbers of dwellings, vacancy rates, building / demolition programmes and the age-sex structure of migrants. The summary of this data is provided in the following tables with the population changes from 2006 to 2031.
- 2.2.10 These projections are produced periodically by the Government and use the 2001 mid year estimate as their starting point. They assume the continuation of current trends in fertility and mortality and migration moves into and out of the area. They do not reflect change due to future housing development in the area.

## 2.3 Population Projections

- 2.3.1 The projections in Table 2-1 are based on the predictions made by ONS (2006-based). These figures are based on the assumptions outlined in paragraphs 2.2.1 to 2.2.10 regarding mortality, fertility and migration etc, and are contained in population projections for the Borough for the period 2006 – 2031.

**Table 2-1 Population Change in Knowsley Borough, 2006 - 2031**

	2006	2011	2016	2021	2026	2029	2031	Change
<b>Total Population</b>	151,300	152,900	154,900	156,600	157,900	158,500	158,800	
<b>Change</b>		<b>+1,600</b>	<b>+2,000</b>	<b>+1,700</b>	<b>+1,300</b>	<b>+600</b>	<b>+300</b>	<b>+7,500</b>
<b>% Change</b>		+1.1	+1.3	+1.1	+0.8	+0.4	+0.2	+5.0%

Source: ONS 2006-based sub-national population projections

- 2.3.2 The table shows an increase in the population Knowsley Borough of 7,500 people over the forecast period (5%).

## 2.4 Age Structure Forecast 2006 - 2031

- 2.4.1 The next stage in the forecast is to disaggregate the population data into age bands because there may be changes in the population structure with significant housing implications.
- 2.4.2 Table 2-2 is based on the net migration model and for this purpose best represents the position.

**Table 2-2 Population Age Band Forecast, Knowsley Borough, 2006 – 2031**

	2006	2011	2016	2021	2026	2029	2031	Change
0 - 19	40,700	39,000	38,700	39,600	40,000	39,500	39,100	-1,600
20 – 29	19,000	21,900	20,900	18,700	17,500	17,800	18,400	-600
30 - 44	32,700	28,900	28,200	30,300	31,700	31,000	30,000	-2,700
45 - 64	35,900	39,900	41,900	41,000	38,500	37,800	37,500	+1,600
65 +	23,000	23,100	25,100	27,000	30,300	32,400	33,800	+10,800
<b>Total</b>	<b>151,300</b>	<b>152,900</b>	<b>154,900</b>	<b>156,600</b>	<b>157,900</b>	<b>158,500</b>	<b>158,800</b>	<b>+7,500</b>
<b>% Change</b>		<b>+1.1</b>	<b>+1.3</b>	<b>+1.1</b>	<b>+0.8</b>	<b>+0.4</b>	<b>+0.2</b>	<b>+5.0</b>

Source: ONS 2006-based sub-national population projections

Figures are rounded to the nearest 100 so totals may not agree with the sum of their rounded counterparts.

- 2.4.3 Percentage change is measured between year bands, not the base population. This is a better representation of the incremental change.
- 2.4.4 The 0-19 age range shows a decrease of 1,600 people, 3.9%. Numbers fluctuate throughout the forecast period with the largest decrease of 1,215 people seen between 2006 and 2011 (4.2%).
- 2.4.5 The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows a fall of 600, 3.2%. Numbers fluctuate throughout the forecast period with the largest decrease seen between 2006 and 2011 (2,900; 15.3%).
- 2.4.6 The 30-44 age group, the main economically active and household forming and moving group also shows a decline overall (2,700; 8.3%). The largest fall is between 2006 and 2011 (3,800; 11.6%).
- 2.4.7 The 45-64 age group shows an increase in numbers of 1,600 people (4.5%). The main increase occurs between 2006 and 2011 (4,000; 11.1%).
- 2.4.8 The most significant feature is the growth of the population in the over 65 age group with an increase of 10,800 people (47.0%) over the forecast period. Numbers rise throughout the forecast period, with the largest rise of 3,500 occurring between 2026 and 2031.
- 2.4.9 Within the older age group, numbers in the 80+ age group increase by 4,500 (90.0%) up to 2031. Numbers increase steadily to 2031, but with the greatest rise in percentage terms occurring in the current period between 2006 and 2011 (1,000; 20.0%). Given the resource demands often associated with very elderly people, these are significant figures.

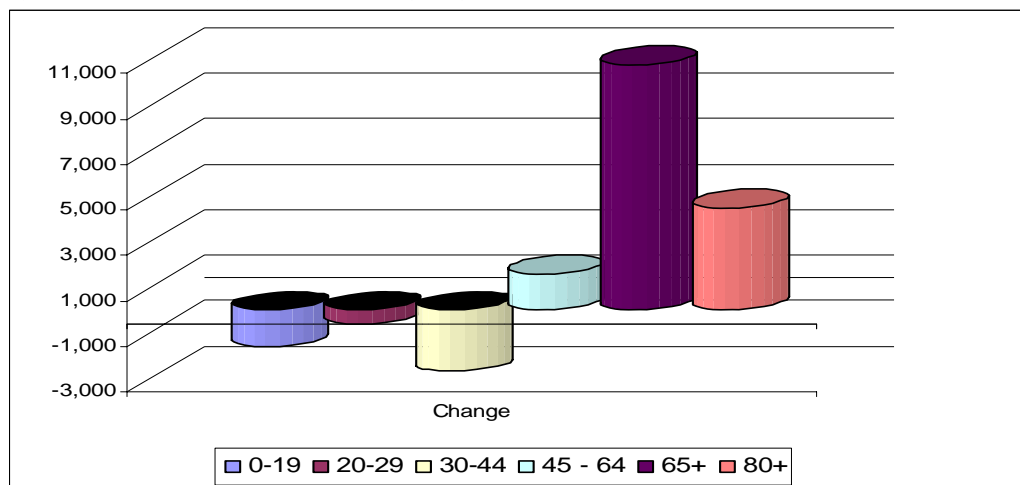
**Table 2-3 Numbers of 80+ in Knowsley Borough, 2006 - 2031**

	2006	2011	2016	2021	2026	2029	2031	Change
80+	5,000	6,000	6,900	7,600	8,100	9,000	9,500	
Change		+1,000	+900	+700	+500	+900	+500	+4,500
% Change		+20.0%	+15.0%	+10.1%	+6.6%	11.1%	+5.6%	+90.0%

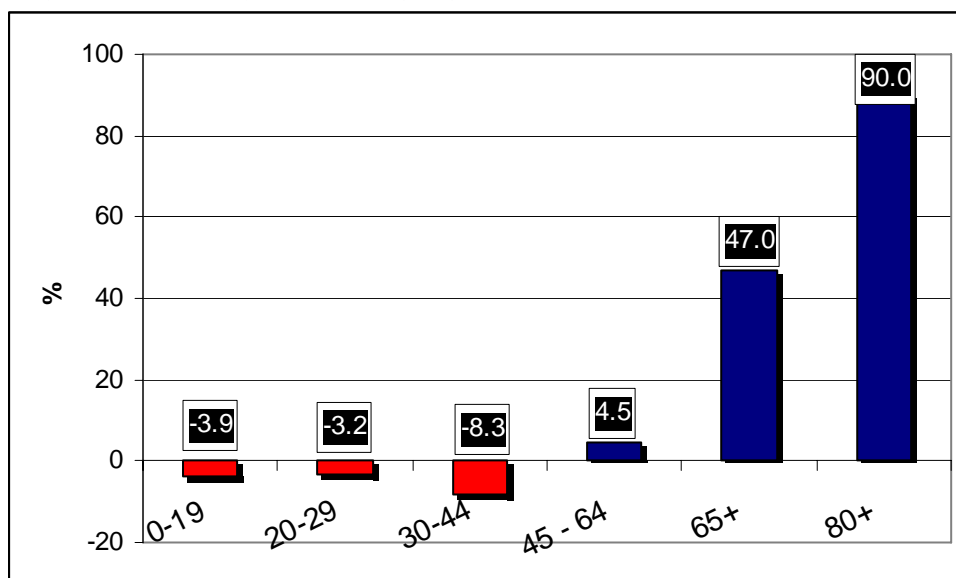
Source: Office for National Statistics

2.4.10 The following graphs show the change in population in Knowsley Borough by age group from 2006 to 2031, in both number and percentage terms.

**Figure 2-1 Population Change Age Band Forecast (numbers)**



**Figure 2-2 Population Change Age Band Forecast (%)**



## 2.5 Forecast Change in Households

2.5.1 Table 2-4 below outlines the household forecasts for Knowsley from 2006 to 2029.

2.5.2 The household projections were supplied by Knowsley and are 2004 based sub-regional household projections.

**Table 2-4 Forecast Change in Households in Knowsley, 2006 – 2029**

	2006	2011	2016	2021	2026	2029	Change	Merseyside Change
Households	62,000	64,000	66,000	67,000	68,000	69,000		
Household change		2,000	2,000	1,000	1,000	1,000	7,000	100,000
<b>% Change</b>		<b>3.2</b>	<b>3.1</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>11.3</b>	<b>17.2</b>
N <sup>os</sup> per household	2.44	2.39	2.35	2.34	2.34	2.30		

Source: CLG (March 2007)

2.5.3 There is predicted to be 7,000 (11.3%) more households in Knowsley in 2029 than in 2006, lower than that projected for the wider Merseyside region of 17.2%.

**Household Size**

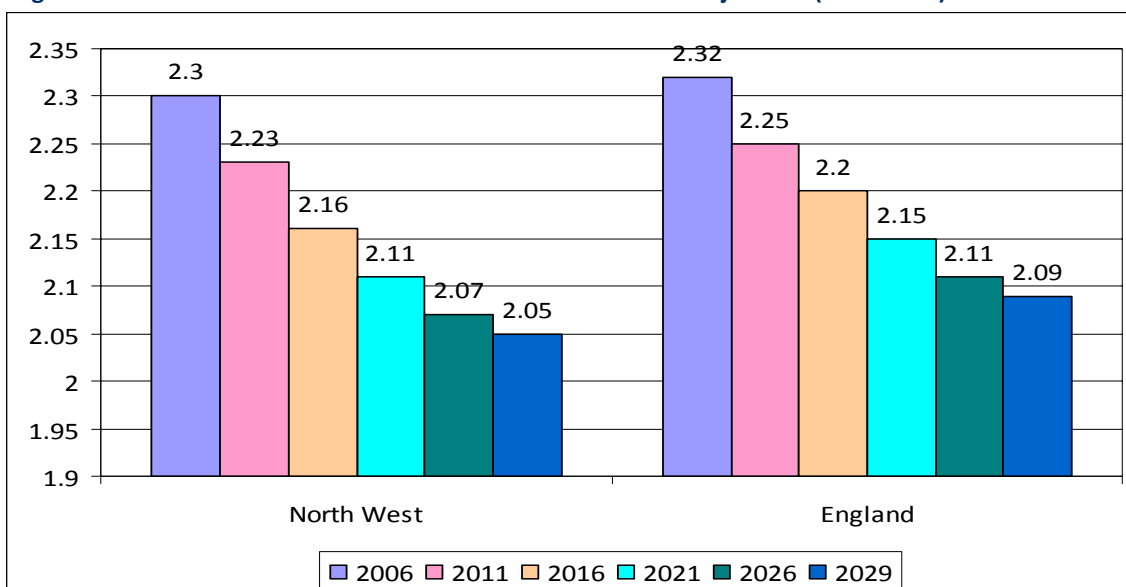
2.5.4 CLG data which is available at a national and North West regional level shows that over the forecast period 2006 to 2029, the average household size in the North West region is projected to fall from 2.3 to 2.05.

2.5.5 The scale of reduction in Knowsley from 2.44 to 2.35 is lower than the national and regional pattern with only a marginal fall throughout the period to 2029.

2.5.6 This forecast decline in household size to 2029 can be linked to the significant predicted growth in the over 65 population where more older people are living longer; the impact of relationship breakdown, and the increase in the number of single / couple households.

2.5.7 Declining average household size combined with a growing population creates a requirement for additional housing units.

**Fig. 2-1 2004 Based CLG Household Size Trends and Projections (2006-2029)**



Source: CLG Household Projections

## 2.6 Summary

- The forecasts to 2031 are based on the assumptions outlined in paragraphs 2.2.1 to 2.2.3 regarding mortality, fertility and migration etc, and are contained in population projections for Knowsley Borough for the period 2006 - 2031 provided by the Office of National Statistics (ONS) in June 2008.
- The population is projected to increase by 7,500 people, increasing over the 25 years to 2031, but with a reduction in all age groups up to 45.
- There are falls in the numbers of children aged 0-19, in the 20-29 age range which comprises new households forming and will have implications for future affordable housing need both in the short and longer term and in the 30-44 age group, the main economically active and household forming and family moving group.
- The 45-64 age group shows an increase in numbers of 1,600 people (4.5%), with the main increase occurring between 2006 and 2011 (4,000; 11.1%).
- The most significant growth is in the over 65 age group with an increase of 10,800 people (47.0%) over the forecast period. Numbers rise throughout the forecast period, with the largest rise of 3,500 occurring between 2026 and 2031.
- Numbers in the 80+ age group increase by 4,500 (90%) up to 2031. The greatest rise in percentage terms occurs between 2006 and 2011 (1,000; 20%). Given the resource demands often associated with very elderly people, these are significant figures.
- This pattern is similar to almost all authority areas nationally except growth areas where younger populations are forecast to in-migrate due to economic expansion.



### 3 THE CURRENT HOUSING STOCK

#### 3.1 Introduction

3.1.1 This section builds upon the primary data regarding the current housing stock within Knowsley District.

3.1.2 The 2007 household survey asked a range of questions about the current housing circumstances of people living in the District. The 2007 data has been re-weighted and the following tables show the re-weighted 2009 data.

#### 3.2 Current Housing in the District

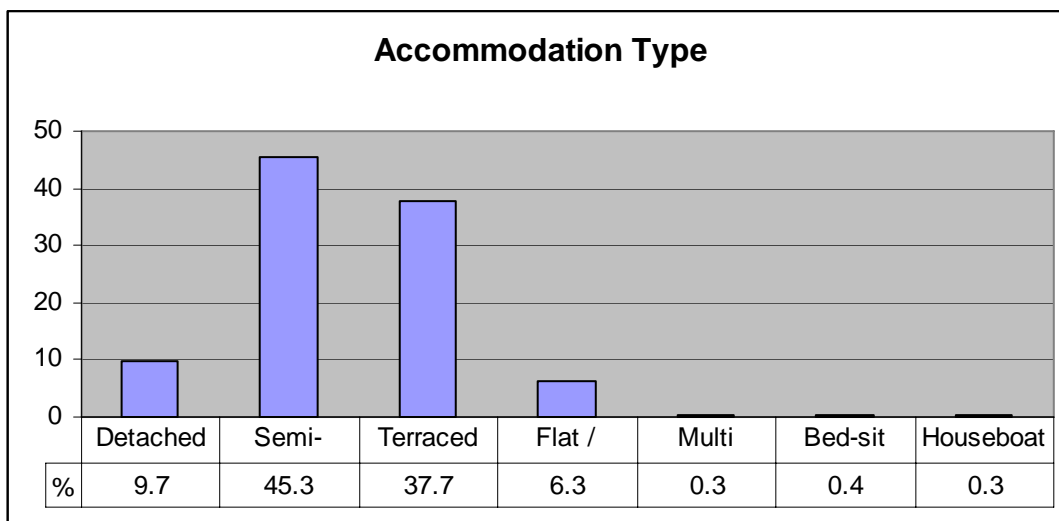
3.2.1 Table 3-1 and Figure 3-1 below indicates the type of accommodation occupied by existing households in the District.

**Table 3-1 Type of Accommodation**  
Question 1

Type	2009 %	N <sup>OS</sup> . implied
Detached House / bungalow	9.7	6,001
Semi-detached House / bungalow	45.3	28,076
Terraced House / bungalow	37.7	23,405
Flat / maisonette	6.3	3,886
Multi-Storey	0.3	208
Bed-sit	0.4	278
Houseboat / Caravan / Mobile home	0.3	183
<b>Total</b>	<b>100.0</b>	<b>62,037</b>

Source: 2007 Housing Needs Survey data re-weighted

**Figure 3-1 Accommodation Type**



3.2.2 The proportion of semi-detached and detached houses and bungalows at 45.3% was lower than the national level of 55%. Terraced properties represent 37.7% of the existing stock and flats / maisonettes represent 6.3%.

3.2.3 The following table shows the tenure of the existing stock in the District.

**Table 3-2 Tenure of Existing Stock**  
Question 2

Type	2009 %	N <sup>os</sup> . implied
Owner Occupied (with mortgage)	40.5	25,162
Owner Occupied (no mortgage)	22.3	13,858
Private rented	6.0	3,703
HA rented	29.5	18,277
Shared Ownership	0.7	437
Tied to your employment	0.3	177
Living rent free	0.7	423
<b>Total</b>	<b>100.0</b>	<b>62,037</b>

Source: 2007 Housing Needs Survey data re-weighted

3.2.4 40.6% of existing households are owner occupiers with a mortgage, 22.3% own the property outright. 29.5% are HA rented and 6.0% are private rented.

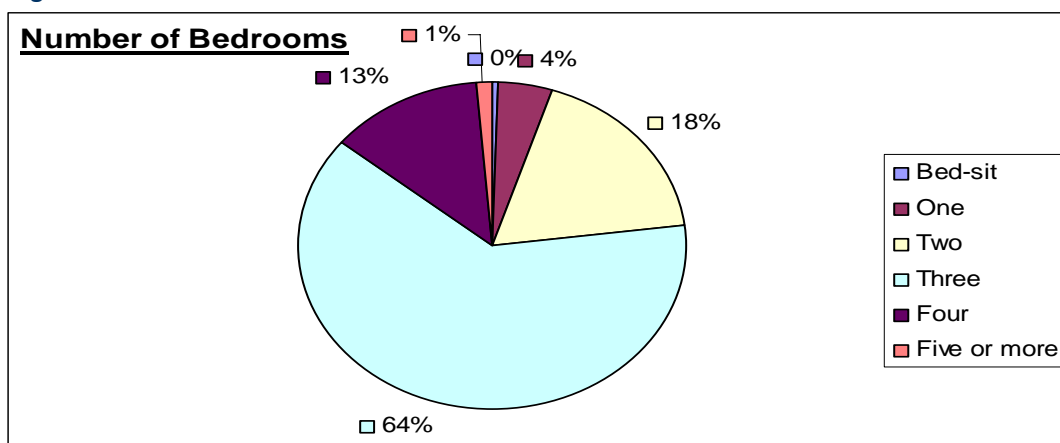
3.2.5 Table 3-3 shows the results for the responses to the question on the number of bedrooms in the current home.

**Table 3-3 Number of Bedrooms**  
Question 4

Bedrooms	%	N <sup>os</sup> . implied
Bed-sit	0.5	285
One	4.4	2,693
Two	18.3	11,297
Three	62.6	38,861
Four	12.9	7,970
Five or more	1.3	778
<b>Total</b>	<b>100.0</b>	<b>61,884</b>

Source: 2007 Housing Needs Survey data re-weighted

**Figure 3-2 Number of Bedrooms**



3.2.6 The average number of bedrooms across the stock in the District was 2.9, slightly above the average found in other recent DCA surveys (2.8). The breakdown of size by number of bedrooms in percentage terms between the ownership and rental sectors was assessed by cross-tabulation with the following results.

**Table 3-4 Number of Bedrooms by Tenure**  
Question 2 by Question 4

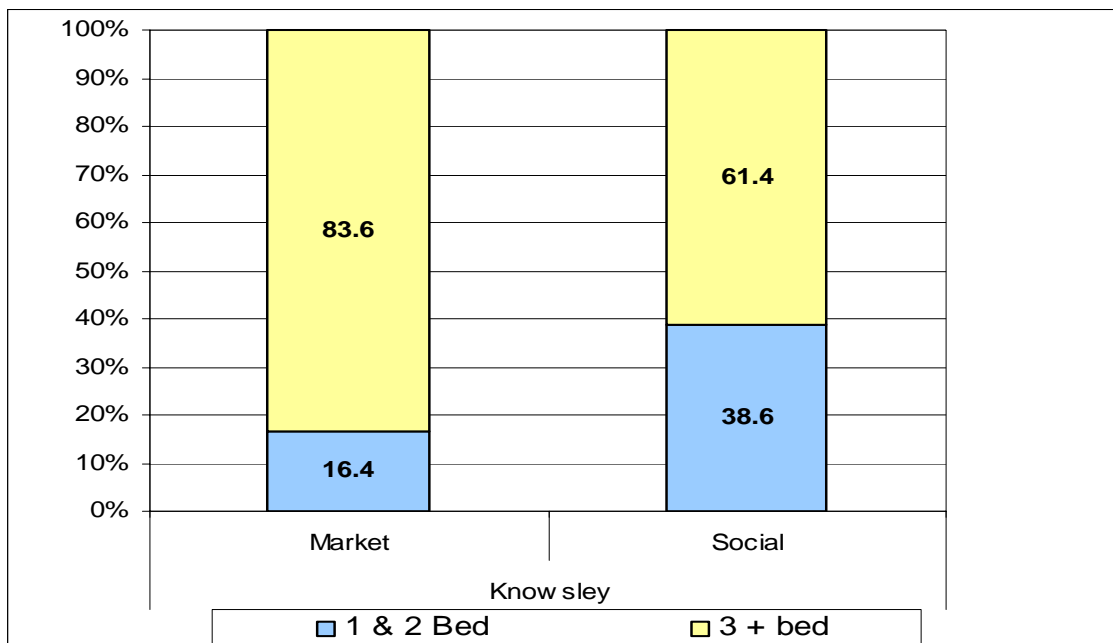
Tenure	Bedsit	One	Two	Three	Four	Five+	Total
Properties owned	0.0	0.5	13.9	69.1	15.5	1.0	100.0
Private rented	0.0	2.0	33.3	49.8	10.2	4.7	100.0
HA rented	1.2	12.8	23.4	53.3	8.4	0.9	100.0
Shared Ownership*	0.0	22.2	67.4	10.4	0.0	0.0	100.0
Tied to Employment*	0.0	0.0	10.2	32.2	20.3	37.3	100.0
Living rent free*	15.6	0.0	20.0	64.4	0.0	0.0	100.0

Source: 2007 Housing Needs Survey data re-weighted \* Low sample

3.2.7 The proportion of small units (1 and 2-bed properties) is higher in the rented sector than the owner occupied sector. 35.3% of the small units are in the private rented sector and 37.4% in the HA rented sector. 69.1% of the properties owned are 3 bed properties and 15.5% are 4-bed properties.

3.2.8 Figure 3-3 below shows the market and social sector stock broken down by 1 to 2 and 3 or more bedrooms. The data shows that the vast majority of stock in the market sector has 3+ bedrooms (83.6%) compared to the social sector where 61.4% of properties have 3+ bedrooms. Only 16.4% of market properties are small units.

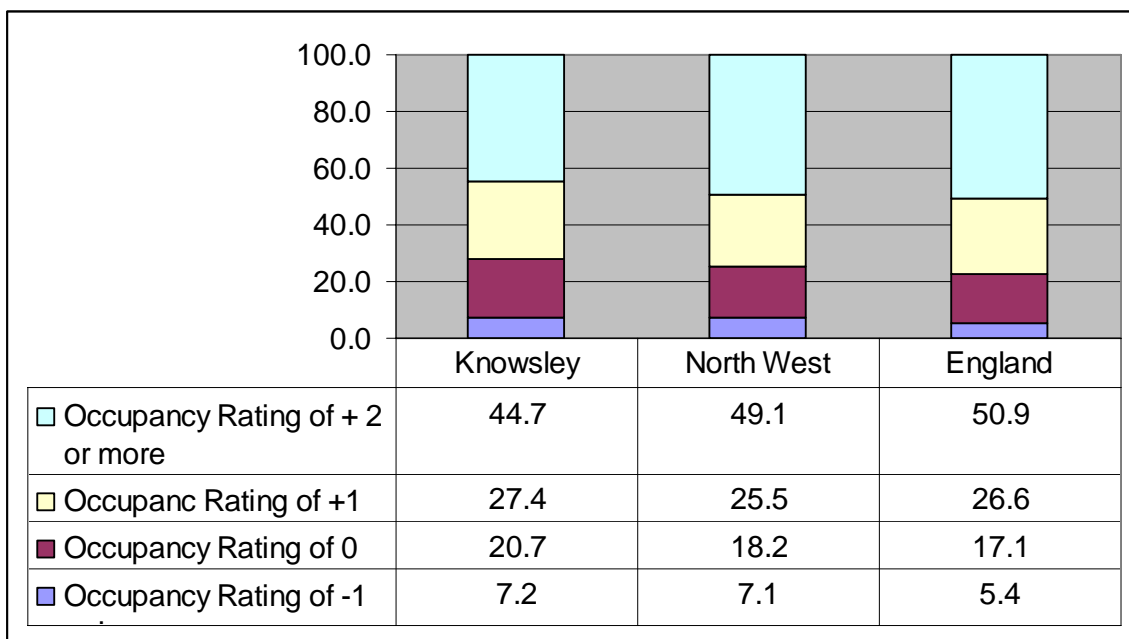
**Figure 3-3 Property Size by Tenure**



### 3.3 Overcrowding and Under- Occupation

- 3.3.1 There are two measures available to assess the extent of under-occupancy and overcrowding. These are the occupancy rating measure of overcrowding and the CLG Bedroom Standard.
- 3.3.2 **The 2001 Census** uses the occupancy rating measure of overcrowding. Occupancy rating is a measure of under-occupancy and overcrowding. A positive measure refers to the number of rooms in addition to the minimum requirements. A negative measure refers to the number of rooms short of the minimum and gives some indication of overcrowding.
- 3.3.3 Using the CLG bedroom standard, overcrowding occurs if there are insufficient bedrooms in the property, based on the number of residents and their age / sex / marital status composition. In the case of over-occupation, any dwelling without sufficient bedrooms to meet that requirement has been categorised as over-occupied. In the case of under-occupation, any dwellings with more than one ‘spare’ bedroom above requirement has been categorised as under-occupied.
- 3.3.4 Figure 3-4 shows that the majority of households, 72.1% in Knowsley, had an occupancy rating of +1 or more, slightly lower than the benchmark areas. This indicates a lower level of overcrowding compared to the wider benchmark areas.

**Figure 3-4** Occupancy Levels



Source: Crown Copyright © Census 2001

### 3.4 The 2007 Housing Survey Data

- 3.4.1 The Census did not specifically identify bedrooms and a more precise assessment of ‘under-occupation’ and ‘over-occupation’ was conducted using the re-weighted 2009 Housing Survey data. This was based on a detailed analysis of the family composition data.

3.4.2 The number of bedrooms required in each household was established allowing for age and gender of occupants as defined by the 'bedroom standard'. In the case of over-occupation any dwelling without sufficient bedrooms to meet that requirement has been categorised as over-occupied.

3.4.3 In the case of under-occupation, any dwelling with more than one 'spare' bedroom above requirement has been categorised as under-occupied. The assessment of under / over occupation† by tenure revealed some disparity between tenure types as indicated at below.

### 3.5 Over-occupation

3.5.1 The overall over-occupation level in the Borough is 5.6%, or 3,479 implied households, significantly higher than the average UK level indicated by the Survey of English Housing Preliminary Report 2007 / 08 of 2.7%. It is however 8.7% in the HA rented stock.

3.5.2 The table below outlines over occupation levels broken down by tenure.

**Table 3-5 Over- Occupation (%) by Tenure**

Owner Occupied (With Mortgage)	Owner Occupied (No Mortgage)	Private Rented	HA Rented	Shared Ownership	All Tenures
6.3	0.9	4.8	8.7	0.0	5.6

Source: 2007 Housing Needs Survey data re-weighted

### 3.6 Under-occupation

3.6.1 There is no comparable data against which to measure the overall under-occupation figure of 35.0%, but it is close to the average found in recent DCA surveys (around 40%).

3.6.2 Under-occupation in the HA rented stock was 23.0% and 5.2% in the shared ownership stock. This represents approximately 4,200 social rented family units, with two or more spare bedrooms. This is an issue for Housing Strategy to consider, both to make best use of the housing stock and address the needs of families in this sector, particularly those who are living in over-crowded conditions.

3.6.3 The table below outlines under-occupation levels broken down by tenure.

**Table 3-6 Under-Occupation (%) by Tenure**

Owner Occupied (With Mortgage)	Owner Occupied (No Mortgage)	Private Rented	HA Rented	Shared Ownership	All Tenures
30.6	63.1	20.7	23.0	5.2	35.0

Source: 2007 Housing Needs Survey data re-weighted



## 4 THE KNOWSLEY HOUSING MARKET

### 4.1 Housing Market Analysis

- 4.1.1 This section examines the current housing market to provide an update on house prices in Knowsley. It has been conducted using the same structure as that in the 2007 Housing Needs Survey. Comparisons in prices over the period and the available data on income change have also been analysed.
- 4.1.2 Three data searches were commissioned to provide information on house price and sales volumes across the borough:-
- the Halifax, as the largest UK mortgage lender, analysing lending regionally;
  - the Land Registry, providing data on all sales in the area for the past year to September 2009 (the most recent data available);
  - an Estate Agency survey to assess entry level prices and private rental costs for new households in each sub-area.
- 4.1.3 The records include house price information by categories of dwellings, also included in the analysis is information about the volumes of sales of each type of dwelling.
- 4.1.4 These indices are not absolutely comparable. Land Registry increase levels tend to be lower because they include cash transactions but they are less reliable on a quarterly basis because they only calculate actual transactions and the figures are affected by changes in the mix of properties between the current and previous periods. Halifax data measures a constant mix of properties by type and size which removes the changing mix factor but does not of course include lower price cash transactions.
- 4.1.5 This information sets the context for the key issue of affordability of housing in the area, and in particular the analysis can be related to the problems of low income evaluated through the household postal questionnaire used in the 2007 survey.
- 4.1.6 The 2007 survey data has been re-weighted to reflect current 2009 household population and tenure balance so that the results reflect what would have been found had the household survey been conducted in 2009.

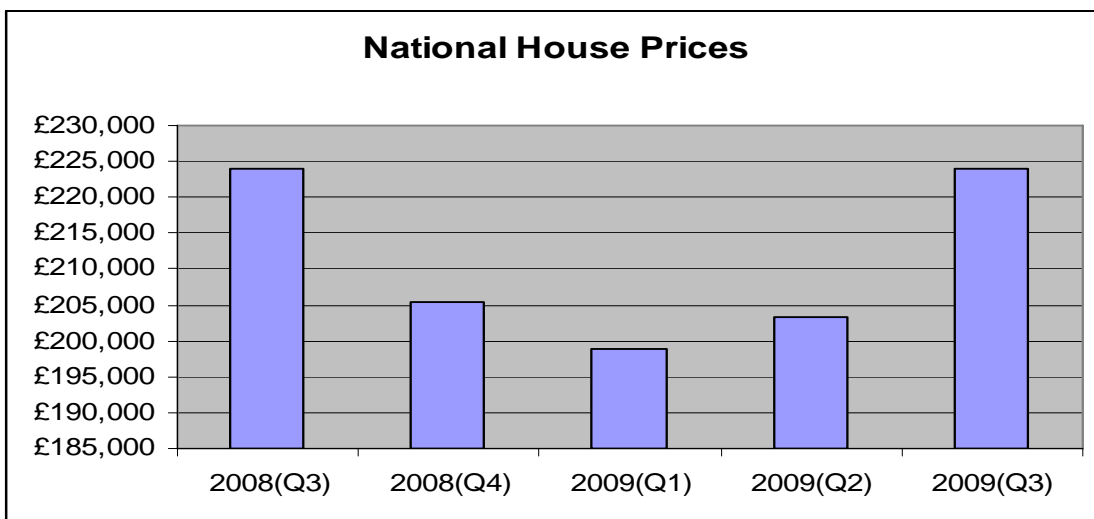
### 4.2 National Picture

- 4.2.1 Since 2007, the UK market has seen a crisis in economic terms starting with insecurity in the financial markets following the sub-prime mortgage crisis beginning in the American market. This led to a fall in house prices throughout the UK which has left recent buyers and those on 100% mortgages with negative equity.
- 4.2.2 House prices nationally have risen by 1.7% since the end of 2008 according to the Halifax House Price Index, Quarter 3 2009. The combined increase in demand and low level of properties available for sale has pushed up house prices in recent months. However, the continuing rise in unemployment and low earnings growth are likely to hamper the rise in demand.

4.2.3 The Halifax house price index report for the 3<sup>rd</sup> quarter 2009 showed that house prices have increased by 1.6%, the third consecutively monthly increase. The average UK house price in September was 1.7% (£2,672) higher than at the end of 2008.

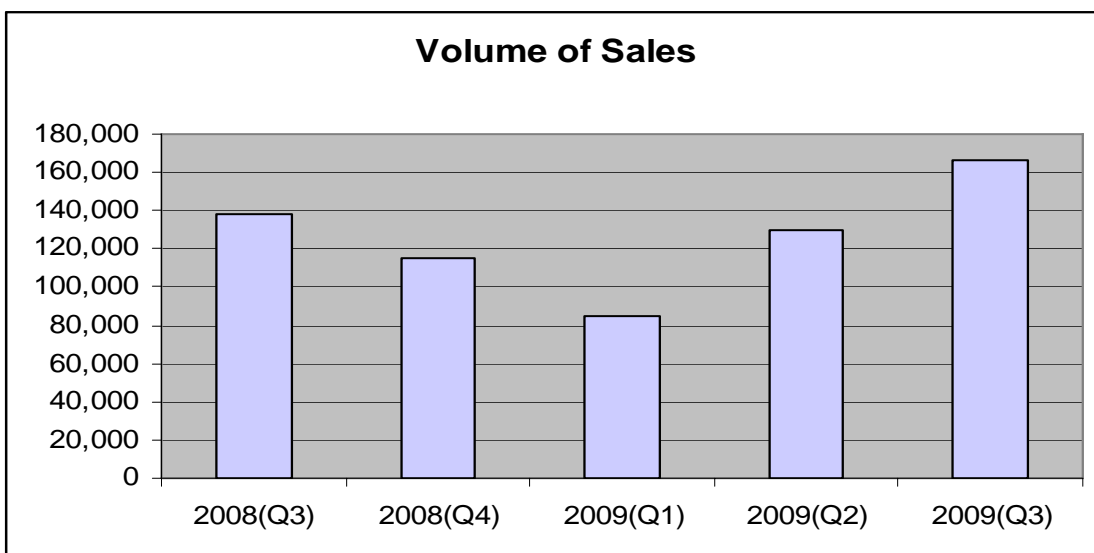
4.2.4 Land Registry data indicates that property prices in the 3<sup>rd</sup> quarter of 2009 have decreased by 0.03% since the 3<sup>rd</sup> quarter of 2008. The volume of sales has increased by 20.1% from September 2008 – September 2009.

**Figure 4-1 National House Prices Q3 2008 – Q3 2009**



Source: Land Registry, © Crown Copyright (Land Registry)

**Figure 4-2 Volume of Sales Q3 2008 – Q3 2009**



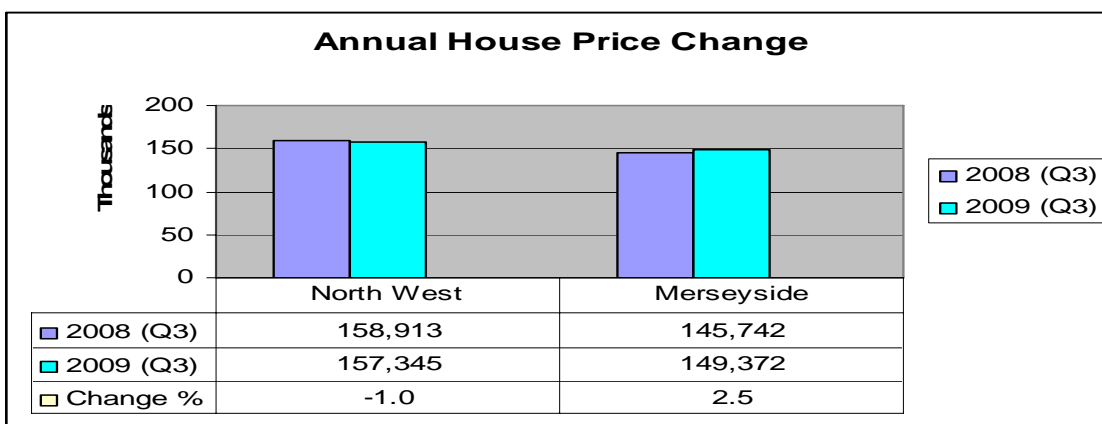
Source: Land Registry, © Crown Copyright (Land Registry)

4.2.5 The Bank of England industry-wide figures show that the number of mortgages approved to finance a house purchase has almost doubled from 27,400 in November 2008 to 52,300 in August 2009. Approvals, however, in August 2009 were 51% lower than in August 2007.

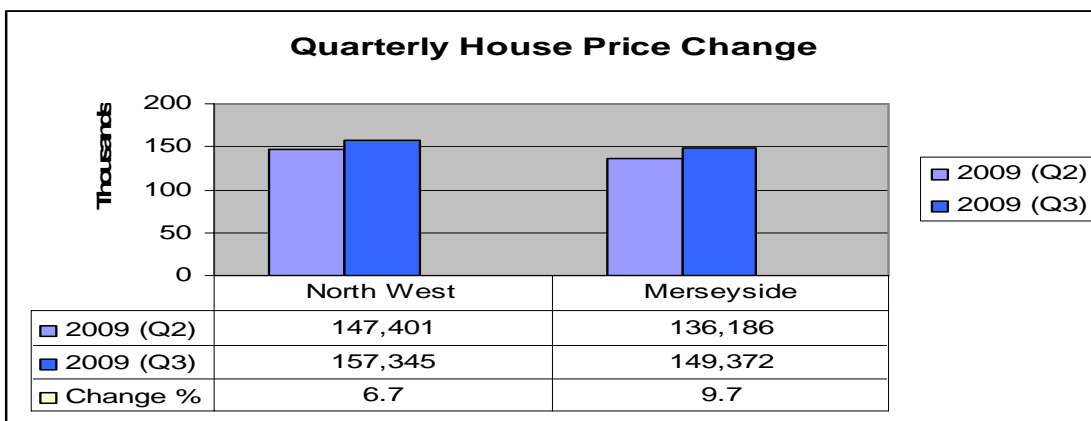
### 4.3 Regional Picture

- 4.3.1 Historically, all regions within the UK have recorded a substantial increase in house prices over the past decade (Q3 1991 – Q3 2009) not withstanding the declines over the past two years, according to the Halifax House Price Index UK Overview, Q3 2009.
- 4.3.2 Flats / maisonettes have seen the highest price growth within the North West over the past ten years, an increase of 130%. Prices were at £51,593 at Q3 1999 and rose to £118,673 in Q3 2009.
- 4.3.3 The latest regional data (Q3 2009) as recorded by the Halifax Index shows an average house price in the North West of £128,490, 20% below the UK average of £161,280.
- 4.3.4 The Halifax First Time Buyer Affordability Review 2009 illustrates that the affordability situation for first time buyers has improved in 8 of the 12 UK regions since Q3 2007. The North West is one of the 8 regions and has increased its affordability from 10% to 31%.
- 4.3.5 There are two Local Authorities within the North West that have become affordable for first time buyers between 2008 Q4 and 2009 Q1. They are Blackburn and Darwen and Halton.
- 4.3.6 The figures below show the house price inflation over the last year and over the last quarter to 30<sup>th</sup> September 2009.

**Figure 4-3 Annual House Price Change to Quarter 3 2009**



**Figure 4-4 Quarterly House Price Change Q2 2009 to Q3 2009**



Source: Land Registry, © Crown Copyright (Land Registry)

- 4.3.7 Average house prices in the North West have fallen by 1.0% over the year according to the Land Registry, the average price now being £149,372. Over the quarter the increase in the average house price was 6.7%.
- 4.3.8 Average house prices in Merseyside have increased by 2.5% over the year and there has been a quarterly increase of 9.7%, although the short term market is based on low supply levels.

#### 4.4 Average House Prices

- 4.4.1 Average house prices in the regional market and local market are shown in Table 4-1 below, which details the average prices paid for the main categories of house types using Land Registry data and the Halifax House Price Index.
- 4.4.2 The Halifax data is based on actual sales of mortgaged properties and the information is a real indication of actual prices prevailing in the purchases being made in the North West. The Land Registry data incorporates all transactions at Local Authority level.

**Table 4-1 Average North West House Prices (£) – All Buyers Q3 2009**

Property Type	Knowsley	North West Region		Merseyside
	Land Registry	Land Registry	Halifax	Land Registry
Detached	173,474	273,872	251,161	267,871
Semi-detached	117,938	151,240	139,240	149,254
Terraced	85,840	106,365	102,082	101,535
Flats & Maisonettes	78,204	126,897	118,673	125,278
<b>All Properties</b>	<b>115,550</b>	<b>157,345</b>	<b>152,789</b>	<b>149,372</b>

Source: Halifax House Price Index Q3 2009, © Copyright HBOS plc  
Land Registry Residential Property Price Report, Quarter 3 2009, © Crown Copyright

- 4.4.3 The table below examines average house prices for Knowsley Borough as recorded by the Land Registry Q3 2009 and comparing nearby authority areas of Liverpool, Sefton, West Lancashire, St Helens, Halton, Warrington and the Wirral.

**Table 4-2 Land Registry Average House Prices (£) - All Buyers Q3 2009**

	Terraced	Semi-Detached	Detached	Flat / Maisonette	All Properties
Knowsley	85,840	117,938	173,474	78,204	<b>115,550</b>
Liverpool	105,271	155,268	253,282	135,922	<b>136,684</b>
Sefton	114,216	163,013	294,280	133,335	<b>175,238</b>
West Lancashire	107,850	161,045	269,319	180,596	<b>188,912</b>
St Helens	84,303	122,029	214,416	90,746	<b>123,395</b>
Halton	91,936	132,636	212,143	85,708	<b>134,456</b>
Warrington	126,241	146,746	254,987	91,659	<b>167,893</b>
Wirral	103,222	154,027	297,309	112,325	<b>164,344</b>
<b>Total Average</b>	<b>102,360</b>	<b>144,088</b>	<b>246,151</b>	<b>113,562</b>	<b>150,809</b>

Source: Land Registry Residential Property Price Report, Quarter 3 2009, © Crown Copyright

- 4.4.4 The average price of all properties across all areas is £150,809 (£151,778 in 2007) and the average prices in Knowsley £115,550 are 23.4% below this figure. The highest average price across all areas is that of West Lancashire (£188,912), followed by Sefton (£175,238). The lowest average price across all areas is Knowsley.
- 4.4.5 Terraced properties are the most affordable property type across all areas at an average of £102,360. Average prices are the lowest in St Helens at £84,303 followed closely by Knowsley at £85,840. The highest average price of a terraced property is in Warrington at £126,241 followed by Sefton at £114,216.
- 4.4.6 The lowest average price of flats / maisonettes is in Knowsley at £78,204. West Lancashire has the highest average at £180,596. The average price of flats / maisonettes across all eight areas is £113,562, 31.1% higher than the average price of a flat / maisonette in Knowsley.
- 4.4.7 The differences in average prices of properties, particularly in the entry level stock of terraced houses and flats is assumed to have an affect on in-migration to the borough from the surrounding areas.

## 4.5 Sales Transactions

- 4.5.1 Table 4-3 below shows the number of sales by property type in the North West Region and in Knowsley Borough in Quarter 3 2009. This is compared with the sales levels two years previous (Q3 2007).

**Table 4-3 Sales Transactions Q3 2007 / Q3 2009**

Property Type	North West			Knowsley		
	Sales Q3 2009*	Sales Q3 2007*	Difference +/- (%)	Sales Q3 2009*	Sales Q3 2007*	Difference +/- (%)
Terraced	5,122	13,693	-62.6	57	192	-70.3
Semi-detached	5,871	11,531	-49.1	105	201	-47.8
Detached	2,985	5,209	-42.7	32	53	-39.6
Flat/ Maisonette	1,671	4,261	-60.8	11	27	-59.3
<b>All Properties</b>	<b>15,649</b>	<b>34,694</b>	<b>-54.9</b>	<b>205</b>	<b>473</b>	<b>-56.7</b>

Source: Land Registry Residential Property Price Report, Quarter 3 2009 and 2007 © Crown Copyright

- 4.5.2 The data shows the considerable fall in sales both regionally and locally over the two year period. In the North West the overall decrease in sales is 54.9% and 56.7% in Knowsley. The largest fall per property type was seen in terraced houses at 62.6% in the North West and 70.3% in Knowsley.

## 4.6 Affordability

- 4.6.1 Housing is now technically at its most affordable than it has been for the last six years. Mortgage payments at 31% of earnings are now below the 25 year average of 37% and far below the unsustainable peak of 48% in July 2007.
- 4.6.2 The house price to income ratio has declined from 5.84 in July 2007 to 4.42 in February 2009. The long term average ratio is projected at 4.0.



- 4.6.3 However, despite the outlook for affordability being more optimistic, the small supply of properties on the market and tightening of lending criteria for mortgages at high loan to valuation ratios (LTV) has resulted in a 46% decline of first time buyers coming into the market than a year ago.
- 4.6.4 Existing owner occupiers have seen a significant reduction in mortgage payments for those who are not tied on a fixed rate mortgage, or who have recently purchased. These savings, from a combination of lower house prices and interest rates now at record lows, are only available at low LTV rates for those with established equity.
- 4.6.5 There is only a tiny supply of loans to first purchasers at LTV levels above 75% and the availability of a large deposit is now the major hurdle in achieving access to house purchase.
- 4.6.6 We found no available mortgage products from high street lenders at 95% to first time buyers or existing borrowers. Lenders are offering a 90% Loan to Valuation (LTV) mortgage over a fixed term, but most have high arrangement fees in excess of £700, with some as high as £1,500. Clearly the lower the deposit, the higher the interest rate.
- 4.6.7 Variable rate mortgages were mostly offered at 25% LTV as a minimum. Lloyds TSB did offer a 95% LTV to first time buyers, but relatives were to act as a guarantor to the loan and had to show £20,000 in savings to qualify.
- 4.6.8 The best deals available for existing borrowers are at interest rates around 3% to 4% and these are also offered with high arrangement fees and a LTV ratio of 40% to 75%.

## 4.7 The Mortgage Market

- 4.7.1 The Council of Mortgage Lenders' (CML) members are banks, building societies and other lenders who together undertake around 98% of all residential mortgage lending in the UK. They produce statistics research and public commentary on the market and the issues facing lenders.
- 4.7.2 The following table outlines key statistics on volume of transactions and advances and mortgage possessions from 2006 to forecasts of the outturn expected in 2009.

**Table 4-4 Key Mortgage Lending Statistics**

	2006	2007	2008 <sup>e</sup>	2009 <sup>f</sup>
Residential property transactions, UK, millions	1.685	1.627	0.9	0.7
Gross advances, £bn	345	364	261	145 (145)
Net lending, £bn	110	108	40	-5
<b>Possessions in period:</b>				
Number	21,000	25,900	40,000	65,000 (75,000)
% of all mortgages	0.18	0.22	0.34	0.54

Source: Bank of England, National Statistics, HM Revenue and Customs, CML  
e: estimate f: forecast

- 4.7.3 The fall of over 40% in the scale of mortgage transactions and thereby volume of lending since 2006 is very significant.

- 4.7.4 It is estimated that net lending (i.e. new loans less loans repaid) will be negative by £5 billion compared to a positive figure of £110 billion in 2006.
- 4.7.5 The impact of the credit crunch was first felt in the UK in the mortgage lending industry with the demise of the Northern Rock. The major government support into the industry has in the short term only given it stability and there remains a major problem of a lack of funds to lend across virtually all lenders.
- 4.7.6 It is for this reason that lending terms are now quite severe with loan to value ratios of 60% and 75% the norm across the industry. This has particular significance for first time purchasers who traditionally have borrowed maximum levels around 95%.
- 4.7.7 The impact of the recession caused by the financial crisis is reflected in repossessions which are expected to treble over the four year period, although still only effecting 0.5% of households.
- 4.7.8 Although there is commentary which attempts to take a positive line on the state of the market, the reality is that mortgage lending is down over the short term from April to May and by 58% over the last year. According to new data from the Council of Mortgage Lenders – *“Gross mortgage lending totalled an estimated £10.3 billion in May, a 2% decline from the £10.5 billion in April and down 58% from May 2008.”*
- 4.7.9 *“While recent signs from the housing market have been more encouraging, we do not anticipate a significant recovery in activity in the coming months. Lending volumes appear to have stabilised at extremely low levels, but the weak labour market and lenders’ limited access to funding will constrain activity for some time yet.”*
- 4.7.10 Data on loans specifically to first-time buyers is outlined below.

**Table 4-5 Loans to first-time buyers 2008/2009**

	Number of loans	Value of loans £m	Average loan to value	Average income multiple
June 2009	17,200	1,900	75%	3.08
Change from May 2009	+26%	+27%	75%	3.04
Change from June 2008	-7%	-21%	87%	3.33

Source: CML August 2009

- 4.7.11 The availability of loans and the terms available have significantly reduced first-time buyers ability to enter the market. Because they do not have a house to sell, this group have played a very significant role in previous recessions in sustaining some level of activity and in helping lead the market out of the recession.
- 4.7.12 Over the year to April 2008 when the market was already in recession, the number of loans has fallen by 28% and the volume of funding by 41%. The major issue now is that average loans available are now at 75% with a ratio of 2.96 x income compared to 89% at 3.33 x income a year ago.
- 4.7.13 The scale of deposit required is now a significant issue in the market as affordability. A 25% deposit is not available normally to people on average incomes unless parents have a significant capital to provide as a deposit.

- 4.7.14 The problem of lack of liquidity is causing low levels of lending and a focus on high quality business. The difficulty is in estimating how long this will last. We have therefore to maintain calculations based on normal market conditions.

## 4.8 House Price Sub-Areas

- 4.8.1 The borough has been divided into the same six Area Partnership Board Areas (APB) used in the 2007 HNS to analyse house prices locally in the area. The six areas are:-

**Table 4-6** Area Partnership Board (APB) Areas

AREA FORUMS
North Kirkby
South Kirkby
North Huyton
South Huyton
Prescot, Whiston, Cronton and Knowsley Village
Halewood

## 4.9 Entry Sales Levels in Knowsley

- 4.9.1 New forming and low income households can only enter the market in any numbers where there is an adequate supply of affordable dwellings.
- 4.9.2 First-time buyers as new entrants to the housing market do not purchase houses at average prices as they do not have average incomes. Although average prices are useful for comparisons in general they are not the purchase levels used in assessing the ability of households to enter local markets.
- 4.9.3 In broad terms new purchasers of either flats or terraced properties buy in the lowest quartile of prices i.e. the bottom 25%. An internet survey of the local estate agents was undertaken to ascertain the cost of the cheapest units available i.e. the lowest quartile stock costs for sale in each of the 6 APB areas. These are detailed in the following table.

**Table 4-7** Entry Sales Levels (£) in the Borough - November 2009

	1 Bed Flat	2 Bed Flat	2 Bed Terraced	3 Bed Terraced
North Kirby	54,950	59,950*	61,000*	60,000
South Kirkby	45,000	42,500	61,000	67,500
North Huyton	59,950	69,950	74,995	84,995
South Huyton	61,950	64,950	62,950	104,950
Prescot and Whiston / Cronton / Knowsley Village	64,950	79,950	79,950	89,950
Halewood	69,950*	64,950*	84,950	95,000
<b>Borough Wide</b>	<b>59,950</b>	<b>69,950</b>	<b>74,995</b>	<b>89,950</b>

Source: DCA House Price Survey November 2009 \*Low level of data

- 4.9.4 Although the average price of terraced properties according to the Land Registry survey is £85,840, entry sales levels vary across the Borough with the lowest entry prices, starting at around £61,000 in North and South Kirby, rising to £84,950 in Halewood. 3-bed terraced properties start at £60,000 in North Kirby rising to £104,950 in South Huyton.
- 4.9.5 The entry sales level for flats / maisonettes start at £45,000 in South Kirby for a 1 bed unit and rise to £69,950 in Halewood. 2-bed flat prices average £42,500 in South Kirby rising to £79,950 in Prescot and Whiston / Cronton and Knowsley Village.

#### 4.10 The Private Rented Sector

- 4.10.1 DCA undertook an internet search of the main estate / letting agents to gather data on the entry rent levels for each area. Some areas have a low level of data across all the property types. The most data was collated for Halewood and South Kirby.
- 4.10.2 The data from the internet survey identified the private sector rent levels by property type and size and location set out below.

Table 4-8 Average and Entry Rent Levels, November 2009 (£ p/m)

Property Type	North Kirkby		South Kirkby		North Huyton		South Huyton	
	Average	Entry	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	410*	<b>395*</b>	406	<b>375</b>	413*	<b>375*</b>	413*	<b>375*</b>
2-Bed Flat	443	<b>415</b>	437	<b>400</b>	473	<b>395</b>	443	<b>395</b>
2-Bed Terraced	497*	<b>440*</b>	477	<b>450</b>	496*	<b>350*</b>	501	<b>450</b>
3-Bed Terraced	480*	<b>440*</b>	497	<b>475</b>	507	<b>450</b>	504	<b>450</b>
2-Bed Semi-detached	400	-nd-	473	<b>475</b>	484*	<b>450*</b>	489	<b>475</b>
3-Bed Semi-detached	609	<b>595</b>	604	<b>595</b>	567	<b>495</b>	606*	<b>475*</b>

Property Type	Prescot and Whiston / Cronton / Knowsley Village		Halewood		Borough - wide	
	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	461*	<b>400*</b>	406	<b>395</b>	413	<b>395</b>
2-Bed Flat	545	<b>475</b>	512	<b>495</b>	485	<b>420</b>
2-Bed Terraced	484	<b>450</b>	468	<b>435</b>	480	<b>450</b>
3-Bed Terraced	513*	<b>475*</b>	533	<b>475</b>	511	<b>475</b>
2-Bed Semi-detached	513*	<b>475*</b>	493	<b>495</b>	487	<b>475</b>
3-Bed Semi-detached	601	<b>550</b>	637	<b>595</b>	610	<b>550</b>

nd – No Data

\* Low level of data

Source: DCA House Price Survey November 2009

## 4.11 Entry to Private Rent

- 4.11.1 Entry rental costs in the private rented sector vary by location within the Borough.
- 4.11.2 The private rented sector costs are £375 per month in South Kirkby and North and South Huyton and rising to £400 in Preston and Whiston / Cronton and Knowsley Village for the smallest unit (see Table 4-8).
- 4.11.3 Entry level rents for a 2-bed flat range from £395 in North and South Huyton to £495 in Halewood.
- 4.11.4 In the case of 2-bed terraced houses, the lowest rent level was £350 per month in North Huyton but due to the low number of properties for this type and size we have used the next level as the entry level price, which was £435 per month in Halewood rising to £450 in South Kirkby, South Huyton and Preston and Whiston / Cronton and Knowsley Village.
- 4.11.5 3-bed terraced properties can be rented from £440 per month in North Kirby rising to £475 per month in Preston and Whiston / Cronton and Knowsley Village, Halewood and South Kirkby.
- 4.11.6 2-bed semi detached properties can be rented from £450 in North Huyton rising to £495 in Halewood. 3-bed semi detached properties can be accessed from £475 in South Huyton rising to £595 in Halewood, North and South Kirkby.

## 5 HOUSING COSTS AND INCOME

### 5.1 Introduction

5.1.1 The ability of a household to satisfy its own housing requirement is fundamentally a factor of the relationship between local house prices and households income. This section of the report assesses the income levels required to access the cheapest units available in reasonable supply from the research detailed in Section 4, and the change in incomes from the previous survey in 2007 utilising national secondary data.

### 5.2 Purchase Income Thresholds

5.2.1 The cheapest entry levels (lowest quartile) of the smallest units were assessed to enable threshold income levels to be calculated. These are based on 95% mortgage availability and a 3.5x gross income lending ratio for single earner households and 2.9x gross household income for dual income households, the levels recommended in the 2007 Strategic Housing Market Assessments – Practice Guidance (page 42). Although in reality, lending ratios are now much lower with very few loans available with 95% loan to valuation levels.

5.2.2 Table 5-1 and Table 5-2 below outline the income ranges needed to enter the market in the 6 APB areas for single and dual households using the Guidance recommended lending ratios.

**Table 5-1 Single Income Thresholds – November 2009**

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terraced
North Kirkby	14,900	16,300*	16,600*
South Kirkby	12,200	11,500	16,600
North Huyton	16,300	19,000	20,400
South Huyton	16,800	17,600	17,100
Prescot and Whiston / Cronton / Knowsley Village	17,600	21,700	21,700
Halewood	19,000*	17,600*	23,100

Please note figures are rounded to nearest hundred. \*low sample  
Source: DCA House Price Survey November 2009

**Table 5-2 Dual Income Thresholds - November 2009**

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terraced
North Kirkby	18,000	19,600*	20,000*
South Kirkby	14,700	13,900	20,000
North Huyton	19,600	22,900	24,600
South Huyton	20,300	21,300	20,600
Prescot and Whiston / Cronton / Knowsley Village	21,300	26,200	26,200
Halewood	22,900*	21,300*	27,800

Please note figures are rounded to nearest hundred. \* low sample  
Source: DCA House Price Survey November 2009

- 5.2.3 According to the updated 2009 income data for concealed households, only 4.4% have incomes above £27,500. The cheapest entry level property can be accessed at £12,200 (single income) in South Kirkby and 54.8% of concealed households earn below this amount to access as a single household alone. The ability of concealed households to access the market within Knowsley is clearly limited.

### 5.3 Rental Income Thresholds

- 5.3.1 The cheapest rental prices of the smallest units in the Borough were assessed in order to calculate the rental income threshold levels. These are based on rent at 25% of gross income (equivalent to 30% of net income). Table 5-3 below shows the income levels needed to access the private rented market in the Borough.

**Table 5-3 Rental Income Thresholds – November 2009**

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
North Kirkby	19,000*	19,900	21,100*
South Kirkby	18,000	19,200	21,600
North Huyton	18,000*	19,000	16,800*
South Huyton	18,000*	19,000	21,600
Prescot / Whiston / Cronton / Knowsley Village	19,200*	22,800	21,600
Halewood	19,000	23,800	20,900

Source: DCA House Price Survey November 2009

\* Low Level of Data – nd- No Data

- 5.3.2 The cheapest property in the Borough is in South Kirkby and North and South Huyton and requires an income threshold of £18,000. Taking into account the updated 2009 income data (see Table 5-9 ) only 21.3% of all concealed households achieved an income of this level.

### 5.4 Secondary Research

- 5.4.1 The 2008 study by Professor Steve Wilcox '*Can't Supply: Can't buy*' examines the affordability of private sector housing in Great Britain in 2007. It sets out affordability measures for home ownership and for private rented housing. The study uses Hometrack data for House Prices based on an even mix of 2 / 3 bedroom dwellings and calculates affordability ratios based on household earnings.
- 5.4.2 The 2008 report follows a similar analysis to the previous report '*Can't Buy: Can rent*' published in 2007 and builds on earlier analysis carried out for the Joseph Rowntree Foundation on home owner affordability in 2002, 2003, 2004 and 2005. It also compares the cost of renting and buying using Hometrack data on both house prices and private rents. The main improvement in the 2008 report is that it examines the proportion of younger working households in each area that can afford to rent, even if they cannot afford to purchase locally.



- 5.4.3 The report highlights the growth of the 'buy to let' mortgage market and its importance in the housing market over the last decade. In 2007, there were 346,000 new 'buy to let' mortgage advances recorded, almost matching the 358,000 mortgage advances to first time buyers during that time. While house prices have tripled since 1994, private sector rents have only increased in line with earnings over that time, therefore the costs of renting have declined relative to the costs of buying.
- 5.4.4 In the UK as a whole in 2003, ratios of mortgage advances to incomes only exceeded 3.75:1 in about a quarter of all cases where only a single income was taken into account and 3.25:1 where more than one income was taken into account. Lender practices vary in terms of defining incomes required to purchase, but a typical example would be 3 times the annual gross income depending on the number in the household. Lender practice is changing however, in response to the sharp reductions in interest rates and advance to income ratios have increased over the last few years.
- 5.4.5 As a whole, the average house price to household earnings ratio was 4.7:1. It was the highest in London (6.11:1) and the lowest in the East Midlands (3.75:1). The 2008 Report shows that the North West region has a house price to earnings ratio of 3.93:1 and Knowsley has a house price-to-income of 3.63:1.
- 5.4.6 Table 5-4 highlights the purchase price data and house price to income ratio for Knowsley Borough and the North West.

**Table 5-4 Purchase Income Thresholds**

Area	Working Households		
	2007 Prices	Income	Ratio
Knowsley Borough	114,903	31,654	3.63
North West	136,452	34,685	3.93

Source: Can't Supply: Can't buy 2008 Report

- 5.4.7 House price to income ratios in the North West Region range widely from 2.51:1 in Copeland to 6.22:1 in Eden.
- 5.4.8 CORE (COntinuous REcording) is a system developed jointly by the Tenant Services Authority and CLG. CORE is used to record information of both housing association and local authority new social housing tenants and the homes they rent and buy.
- 5.4.9 The CORE data for Knowsley shows the combined net household incomes of new tenants in the social sector in 2009. The median income was £8,316 and the mean was £6,812.

- 5.4.10 The 2008 Report 'Can't Supply: Can't Buy' also relates to the ability of the intermediate market to assist younger working households to buy in their local housing market.

**Table 5-5 Working Households Unable to Buy**

Area	Working Households	
	Broad IHM * (%)	Narrow IHM ** (%)
Knowsley	33.7	15.9
North West	39.3	19.3

\* The proportion of working households unable to purchase at lower quartile house prices for two and three bedroom dwellings.

\*\* The proportion of working households who can afford to pay social rent without housing benefit but cannot afford to purchase at the lowest decile point of house prices for two- and three-bedroom dwellings.

Source: Can't Supply: Can't Buy' Report 2008

- 5.4.11 The data shows that for Knowsley 33.7% of working households cannot afford to buy at the lower quartile point of house prices, and 15.9% of household's cannot afford in the lowest decile. This is slightly lower than the regional average for the North West (39.3% and 19.3% respectively).
- 5.4.12 The 2008 Report provides Hometrack data on private rents as well as owner occupied housing. This makes it possible to compare private rents with house prices along with the costs of purchase. The analysis for both private rents and house prices are based on 2 / bedroom dwellings to make the data comparable.
- 5.4.13 The average private rent for 2 / 3 bedroom dwellings in England in 2007 was £814 per month. Regionally rents ranged from £596 pcm in the North West. Monthly rents in Knowsley in 2007 were £561.
- 5.4.14 The table below shows the comparisons between the monthly mortgage costs and rental costs between Knowsley and the North West Region.

**Table 5-6 Mortgage / rental costs per month**

Area	Monthly Mortgage costs (£)	Mortgage costs as a % of earnings	Monthly Rents (£)	Rents as a % of earnings
Knowsley	727	27.6	561	21.3
North West	864	29.9	596	20.6

Source: Can't Supply: Can't Buy' Report 2008

- 5.4.15 The Hometrack data shows that monthly mortgage costs in Knowsley account for 27.6% of the household earnings compared with 21.3% in rental costs. In the North West monthly mortgage costs account for 29.9% of the household earnings compared with 20.6% of rental costs. In both cases proving that it is cheaper to rent than to buy an equivalent sized dwelling in the local area.

## 5.5 Future House Price Forecasts

5.5.1 The scale and complexity of the key factors which determine the conditions of the housing market are such that few commentators are providing forecasts of when the market may recover. Savills Research has however produced a useful scenario basis for the market price change through from the end of 2007 to 2014. This is based only nationally and regionally and the forecast for the North West region over the period is as follows:-

**Table 5-7 Forecast House Price Change 2008 - 2014**

2008	2009	2010	2011	2012	2013	2014	5 year growth
-11%	-13%	-1%	0%	+1%	+6%	+8%	+14%

5.5.2 The North West regional forecast is for prices to continue to fall throughout 2009 and still have a small negative change in 2010, in total a reduction of 25% from December 2007 to December 2010. It is even expected that prices will be unchanged throughout 2011 and the market does not turn positive until 2012 through to 2014.

5.5.3 The net growth from 2010 to 2014 is 14% but this follows a 24% fall in the previous 2 years and prices would therefore be 10% lower in 2014 than the were in 2007.

5.5.4 This is of course a forecast but it does suggests that the pattern of decline could last much longer than short term media hype which is looking for price rises month by month.

## 5.6 Annual Survey of Hours and Earnings

5.6.1 Income data is always difficult to gather at local level. Most data is regionally based and the 2009 Annual Survey of Hours and Earnings (ASHE) has been used, prepared by the Office for National Statistics (formerly known as the New Earnings Survey). This provides data at County and District-wide level of full-time employees of adult rates who have been in the same job for more than a year.

5.6.2 The ASHE 2009 shows a median income of £22,574 for Knowsley, around a 5.0% increase on the 2007 figure of £21,506.

5.6.3 The 5.0% increase for Knowsley equates to a quarterly income rise of 0.6%, assuming a consistent increase over 8 quarters from 2007 to 2009, 5% between the 2007 survey and 2009.

5.6.4 It is particularly important to examine the distribution of income rather than the average figure, especially in relation to the proportion of households with the capacity to access the private sector market for rent or sale.

5.6.5 There is a wide distribution of earnings illustrated from the 2009 ASHE data. Analysis of the data for Knowsley shows that: -

- 20% earned less than £15,566
- 25% earned less than £16,855
- 60% earned less than £24,306
- 70% earned less than £28,350

- 5.6.6 Access to the market has been based on the updated house price information detailed in Section 4. Analysis has also been undertaken of the income levels of local households, to be able to assess the proportion of people now able access market housing.
- 5.6.7 The table below highlights the 2007 incomes of existing households from the 2007 Housing Needs Survey and compares them with 2009 incomes. The 2009 incomes have been calculated by applying an income inflation of 5.0% (0.6% increase per quarter x 8 quarters as per 5.6.3 above).

**Table 5-8 Incomes of Existing Households 2007 & 2009**

Annual Income 2007		Annual Income 2009		%
Below	£10,000	Below	£10,500	52.2
£10,000 - £15,000		£10,500 - £15,750		14.1
£15,001 - £25,000		£15,751 - £26,250		10.2
£25,001 - £27,500		£26,251 - £28,875		4.4
£27,501 - £30,000		£28,876 - £31,500		5.9
£30,001 - £40,000		£31,501 - £42,000		6.0
£40,001 - £50,000		£42,001 - £52,500		4.4
£50,001 - £60,000		£52,501 - £63,000		1.5
Above	£60,000	Above	£63,000	1.3
<b>Total</b>				<b>100.0</b>

- 5.6.8 Table 5-9 below highlights the 2007 and 2009 incomes of concealed households from the 2007 Survey. The 2007 annual income bands taken from the 2007 HNS have an income inflation of 5.0% applied to determine the 2009 annual income levels.

**Table 5-9 Incomes of Concealed Households 2007 & 2009**

Annual Income 2007		Annual Income 2009		%
Below	£10,000	Below	£10,500	47.0
£10,000 - £15,000		£10,500 - £15,750		24.3
£15,001 - £20,000		£15,751 - £21,000		17.3
£20,001 - £27,500		£20,001 - £28,875		8.2
£27,501 - £30,000		£28,876 - £31,500		1.6
£30,001 - £35,000		£31,501 - £36,750		0.0
£35,001 - £40,000		£36,751 - £42,000		0.0
£40,001 - £50,000		£42,001 - £52,500		0.0
Above	£50,000	Above	£52,500	1.6
<b>Total</b>				<b>100.0</b>

- 5.6.9 The following table outlines the income required by concealed households to access owner occupation based on the lowest and highest single income thresholds across the Borough for 1 and 2-bed flats and 2-bed terraced properties, as illustrated in Table 5-1.

**Table 5-10 Concealed Households – Incomes Needed and % Unable to Buy**

Type of Property	Area	Income Required	% unable to buy
1-bed Flat	South Kirkby - <b>(cheapest)</b>	£12,200	54.8
2-bed Flat	Prescot and Whiston / Cronton / Knowsley Village and Halewood <b>(most expensive)</b>	£21,700	90.2
2-bed Terraced	North and South Kirby <b>(cheapest)</b>	£16,600	74.1
2-bed Terraced	Halewood - <b>(most expensive)</b>	£23,100	91.5

- 5.6.10 Using the income requirements from Table 5-1 and Table 5-10 above shows that 54.8% of concealed households are unable to buy the cheapest 1-bed flat in South Kirkby and 90.2% are unable to buy the most expensive 2 bed flat in Prescot and Whiston / Cronton / Knowsley Village and Halewood. 74.1% of concealed households were unable to buy the cheapest 2-bed terrace in North and South Kirby and 91.5% were unable to buy the most expensive 2-bed terrace property in Halewood.
- 5.6.11 Table 5-11 below outlines the income required by concealed households to access the private rented accommodation based on the lowest and highest rental income thresholds across the Borough for 1 and 2-bed flats and 2 bed terraced properties, as illustrated in Table 5-3.

**Table 5-11 Concealed Households – Incomes Needed % Unable to Afford to Rent**

Type of Property	Area	Annual Income Required	% unable to rent
1-bed Flat	South / North Huyton and South Kirkby <b>(cheapest)</b>	18,000	78.7
2-bed Flat	Prescot / Whiston / Cronton / Knowsley Village <b>(most expensive)</b>	23,800	92.1
2-bed Terraced	North Huyton - <b>(cheapest)</b>	16,800	74.8
2-bed Terraced	South Huyton / South Kirkby and Prescot / Whiston / Cronton / Knowsley Village <b>(most expensive)</b>	21,600	90.1

- 5.6.12 Table 5-11 above shows that 78.7% of concealed households cannot afford to rent a 1-bed flat in the cheapest area of South / North Huyton and South Kirkby. 92.1% are excluded from renting a more expensive 2-bed flat in Prescot / Whiston / Cronton and Knowsley Village. 74.8% of concealed households are excluded from renting the cheapest 2-bed terraced houses in North Huyton whilst 90.1% cannot afford to rent the more expensive 2-bed terraced houses in South Huyton / South Kirkby / Prescot / Whiston / Cronton and Knowsley Village.
- 5.6.13 Overall the calculation of the proportion of concealed households unable to access the private sector takes account of those who need one and two bedroom housing in the lowest quartile cost stock across the Borough.

## 5.7 Income Summary

- 5.7.1 The ability of concealed households to access the housing market within Knowsley is very limited. An income of around £12,200 (single) is needed to buy a one bedroom flat in South Kirkby and 54.8% of concealed households earn below this amount. 74.1% are unable to afford to buy a 2 bed terraced property in North and South Kirkby which would require an income of £16,600.
- 5.7.2 A similar pattern is found when looking at concealed household's ability to access rented accommodation. 78.7% of concealed households cannot afford to rent a 1-bed flat in the cheapest area of South / North Huyton and South Kirkby. 74.8% are unable to rent a 2 bed terraced property in North Huyton which would require an income of £16,800.
- 5.7.3 The Annual Survey of Hours and Earnings (ASHE) 2009 shows an average income of £22,574 for Knowsley, a 5.0% increase on the 2007 figure of £21,506. The ASHE data on the spread of incomes, important in any area with diverse house prices and markets, shows that for Knowsley in 2009, 20% of people earned less than £15,566; 60% less than £24,306 and 70% of people earned less than £28,350.
- 5.7.4 According to 2009 ASHE income data for concealed households, only 4.4% have incomes above the national average of £27,500.
- 5.7.5 The 2008 Joseph Rowntree Foundation Study "Can't Supply – Can't Buy" shows that Knowsley has a house price-to-income ratio of 3.63 to 1 lower than in the North West Region which has a house price to income ratio of 3.93 to 1.
- 5.7.6 The report also highlights that 33.7% of working households in Knowsley cannot afford to buy at the lower quartile of house prices and 15.9% of households cannot afford in the lowest decile.
- 5.7.7 The implication of incomes having risen by 5.0% since 2007 directly impacts on concealed household's ability to access the market through owner occupation. Overall the calculation of the proportion of concealed households unable to access the private sector takes account of those who need one, two and, for some with children, three bedroom housing in the lowest quartile cost stock across the Borough.

## 6 THE FUTURE HOUSING MARKET

### 6.1 Introduction

- 6.1.1 This section provides an understanding of the scale of future housing demand in Knowsley.
- 6.1.2 The key aims of this section are to build upon the understanding of the current housing situation and consider how the current drivers of housing markets shape future changes in housing demand.

### 6.2 Future Size of Affordable Housing

- 6.2.1 Local Development Documents need to provide targets on the size of future affordable housing units required. Stock balance, turnover and waiting list demand analysis are vital to identify the gaps in the stock and the proportions by type and size required to address current and future need.
- 6.2.2 The following tables provide a detailed analysis of the social stock by bedroom size and the levels of registered need and actual supply from turnover.
- 6.2.3 A number of different ratios have been calculated to attempt to provide a clear justification for the balance of property sizes in the Local Development Documents.
- 6.2.4 The ratio of waiting list demand to supply is the number of years it would take for the waiting list for individual property sizes to be met through the turnover of the existing stock. This also makes the extreme assumption that there was no future need other than the current backlog, which clearly will not be the case.

**Table 6-1 Social Stock, Waiting List Need and Social Turnover**

Stock Size	Waiting List (HSSA) *		Social Stock Turnover **		Demand vs. Supply
	N <sup>OS</sup>	%	N <sup>OS</sup>	%	
1-bedroom	981	44.3	384	36.2	2.6 : 1
2-bedrooms	883	39.8	309	29.1	2.9 : 1
3-bedrooms	306	13.8	326	30.7	0.9 : 1
4+ bedrooms	47	2.1	42	4.0	1.1 : 1
<b>Total</b>	<b>2,218</b>	<b>100.0</b>	<b>1,061</b>	<b>100.0</b>	<b>2.1 : 1</b>

\* - Local Authority HSSA Return - 2009

\*\* - Core Data (Core New Letting Summary Statistics, 2008-2009)



- 6.2.5 In Knowsley, even if no new need arose, it would take:-
- Just over 2.5 years to meet the requirements for 1-bed properties;
  - Nearly 3 years to address the 2-bedroom requirement;
  - Almost 1 year to address the 3-bedroom stock requirement;
  - Just over 1 year to meet the need for larger 4+ bedroom family units.
- 6.2.6 Generally, 65.3% of stock turnover is from 1 and 2 bedroom units, lower than the waiting list need of 84.1% for these units. Although these are significantly the highest need in terms of unit numbers, a number of factors need to be considered in determining targets by size which clearly also influence property type.
- 6.2.7 Small units turn over significantly more regularly in the existing stock than family units. The waiting list, in particular for one bedroom properties, contains a large number of households who have very low priority or are older households registering for sheltered housing as insurance for a future potential need.
- 6.2.8 These factors are important in judging future delivery to meet priorities rather than arithmetic scale of recorded need. The important factor is to meet priority needs and there is still a requirement for 1 and 2-bedroom units to meet the needs of young, single, homeless households in the Borough.
- 6.2.9 There is a relatively large turnover of 3 bedroom family units providing 30% of all re-let supply. Four bedroom unit needs are the smallest in terms of numbers, but turnover levels are relatively high with 42 units a year becoming available.
- 6.2.10 In view of the current stock balance, the scale of likely annual new provision and the requirement to address priority household need, a level of 70.0% of future delivery in the affordable sector should be one and two bedroom units, lower than current need levels of 84.1%. However, because of the demand for 2-bed units (as opposed to need), the mix could be for 20% 1-bed and 50% 2-bed.
- 6.2.11 Grant funding through the HCA recognises the issue of need versus demand for 1-bed units. Generally funding is available for 2-bed units, recognising the higher demand and greater flexibility of this size of accommodation.
- 6.2.12 There is a need to address the requirements for families who are over crowded in the social sector and particularly those who have high levels of priority. It is recommended that 30% of future supply is for 3 and 4 bed houses, 25% 3 bedrooms and 5% 4 bedrooms.

### **Intermediate Housing**

- 6.2.13 The 2007 survey data found that no new forming household expressed preference for intermediate housing. However, as house prices have reduced its important to assess whether households could gain access to the housing they require with minimum levels of subsidy compared to that to social rent.
- 6.2.14 This is also important in relation to the provision of a more balanced housing market. We have therefore analysed the cost of provision of intermediate housing in the area and assessed the proportion of households who may be able to be assisted by new provision of this type. The following table utilises data from the Zone Agents website, HomesHub.

### 6.3 Intermediate Housing to Buy

6.3.1 Homebuy Direct can help low income groups to purchase a new property usually on a designated development. Through HomeBuy Direct an equity loan of 30% is offered towards the value of the home and is usually funded by the developer, and part funded by the Government. Buyers will still need to take out a mortgage for the remaining 70% and they will still own 100% of the title to their home. There is nothing to pay on the equity loan for the first 5 years but after that there will be a 1.75% fee per annum.

**Table 6-2 HomeBuy Costs, Incomes Required and Concealed Households able to afford**

Unit Type	Area	Market Value	Equity Share (30%)	Monthly Mortgage (70%)	Total Monthly Cost (<5 years)	Monthly fee on Equity Loan (> 5 years)	Total Monthly Cost (>5 years)	Income Required (single)	% of Concealed <u>able</u> to afford
1-bed flat	St Helens	£92,750	£27,825	£398	£398	£41	<b>£439</b>	<b>£16,000</b>	<b>21.0</b>
2-bed flat	Knowsley	£104,950	£31,485	£451	£451	£46	<b>£497</b>	<b>£18,500</b>	<b>15.9</b>
3-bed house	Knowsley	£157,950	£47,385	£679	£679	£69	<b>£748</b>	<b>£27,500</b>	<b>3.7</b>
3-bed house	St Helens	£163,750	£49,125	£704	£704	£72	<b>£776</b>	<b>£29,000</b>	<b>1.9</b>

Note: Income required based on monthly housing costs not exceeding 33% of gross income.

Monthly costs based on 5.5% mortgage rate over 25 years and 1.75% per annum after 5 years.

% of Concealed Households able to afford each property based on the incomes Knowsley Housing Needs Assessment Update 2009.

### 6.4 Tenure Mix and Sustainable Development

6.4.1 The local relationship between house prices and incomes is such that 54.8% of new forming households are unable to purchase in their own right depending on location. Social rented stock is now 29.5% of housing in the area, and the availability of rented stock through re-lets is low relative to the expectation that existing stock flows should address 90% of all need. The largest proportion of additional affordable units are required as social rented properties, both for new forming and existing households.

6.4.2 However in both stock and availability from turnover, the social rented sector provides is nearly 25 times the scale of units (927) to those from shared ownership (37) each year.

6.4.3 PPS3 now requires the provision of tenure mix targets within affordable housing which may vary by location within the Borough to take account of demand, need and current affordable supply at local level.

## 6.5 Intermediate Housing

- 6.5.1 Shared ownership supply is quite high relative to the current preference over three years of both existing (47) and concealed (53) households, totalling 100 per year a level created by high house price inflation. This is a significant level relative to new delivery.
- 6.5.2 Concealed households forming express a need (38.1%) or preference (58.7%) for owner occupation but generally around 54.8% of them have incomes inadequate to be able to purchase, further increasing the potential demand for shared equity. The sustained period of high house price inflation has impacted on new forming households' ability to buy and requires an increase in supply of intermediate housing to assist those on middle incomes.
- 6.5.3 To assess the scale of viability of low cost home ownership, proposed examples of properties available on the HomeBuy Direct Scheme in Knowsley and St Helens areas based on costs provided by the developer were studied. The household income data of moving households has been checked against the market values of one, two and three bed units.
- 6.5.4 19.7% of concealed households earn over £18,500 per annum, and could achieve access to a 2 bed flat in Knowsley through a HomeBuy Direct Scheme.
- 6.5.5 The cost of 3 bed houses is significantly higher therefore the number of households who are able to afford a property of this size lowers considerably. Only 4.4% of concealed households could afford a 3 bed house in Knowsley with the help of a HomeBuy Direct Scheme.
- 6.5.6 At the other end of the household scale there is a potentially significant demand for shared equity for older people both in sheltered and extra care housing who need to "trade up" from lower value housing into specialist accommodation or release some equity from a large home.
- 6.5.7 The future delivery targets to address the needs of single / couple and small family households and larger families are detailed below.

**Table 6-3 Future Affordable Sector Delivery by Size**

	Bedroom Size (%)			
	1-Bed	2-Bed	3- Bed	4- Bed +
Social Rented	20	50	20	10
Intermediate	25	75	0	0

## 6.6 Making Best Use of the Stock

- 6.6.1 The re-weighted 2009 Housing Survey data estimated that there around 4,220 social rented properties which are under-occupied by two or more bedrooms.
- 6.6.2 Tackling under-occupation of family houses to make best use of the existing stock would make a positive contribution to meeting family housing need through better re-let supply, especially the large number of households who are living in overcrowded conditions in this sector.

- 6.6.3 Although it is recognised that in practice this is difficult to achieve, addressing the under-occupation within the existing 3 and 4 bedroom social stock should be a strategic housing priority.

## **6.7 Current and Future Demand for Market Housing**

- 6.7.1 PPS3 identifies the core government objectives to provide a variety of high quality market housing including addressing any shortfalls that apply in market housing.
- 6.7.2 Authorities are required to plan for a full range of market housing to meet the needs of the whole community, so that provision is made for family, single person, and multi-person households.
- 6.7.3 Local Development Documents will therefore need to provide indications of the type or size of dwellings to be provided to meet household demand. Authorities should provide an indication of the relative priority for particular property size requirements which should be delivered in future developments to provide for a more balanced housing market.
- 6.7.4 Survey data showed that households forming and moving had a strong desire to be near their family, near work and where they have always lived and it would be beneficial to attempt to influence future delivery to address local demand and fill gaps in stock types to provide a better balance in the housing stock, create more sustainable communities and undertake sustainable development.

- 6.7.5 The following table identifies the annual net shortfall of market properties after allowing for the flow of the existing stock, to meet the level of demand from both local existing and concealed households intending to move within the next year. The data for in-migrating households is based on demand at the levels of those who previously in-migrated and supply from those intending to out-migrate in the immediate future.

**Table 6-4** Annual Market Housing Supply / Demand by Size

Households	Bed-sit / 1-bed		2-bed		3-bed		4+ bed		All Sizes	
	Supply	Demand	Supply	Demand	Supply	Demand	Supply	Demand	Supply	Demand
Existing		23		109		568		118		818
Concealed		87		380		81		25		573
In-migration		0		74		850		219		1,143
<b>Total Demand</b>		<b>110</b>		<b>563</b>		<b>1,499</b>		<b>362</b>		<b>2,534</b>
Moving within	85		362		466		101		1,014	
Out-migration	0		71		519		189		779	
<b>Total Supply</b>	<b>85</b>		<b>433</b>		<b>985</b>		<b>290</b>		<b>1,793</b>	
<b>Net Shortfall (Surplus)</b>		<b>25</b>		<b>130</b>		<b>514</b>		<b>72</b>		<b>741</b>
<b>% Shortfall</b>		<b>3.4</b>		<b>17.5</b>		<b>69.4</b>		<b>9.7</b>		

Source: 2009 re-weighted Housing Survey Data

- 6.7.6 The data indicates that there is a shortfall of all property sizes in Knowsley. Very low demand for one bedroom units is a common finding nationally with preference from single and couple households mainly for two bedrooms.
- 6.7.7 The main shortfall of family units is for 3 bed properties, where demand exceeds turnover supply by 514 units, 69.4%.
- 6.7.8 Planning Guidance requires the delivery of balanced and sustainable developments and it is not realistic to deliver no one bedroom units for which there is likely to be more demand in the long term due to the growth in single person and couple households through relationship breakdown and improved life expectancy. The existing market stock has a very high proportion of three bedroom units and there is a need for more two and four bedroom units, particularly to improve the stock and the socio-economic balance of the population.
- 6.7.9 It is recommended that as a guideline for future development, proportions should be rounded with perhaps delivery of a 10% level applied to 1 bedroom, 30% to 2 bedrooms, 40% to 3 bed units and 20% 4+ bedrooms.

## 6.8 Overall Level of Demand

- 6.8.1 It is an accepted norm that 90% of all housing requirements should be met by the turnover of the existing stock. Housing survey data suggests that there will be a total shortfall of 741 units per annum after allowing for market housing turnover.
- 6.8.2 This is particularly significant bearing in mind that the total RSS annual allocation of housing for Knowsley is 500 units per annum between 2003 and 2021 to cover both market and affordable housing, a total of 9,000 additional dwellings by 2021, net of clearance replacement.
- 6.8.3 The alternative method of projecting housing shortfall is to utilise the forecasts of the number of additional households expected to be formed. There has to be a caveat on the calculation of the shortfall. Housing survey data is a guide to individual household plans and intentions. This may not be able to be realised whilst the individual authority allocations are to be regarded as minima and should therefore be exceeded, delivering more units into the market.
- 6.8.4 Equally the household forecasts are also potentially likely to vary from those currently drafted and all of these factors will therefore need to be monitored.
- 6.8.5 PPS3 requires that there is proper annual monitoring of delivery, both in scale and by type and size and it is important that this is conducted for both sectors. Individual developments will vary between locations and in size. This will clearly create variance in the type and size of properties able to be delivered and any variance from the broad recommendations for market housing should bias towards smaller units.
- 6.8.6 It is important to bear in mind that the longer term impact of reductions in household size through demographic change will create a need for a better balance than is provided in the current stock.

## 7 UPDATING THE ASSESSMENT

### 7.1 Survey Weighting

- 7.1.1 In undertaking this update the 2007 household survey data file has been re-weighted using 2009 revised household numbers by ward and social stock by ward and sub-area to draw key data used in the Model. The social sector stock has been weighted to the actual figures in the 2009 Housing Strategy Statistical Appendix (HSSA).
- 7.1.2 The tables below show the resultant weighted tenure and type proportions in the data file.

**Table 7-1 Tenure of Present Households**  
Question 2

Tenure	2009 %	N <sup>os.</sup> implied	Local Area Census 2001 *
Owner occupier - mortgage	40.5	25,162	38.5
Owner occupier - outright	22.3	13,858	22.0
HA rented	29.5	18,277	6.6
Private rented / Living rent free	6.7	4,126	6.7
Tied to employment	0.3	177	0.1
Shared ownership	0.7	437	1.2
LA Rented	0.0	0	24.9
<b>Total</b>	<b>100.0</b>	<b>62,037</b>	<b>100.0</b>

\* © Crown Copyright (Census) 2001

**Table 7-2 Property Type of Present Households**  
Question 1

Property Type	2009 %	N <sup>os.</sup> implied	Local Area Census 2001 *
Semi-detached	45.3	28,076	39.3
Detached	9.7	6,001	11.6
Terraced	37.7	23,405	37.1
Flat / maisonette	6.6	4,094	11.7
Bed-sit / studio / room only	0.4	278	
Caravan / mobile home	0.3	183	0.3
<b>Total</b>	<b>100.0</b>	<b>62,037</b>	<b>100.0</b>

\* © Crown Copyright (Census)



## 8 CLG NEEDS ASSESSMENT MODEL

### 8.1 Introduction

- 8.1.1 Since undertaking the 2007 survey, the SHMA Practice Guidance has been issued containing a new Affordable Housing Model which differs from the previous model and is not therefore directly comparable. The new Model has been used in this report.
- 8.1.2 The SHMA Guidance indicates that housing partnerships should estimate the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market. Table 8-1 outlines the types of housing considered unsuitable.

**Table 8-1 Types of Housing Deemed Unsuitable**

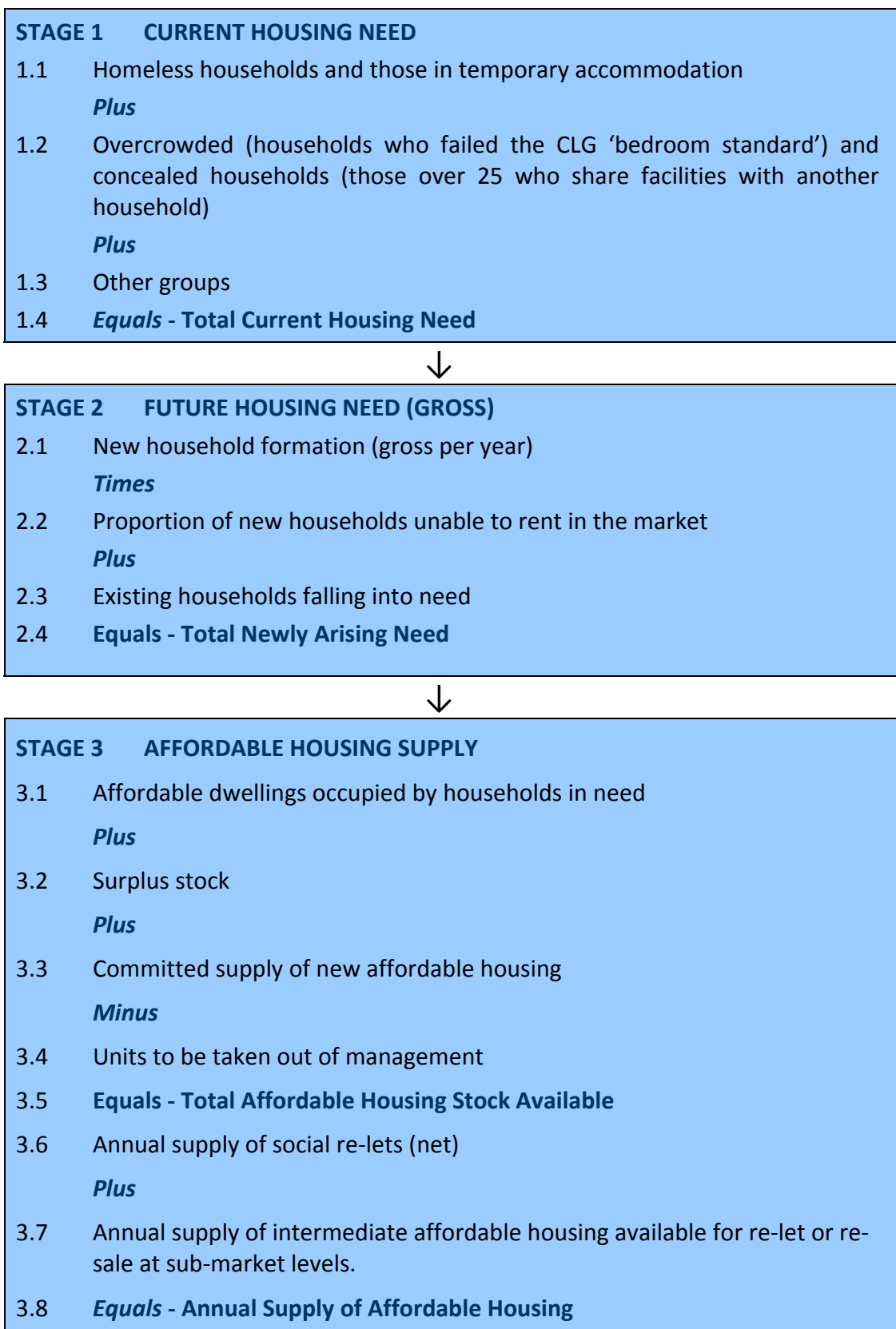
Unsuitable Housing	
Homeless households or insecure tenure	Homeless households
	Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of housing benefit or in arrears due to expense
Mismatch of housing need and dwellings	Overcrowded according to the 'bedroom standard'
	Too difficult to maintain (e.g. too large) even with equity release
	Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household
Dwelling amenities and condition	Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ
	Lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants)
Social Needs	Subject to major disrepair or unfitness and household does not have the resources to make fit (e.g. through equity release or grants)
	Harassment from others living in the vicinity which cannot be resolved except through a move

Source: Strategic Housing Market Assessments Practice Guide, CLG

- 8.1.3 This element of the assessment is essential to identify the total scale of need of those not able to access the market, the provision from existing stock turnover and the net need which requires to be addressed from future new provision.
- 8.1.4 It provides essential evidence for affordable housing targets in Local Development documents.

## 8.2 The CLG Needs Assessment Model Structure

8.2.1 There are three 'Stages' in the needs assessment model, combined into three distinct sections assessing current and future housing need and supply.



### 8.3 Model Structure

- 8.3.1 The Housing Needs Assessment Model is based on the 2007 Strategic Housing Market Assessment Practice Guidance, and is designed to estimate the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.
- 8.3.2 The model is structured on a 'flows' basis, taking account of recent experience over the previous three years and examining projections over the next two years. It has to be assumed that this 'annualised' data will occur each year. The primary data has a five year 'life' and will of course be gathered again before 2012. Major changes in house prices and incomes could cause significant variation in the overall situation.
- 8.3.3 In this section the assessment of affordable housing need has been conducted using both primary data from the 2009 Housing Survey Up-date and secondary data from CORE, HSSA and local authority records.

### 8.4 Knowsley CLG Needs Assessment Model

- 8.4.1 The first element of this Stage of the model estimates the number of homeless households including those in temporary accommodation.
- 8.4.2 The latest data available, the P1(E) return at 31 March 2009 identified 75 homeless households in temporary accommodation.
- 8.4.3 Care must be taken in the assessment to avoid double counting those households who are "homeless at home" or in other general stock as they would potentially have been captured in the survey data, which is used to determine housing need at different Stages.
- 8.4.4 The majority were housed in Council and RSL stock or at home, but 8 households were in a hostel or refuge which would not have been surveyed and a total of 8 is therefore the figure applied at **Stage 1.1** in the model.
- 8.4.5 The second element in Stage 1 of the model estimates the number of households in over-crowded conditions (i.e. those who fail the 'bedroom standard'), and concealed households (couples, people with children and single adults aged over 25 who share facilities with another household)

**Table 8-2 Over-crowded and Concealed Households**

<b>Over-crowded Households</b>	3,479
MINUS New Forming Solution or Leaving District	712
<b>PLUS Concealed Households</b>	0
MINUS Duplication	0
<b>Net Overcrowded + Concealed Group</b>	<b>2,767</b>
<b>Proportion unable to afford market housing</b>	<b>69.9%</b>
<b>Stage 1.2 – Over-crowding and concealed households</b>	<b>1,934</b>

- 8.4.6 There are 3,479 households in Knowsley who are over-crowded by the 'bedroom standard'. There are no concealed households in the overcrowded group, however 712 of these will be resolved by a newly forming household or by these households leaving Knowsley, leaving a net group of 2,767 households.
- 8.4.7 A test of affordability for these households shows that 69.9% of them cannot afford to resolve their housing difficulties through market housing in Knowsley and 1,934 households have been applied in the model at **Stage 1.2**.
- 8.4.8 The third element in Stage 1 of the model examines households living in unsuitable accommodation whose problem cannot be solved 'in-situ' and who therefore require to move home in order to resolve their difficulty.
- 8.4.9 SHMA Practice Guidance identifies that households who are overcrowded, were suffering harassment, those whose rent / mortgage was too expensive, housing was affecting their health, whose tenancy was insecure or whose home was too large are all assessed to need to move home.
- 8.4.10 The survey data identified 1,454 households with one or more of these inadequacies, of whom 17 were already counted in Stage 1.2 and need to be removed to avoid double-counting.
- 8.4.11 This leaves a net group of 1,437 households, 56.6% of whom are unable to afford to resolve their housing difficulties through market housing in the area, leaving 813 households to be applied in the model at **Stage 1.3**.
- 8.4.12 The final element of Stage 1 of the model is a sum of steps 1.1, 1.2 and 1.3 above, a total of 2,715 applied at **Stage 1.4**.

**Table 8-3 Current Housing Need (Gross)**

<b>STAGE 1 – CURRENT HOUSING NEED (GROSS)</b>		
1.1	Homeless households and those in temporary accommodation	8
1.2	Overcrowding and concealed households	1,934
1.3	Other groups	813
<b>1.4</b>	<b>TOTAL CURRENT HOUSING NEED (GROSS)</b> <b>1.1 + 1.2 + 1.3</b>	<b>2,715</b>

## 8.5 Stage 2 – Future Need (Gross per year)

- 8.5.1 The first element of Stage 2 of the model estimates the annual number of newly forming households in Knowsley.
- 8.5.2 The 1,478 concealed households identified in the survey to be forming over two years is annualised at an average level of 740 households.

**Table 8-4 Time of Move – Concealed Households**

<b>Time of Move</b>	<b>Nos. implied</b>	<b>Annual Average</b>
Within 1 year	1,056	<b>740</b>
1 - 2 years	423	

- 8.5.3 In order to avoid double counting due to two-person household formation, duplication is removed. 39.8% of concealed households forming over the next two years specified formation as a couple, with 58.2% of these having a partner who lived separately elsewhere in Knowsley, which would cause a double count.
- 8.5.4 However data on recently formed households suggests couple formation of around 40.6%. The 58.2% has therefore been applied to this higher level in the table below (40.6% x 58.2% = 23.6%).

**Table 8-5 Double Counting Removal**

New household formation (gross p.a.)	740
MINUS - Two person formation (740 x 23.6%) x 0.5	87
<b>Total</b>	<b>653</b>

- 8.5.5 This results in an annual average formation level of 653 households per annum, used at **Stage 2.1** of the model.
- 8.5.6 The income of concealed households who formed their first home in the previous year has been used to test their ability' to purchase in the lower quartile stock and access one, two and in some cases three bedroom units suitable for their requirements in the private rented market.
- 8.5.7 On this basis 54.8% of new forming households are considered to be unable to rent in the private market. This rental proportion is therefore used at **Stage 2.2** of the model.
- 8.5.8 The final element of Stage 2 of the model estimates the number of households in Knowsley who fall into priority housing need. Households in priority need are those whose circumstances need to be addressed quickly. The major groups are homeless households, those with high medical needs, suffering harassment, living in accommodation which is unfit or in high levels of disrepair, are over-crowded or have insecure tenancies.
- 8.5.9 The calculation of existing households falling into priority need used Knowsley Council's Housing Register data over the year to March 2009 and found that of new registrations on the waiting list, there were 389 households in the priority need categories and 312 homeless households in priority need, a total of 701.
- 8.5.10 In addition 277 in-migrating households have been housed in the private rented sector with support of housing benefit making a total of 978 households unable to afford the market in the year to March 2009, applied at **Stage 2.3** of the model.

- 8.5.11 The final element of Stage 2 of the model is a sum of step 2.1 multiplied by step 2.2, added to step 2.3 above, giving a total of 1,336 applied at **Stage 2.4**

**Table 8-6 Future Need (Gross per Year)**

<b>STAGE 2 – FUTURE NEED (GROSS PER YEAR)</b>		
2.1	New household formation (gross per year)	653
2.2	Proportion of new households unable to buy or rent in the market	54.8%
2.3	Existing households falling into need	978
<b>2.4</b>	<b>TOTAL ANNUAL NEWLY ARISING NEED</b> <b>(2.1 x 2.2) + 2.3 ( 653 x 54.8% = 358 + 978 = 1,336 )</b>	<b>1,336</b>

## 8.6 Stage 3 – Affordable Housing Supply

- 8.6.1 The first element of Stage 3 of the model determines the number of households analysed in Stages 1.2 and 1.3 who currently occupy social rented or shared ownership dwellings. It is assumed that any move by these households would release a unit of affordable housing, and it is therefore assumed that there would be no overall net effect on the annual flow model.
- 8.6.2 The survey data shows that 1,889 of the households at Stages 1.2 and 1.3 of the model live in affordable units, and this total is applied at **Stage 3.1**.
- 8.6.3 The second element of Stage 3 of the model assesses the level of surplus affordable stock in Knowsley. The level of affordable units in Knowsley which are vacant for more than six months is 2.8% of the stock. Guidance states that where the level is below 3% it should be considered that there is no surplus vacant stock. A total of zero is therefore applied at **Stage 3.2** of the model.
- 8.6.4 The third element of Stage 3 of the model forecasts the number of new affordable units to be built in the Borough on an annual basis. The HSSA returns for the three years to 31/03/2009 show the following recent new unit trends:-

**Table 8-7 New Affordable Housing Supply (HSSA) 2005 to 2009**

Supply	2006 / 07	2007 / 08	2008 / 09	Average	%
New RSL Rent	64	0	15	26	81.0
RSL Shared Ownership	0	0	0	0	0.0
Other New Supply	0	0	19	6	19.0
<b>Total</b>	<b>64</b>	<b>0</b>	<b>34</b>	<b>32</b>	<b>100.0</b>

- 8.6.5 If there is a consistent level of recent and immediate future new delivery it is normal practice to take account of the average annual level.
- 8.6.6 The average annual new supply total is 32 units per annum, with a tenure split of 81% social rented and 19% intermediate housing.

- 8.6.7 HSSA data however shows that future new delivery over the next two years is expected to be 79 new units built in 2009 / 10, and 172 units are planned in 2010 / 11, an annual average of around 125 units, much higher than the five year average of 70 units from 2007 to 2011. The tenure split over this period is 76% social rented and 24% intermediate housing.
- 8.6.8 Although the impact of the recession could normally reduce new affordable delivery through planning obligations, in view of the major funding being made available to increase housing delivery, it is recommended that delivery of 125 units is used at **Stage 3.3**.
- 8.6.9 The next element of the model estimates the number of units to be taken out of management in Knowsley through stock demolition and Right to Buy (RTB) on an annual basis.
- 8.6.10 The table below shows the RTB and demolition levels from Council data for the three years to 31/03/2009.

**Table 8-8 2006 to 2009 Right to Buy**

	2006 / 07	2007 / 08	2008 / 09	Average
Right to Buy	146	79	90	<b>105</b>
Demolition	12	124	120	<b>85</b>
Total	158	203	210	<b>190</b>

- 8.6.11 The average annual loss of stock through RTB is 105 units with 85 lost due to demolition, a total of 190 a year. RTB levels have reduced significantly over the period since 2006/07.
- 8.6.12 The average stock re-let rate of 7.2% per annum applied to the average figure of 190, equals 14 units and this figure is applied at **Stage 3.4** of the model.
- 8.6.13 **Stage 3.5** of the model is the sum of Stages 3.1 (1,889), 3.2 (0) and 3.3 (125), less Stage 3.4 (14), a net total of 2,000.

#### Re-let Supply

- 8.6.14 The average annual re-let supply of affordable units over the last three years is used in the model as a prediction for the future annual affordable housing supply from re-lets which is likely to arise. It is important firstly to establish the average general needs stock re-let level (i.e. excluding transfers and new unit delivery).
- 8.6.15 Data from HSSA and CORE returns for the three years to 31/03/2009 have been studied, which shows the following:-

**Table 8-9 Social Rent Re-let Supply (HSSA and CORE 2006 to 2009)**

RSL Re-lets	2006 / 07	2007 / 08	2008 / 09	Average
HSSA Return	1,435	1,447	1,308	<b>1,397</b>
CORE	948	987	847	<b>927</b>

Note: 2009 HSSA.

- 8.6.16 The CORE data excludes transfers and the overall average net re-let figure for the stock for the three year period to 2008 / 09 is 927 units a year, which has been applied at **Stage 3.6**.



- 8.6.17 The Council checked the current shared ownership stock level with RSL's in 2009 and the stock was found to total 740 units. Assuming a re-sale rate based at 5%, 37 units would become available each year and this number is incorporated at **Stage 3.7**.
- 8.6.18 The final element of Stage 3 of the model is a sum of Stages 3.6 and 3.7, a total of 964 applied at **Stage 3.8**.

**Table 8-10 Affordable Housing Supply**

<b>STAGE 3 – AFFORDABLE HOUSING SUPPLY</b>		
3.1	Affordable dwellings occupied by households in need	1,889
3.2	Surplus stock	0
3.3	Committed supply of new affordable housing	125
3.4	less Units to be taken out of management	14
<b>3.5</b>	<b>TOTAL AFFORDABLE HOUSING STOCK AVAILABLE</b> <b>3.1 + 3.2 + 3.3 – 3.4</b>	<b>2,000</b>
3.6	Annual supply of social re-lets (net)	927
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	37
<b>3.8</b>	<b>ANNUAL SUPPLY OF AFFORDABLE HOUSING</b> <b>3.6 + 3.7</b>	<b>964</b>

## 8.7 Affordable Housing Needs Model

<b>STAGE 1 – CURRENT HOUSING NEED (GROSS)</b>		2009	
1.1	Homeless households and those in temporary accommodation	8	
1.2	Overcrowding and concealed households	1,934	
1.3	Other groups	813	
<b>1.4</b>	<b>TOTAL CURRENT HOUSING NEED (GROSS)</b> <b>1.1 + 1.2 + 1.3</b>	<b>2,715</b>	
<b>STAGE 2 – FUTURE NEED (GROSS PER YEAR)</b>			
2.1	New household formation (gross per year)	653	
2.2	Proportion of new households unable to buy or rent in the market	54.8%	
2.3	Existing households falling into need	978	
<b>2.4</b>	<b>TOTAL ANNUAL NEWLY ARISING NEED</b> <b>(2.1 x 2.2) + 2.3 ( 653 x 54.8% = 358 + 978 = 1,336 )</b>	<b>1,336</b>	
<b>STAGE 3 – AFFORDABLE HOUSING SUPPLY</b>			
3.1	Affordable dwellings occupied by households in need	1,889	
3.2	Surplus stock	0	
3.3	Committed supply of new affordable housing	125	
3.4	Less Units to be taken out of management	14	
<b>3.5</b>	<b>TOTAL AFFORDABLE HOUSING STOCK AVAILABLE</b> <b>3.1 + 3.2 + 3.3 – 3.4</b>	<b>2,000</b>	
3.6	Annual supply of social re-lets (net)	927	
3.7	Annual supply of intermediate affordable housing available for re-let or resale at sub market levels	37	
<b>3.8</b>	<b>ANNUAL SUPPLY OF AFFORDABLE HOUSING</b> <b>3.6 + 3.7</b>	<b>964</b>	
<b>A</b>	<b>TOTAL NET CURRENT NEED</b> <b>1.4 – 3.5 ( 2,715 – 2,000 = 715 )</b>	<b>715</b>	
<b>B</b>	<b>QUOTA TO ADDRESS NEED OVER 5 : 10 YEARS</b>	20%	10%
<b>C</b>	<b>ANNUAL CURRENT NEED (A x B)</b>	143	71
<b>D</b>	<b>TOTAL ANNUAL NEWLY ARISING NEED (2.4)</b>	1,336	1,336
<b>E</b>	<b>TOTAL AFFORDABLE NEED PER YEAR (C + D)</b>	<b>1,479</b>	<b>1,407</b>
<b>F</b>	<b>ANNUAL SUPPLY OF AFFORDABLE HOUSING (3.8)</b>	964	964
	<b>OVERALL ANNUAL surplus (E – F)</b>	<b>515</b>	<b>443</b>

- 8.7.1 Elimination of the backlog over a five year period is recommended in the SHMA Guidance for model purposes but the Council can make a Policy decision to do so over a longer period (e.g. 10 years or years to the end of the Local Development Framework period). The 5 and 10 year periods are used for further analysis.

## 8.8 Affordable Needs Assessment

- 8.8.1 The total affordable housing need annually is for 1,479 units. Net re-lets of the existing social stock average 927 units and are the major means of addressing the scale of need identified.
- 8.8.2 After allowing for this level of existing social stock net re-let supply and 37 estimated shared ownership re-sales, there will still be a total annual affordable housing shortfall of 515 or 443 units.
- 8.8.3 However, in arriving at the net need, the Model already incorporates the projected future delivery of 125 additional new units and the net annual need is therefore either 640 or 568 units. The table below outlines the calculation.

**Table 8-11 Annual Affordable Need and Supply**

		5 Years		10 Years	
Annual Affordable Need		1,479		1,407	
<i>Less</i> Social Stock re-lets	927			927	
Share ownership re-sales	37	964	37	964	
Net annual need		<b>515</b>		<b>443</b>	
<i>Plus</i> Assumed new units of supply	125	125	125	125	
<b>Total Need after existing stock turnover</b>		<b>640</b>		<b>568</b>	

**GLOSSARY OF TERMS**

# GLOSSARY

<p><b>Affordability</b></p>	<p>A measure of whether households can access and sustain the costs of private sector housing. DCA use two types of affordability: mortgage and rental.</p> <p><u>Mortgage affordability</u> measures whether households can afford a deposit and a mortgage; <u>rental affordability</u> measures whether a household can afford a private rental.</p> <p>Mortgage affordability is based on conditions set by mortgage lenders - a minimum level of household income and savings. We use a 3 times multiple of gross income. Rental affordability is defined as the rent being less than a proportion of a household's gross income. We use a 25% level of rental affordability.</p>
<p><b>Affordable Housing</b></p>	<p>Affordable housing is that provided, with subsidy<sup>1</sup>, for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes. This definition covers housing for social rent and intermediate housing through shared ownership, shared equity and sub-market rent.</p>
<p><b>Bedroom Standard<sup>2</sup></b></p>	<p>The standard number of bedrooms allocated to each household in accordance with its age/sex/marital status composition and the relationship of the members to one another.</p> <p>A separate bedroom is allocated to each married couple, any person aged 21 or over, each pair of adolescents aged 10 – 20 of the same sex, and each pair of children under 10. Any unpaired person aged 10 – 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms available for the sole use of the household and the differences are tabulated.</p>
<p><b>CBL</b></p>	<p>Choice Based Lettings allows applicants for social housing (and tenants who want to transfer) to apply for vacancies which are advertised widely in the neighbourhood. Applicants can see the full range of available properties and can apply for any home to which they are matched.</p>
<p><b>CLG</b></p>	<p>Communities and Local Government. CLG has responsibility for local and regional government, housing, planning, fire, regeneration, social exclusion and neighbourhood renewal with the ambition to create sustainable communities for all. Previously known as DETR, DTLR and ODPM.</p>
<p><b>Concealed Household</b></p>	<p>A Concealed Household is someone living within a household wanting to move to their own accommodation and form a separate household (e.g. adult children living with their parents).</p>

<sup>1</sup> This subsidy is not always public subsidy.

<sup>2</sup> This definition is taken from the Survey of English Housing, DCLG.

<b>Control Total</b>	A control total is put in place to give the optimum result for a variety of questions. The control total is calculated by totalling the questions answered in a section of the survey and then working out the average responses. Not all households sampled will answer every question; therefore instead of having in-complete data in the section, a control total is used to show the results as if all households answered the question.
<b>Confidence Level / Interval</b>	A confidence level is used to indicate the reliability of a sample and tells you how sure you can be. It is expressed as a percentage and represents how often the percentage of the population who would pick an answer lies within the confidence level. The confidence interval is the plus or minus figure usually reported. i.e. in using a confidence interval of +/- 4, if 47% of a sample answered a question, then you can be sure that if you asked the question to the entire population, between 43% (47%-4) and 51% (47%+4) would have picked that answer. When the confidence level and the confidence interval are used together, you can say that you are 95% sure that the true percentage of the population is between 43% and 51%.
<b>Core sustainability factors</b>	Measures of everyday concerns. To help understand and review progress in sustainable development.
<b>Cost rented housing</b>	Housing let at rents which are set to cover development and management costs only, i.e. not for profit. Cost rents are above the Housing Corporation's rent caps but below market rents.
<b>Data Entry Checks</b>	Checks on errors in keying survey data into computer systems.
<b>Data Processing and Analysis</b>	The process by which the responses on a questionnaire are converted into numbers or categories. These are then used to produce outputs such as tables and charts.
<b>Decent Homes Standard</b>	A Government Policy which aims to have 95% of social housing meeting a decent standard by 2010. For a home to be of a decent standard it should be warm, weatherproof and have reasonably modern facilities.
<b>Discounted Market Rented Housing</b>	New Units utilising the equity from the discounted or free land from the planning process where Housing Associations could build at only development cost and provide, without grant, units which would be available at lower than private rented market cost but above Housing Corporation rent caps.
<b>Existing Household</b>	An existing household encompasses the household in its entirety.
<b>Existing Household In Unsuitable Accommodation</b>	Refers to all circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition, security or cost.
<b>Focus Group</b>	A type of <b>qualitative research</b> in which the views of <b>respondents</b> are sought and recorded in a group setting. Also known as a 'group discussion'.

<b>General Needs Waiting List</b>	A Local Authority or Housing Association Register for those who require general needs accommodation.
<b>Home Improvement Agency</b>	Home Improvement Agencies help homeowners and private sector tenants who are older or disabled to remain in their own home. The Agencies are usually small, locally based non-for-profit organisations and they help to identify local contractors, apply for Local Authority grants and advise on improvements and adaptations in the client's home. Many of them also run a handypersons scheme.
<b>Homeless Household</b>	A household is accepted as statutorily homeless by the authority if it meets the criteria set out in the Housing Act 1996.
<b>Homes and Communities Agency</b>	The Homes and Communities Agency is the national housing and regeneration agency for England and was formed on the 1 <sup>st</sup> December 2008 along with the Tenant Services Authority (TSA) to replace the former Housing Corporation. They are funded and sponsored by Communities and Local Government.
<b>Household</b>	The Census definition of a household is:- <i>"A household comprises either one person living alone or a group of people (not necessarily related) living at the same address with common housekeeping - that is, sharing at least one meal a day or sharing a living room or sitting room."</i>
<b>Households In Unregistered Need</b>	Households in unregistered need are those households that are in need but not registered on the Council's Waiting or Transfer List.
<b>Housing Demand</b>	Is the quantity and type / quality of housing which households wish to buy or rent and are able to afford. It therefore takes account of preferences and ability to pay.
<b>Housing Need</b>	Refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the local housing market without some assistance.
<b>Housing Register</b>	A register of people waiting for affordable housing. It may have two components: a list for those not currently occupying affordable housing (more properly known as the Housing Register) and a Transfer List for those tenants who wish to move to another affordable home within the same District.
<b>Inadequate Housing</b>	Housing which is inadequate or unsuitable in meeting the needs of the household, comprising a range of criteria on house condition, size, cost and security of tenure. These criteria are used to assess whether the unsuitability can be resolved by improvements to the dwelling, or whether the household has to move to another home.
<b>Intermediate Housing</b>	Housing at prices or rents above those of social rented but below market prices or rents. This includes shared ownership, shared equity and sub-market renting.

<b>Key Worker</b> <sup>3</sup>	A Key Worker is someone:- <ul style="list-style-type: none"> <li>➤ employed by the public sector</li> <li>➤ in a frontline role delivering an essential public service</li> <li>➤ in a sector where there are serious recruitment and retention problems.</li> </ul>
<b>LDF</b>	Local Development Framework. This is a folder of local development documents that outlines how planning will be managed in your area.
<b>Over Occupation</b>	Over occupation occurs when, using the <b>bedroom standard</b> , there are insufficient bedrooms in the property based on the number of residents and their age/sex/marital status composition. Over occupation is more common in the public sector than the private sector.
<b>P1e</b>	A P1e return is an overview of homelessness data completed by a Local Authority. Data includes decisions on homelessness applications, key characteristics of households found to be statutorily homeless and estimates of rough sleepers. The data is used to measure progress against specific homelessness-related Communities and Local Government targets.
<b>PPS</b>	Planning Policy Statement. PPSs are prepared by the government after public consultation to explain statutory provisions and provide guidance to local authorities and others on planning policy and the operation of the planning system.
<b>Qualitative Research</b>	A type of research designed to reveal a full range of views and circumstances of the population under study, giving an in-depth picture. Examples of this approach are <b>depth interviews</b> and <b>focus groups</b> . It differs from <b>quantitative research</b> in not providing statistically reliable numerical data.
<b>Quantitative Research</b>	Research designed to provide numerical information about a topic which is statistically reliable. If carried out using adequate methodology, quantitative data from a sample of the population can be extrapolated to assume that the results apply to the population as a whole, to greater or lesser degrees of reliability. Data is usually collected by post, telephone or by face-to face interview.
<b>Random Sample</b>	A sample where no member of the target population has a greater chance of being of being chosen than any other. Also known as <b>Simple Random Sampling</b> .
<b>Relets</b>	Local Authority or RSL rented accommodation that becomes vacant due to the departure of a previous tenant; therefore the accommodation can be re-let to another tenant or new applicant on the Housing Register.

<sup>3</sup> Source: DCLG



<b>RSL – Registered Social Landlords</b>	A Housing Association or a not-for-profit company, registered by the Homes and Communities Agency and Tenant Services Authority, providing social housing.
<b>RSS</b>	The objective of the Regional Spatial Strategy is to add to the achievement of sustainable development. The RSS provides a broad development strategy for a period of fifteen to twenty years. The strategy also informs regional and sub-regional strategies and programmes that have a bearing on land use activities.
<b>RTB</b>	Right To Buy. The Right To Buy Scheme gives eligible council tenants the right to buy their property from their council at a discount.
<b>SDS – Scheme Development Standards</b>	A set of standards published by the Housing Corporation setting out the essential and desirable standards for SHG-funded property acquired or developed as affordable housing.
<b>SEH</b>	The Survey of English Housing is a continuous household survey that collects information from nearly 20,000 households about the characteristics of their housing and their attitudes to housing and related issues.
<b>Section 106 sites (S106 of the Town and County Planning Act 1990)</b>	A general term to describe a housing site which is large enough to require a developer to contribute affordable housing as part of a development scheme. S106 of the Act allows Planning Authorities to negotiate planning obligations as part of a development and could include, among other things, a proportion of affordable housing.
<b>SHG – Social Housing Grant</b>	Capital provided by the Housing Corporation, or Local Authority, to fully or partially fund RSLs when developing social housing. SHG is paid under s18 of the Housing Act 1996.
<b>SHMA – Strategic Housing Market Assessment</b>	An assessment of data (both primary and secondary) on all aspects of a housing market in a defined geographical area.
<b>SO – Shared Ownership</b>	Either newly built or existing properties purchased by a housing provider, which are then sold on a part rent / part buy basis under a shared ownership lease. The shared owner buys a percentage of the property, funded by mortgage and / or savings. The remaining percentage is still owned by the housing provider who charges a rent on it.
<b>Supporting People</b>	Central Government defines the Supporting People programme as, “a grant programme which enables the provision of housing related support services to help vulnerable people maintain or improve their ability to live independently”.
<b>Tenants Services Authority (TSA)</b>	The Tenants Services Authority was formed on the 1 <sup>st</sup> December 2008 along with the Homes and Communities Agency to replace the former Housing Corporation. They are an independent regulator for affordable housing in England. Their main role is to regulate social housing providers and protect tenants.

<b>Tenure</b>	The property tenure refers to the conditions under which a property is held e.g. owner occupation, private rent.
<b>Transfer List</b>	A list of Local Authority and RSL tenants that have applied for alternative Local Authority housing. Housing Associations may keep their own Transfer Lists.
<b>TTWA</b>	Travel To Work Area. There are 243 TTWAs which were defined in 2007 from 2001 Census data using home and work addresses.
<b>Under Occupation</b>	A household is under-occupying if more than one spare bedroom is available, using the <b>bedroom standard</b> as a test.  Under-occupation is common in the private sector.