



# 2002 HOUSING NEEDS SURVEY

## EXECUTIVE SUMMARY

## 1. INTRODUCTION

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

## 2. KEY POINTS FROM HOUSING NEEDS GUIDANCE

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

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

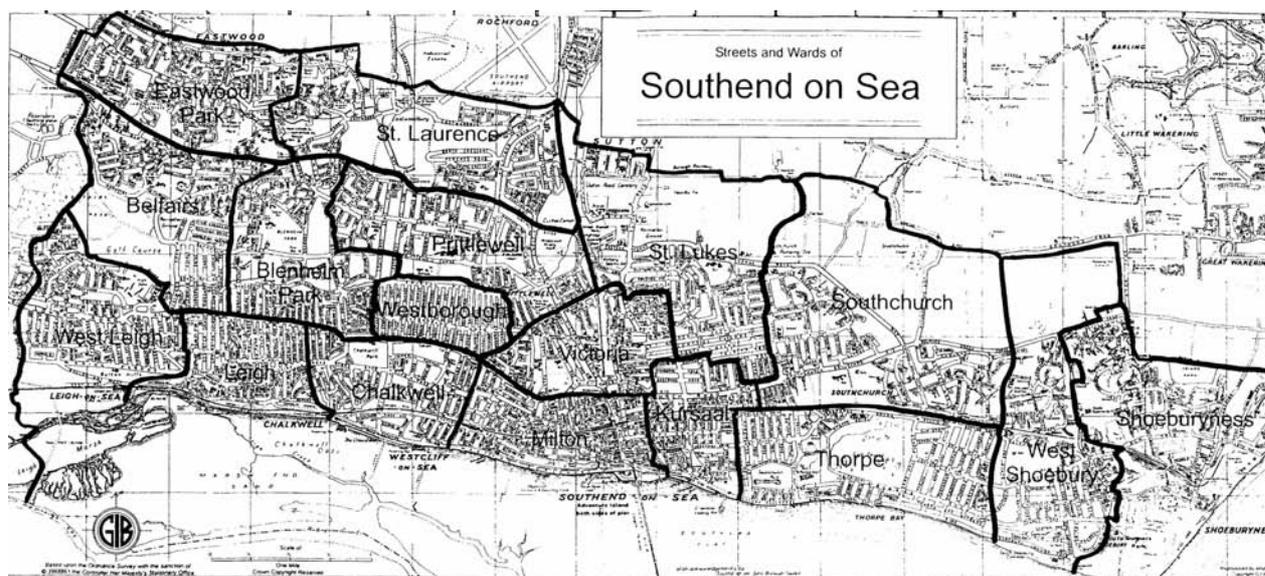
- Backlog of existing need
- Newly arising need
- Supply of affordable units
- Overall affordable housing requirement

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

## 3. SURVEY WORK AND VALIDATION

The survey covered all areas and tenure groups within the Southend-on-Sea Borough Council area, and the analysis of housing need is based on a total of 2,590 responses (500 personal interviews and 2,090 returned postal forms). The survey sample – drawn at random from the Council Tax Register – was stratified in such a way as to allow analysis within Southend-on-Sea of seventeen sub-areas (based on wards). The survey data was weighted to make it representative of all households in the Southend-on-Sea Borough Council – this was done in terms of the number of households in each sub-area and within five main tenure groups. It was estimated that there were 73,995 households in the Southend-on-Sea Borough Council at the time of the survey; of these 74.9% are owner-occupiers, with 12.3% social renting tenants and 12.8% in the private rented/other tenure group.

## Southend-on-Sea Borough Council – Study area



### 4. LOCAL HOUSING MARKET STUDY

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

#### Minimum prices/rents in the Southend-on-Sea Borough Council

Property size	Minimum price	Minimum rent (£/month)
1 bedroom	£58,500	£330
2 bedrooms	£69,500	£450
3 bedrooms	£98,000	£590
4 bedrooms	£141,500	£710

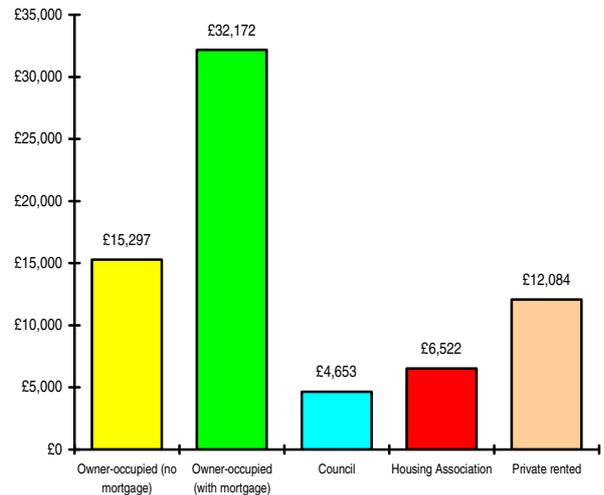
The survey estimated that entry-level prices ranged from approximately £58,500 for a one bedroom home to £141,500 for property with four bedrooms. Minimum rents were estimated to be from £330 to £710 per month. The minimum purchase prices were around 13.3%-26.5% less than average prices in the area.

## 5. FINANCIAL INFORMATION

The survey estimated that average earned household income was £20,793 per annum. The data excludes benefits; it is important in assessing housing need to exclude benefits, as they are ignored for mortgage lending purposes (and, in many cases, by prospective private landlords).

The survey data showed considerable differences in income levels between tenure groups. The lowest average incomes are those who rent from the Council (at £4,653). Owner-occupiers with no mortgage have an average household income considerably lower than those with a mortgage. The survey also showed that single pensioner and lone parent households had incomes significantly below the Southend-on-Sea Borough Council average.

**Average gross household income by tenure**



## 6. AFFORDABILITY

Bringing together the local housing market data and the financial information collected from each household (and including further information about size requirement) it has been possible to estimate the numbers of households living in unsuitable housing (and who need to move home within the Southend-on-Sea Borough Council) who cannot afford to access the private sector housing market. This is considered by assessing whether or not each household can afford either to buy or privately rent suitably sized housing in the Southend-on-Sea Borough Council area. The affordability measures used in the assessment are set out below.

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

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

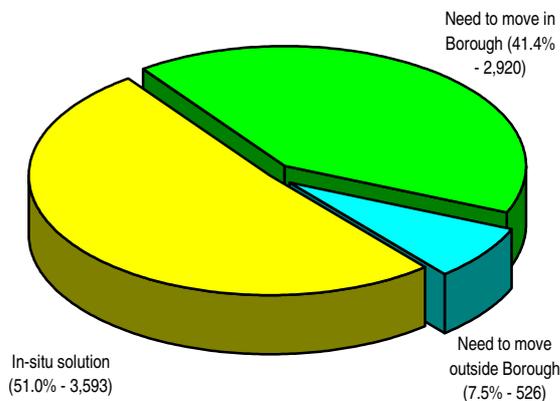
The affordability assessment also takes account of the equity available to owner-occupiers who are identified as being unable to afford minimum market housing. Where an owner-occupier has stated they could afford a home of a suitable size if they had to move (even though they have failed the main affordability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

An assessment is also made of the ability of potential households (namely persons who currently live as part of another household) to access the private sector housing market. The affordability of potential households is assessed using the judgements of respondents; an approach in line with DTLR Guidance and one which is more likely to under-state need arising from household formation.

## 7. BACKLOG OF EXISTING NEED

The survey reported on the components contributing to the backlog need element of the needs assessment model. A series of potential situations which would make the current housing unsuitable for the occupants are highlighted and in total it is estimated that 7,039 households are currently living in unsuitable housing (9.5% of all households). The main reason for unsuitability is mobility and/or health problems. Further analysis indicates that households in rented accommodation, lone-parent households and those with special needs are more likely to be living in unsuitable housing. Of those in unsuitable housing 49.0% needed to move to different accommodation to solve the problem, representing 3,446 households. Of these 2,920 would be looking to remain living in the Southend-on-Sea Borough Council area.

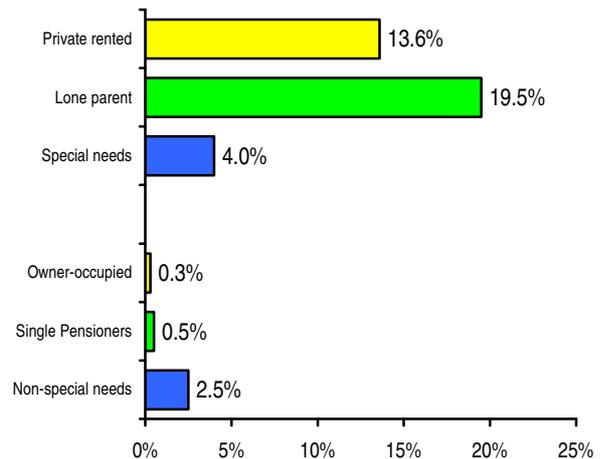
### Unsuitable housing and in-situ requirements



Of the 2,920 households living in unsuitable housing (and requiring a move within the Southend-on-Sea Borough Council) an assessment of affordability was made involving the consideration of local property prices, size requirement and their financial situation. It is estimated that 68.5% could not afford local market housing of a suitable size making for an estimated 2,001 existing households in housing need (2.7% of all households).

Further analysis indicates that households in the private rented sector are most likely to be in need as are lone parent households and households with special needs.

### Household groups with high/low levels of housing need



When looking further forward to the additional affordable housing requirements of these households we remove households currently living in social rented housing to produce a final figure of 1,432.

The final element of backlog need considered the needs arising from potential and homeless households. The survey estimates that there are 705 potential households who state a need to move now. When account has been taken of those joining up with other persons and those who would be looking to remain within the Southend-on-Sea Borough Council, this number is reduced to 482 households. Using information about whether or not potential households could afford market housing, it has been estimated that a total of 196 potential households are in housing need (representing 40.7% of those potential households who need to move now).

<b>Homeless households accommodated by local authority (year to 31<sup>st</sup> December 2001)</b>	
<i>Category of temporary accommodation</i>	<i>Average</i>
Directly with a private sector landlord	0
Private sector housing leased by authority	0
Private sector housing leased by RSLs	16
<u>Within Council's own stock</u>	<u>2</u>
<u>RSL stock on assured shorthold tenancies</u>	<u>0</u>
<u>Hostel</u>	<u>51</u>
<u>Women's refuges</u>	<u>6</u>
<u>Bed and breakfast</u>	<u>41</u>
<u>Other</u>	<u>32</u>
Homeless at home	0
<b>TOTAL</b>	<b>148</b>

After considering the various homeless categories from information provided by the Council (P1E forms), it was decided there were six which should be included as the additional homeless element. These have been underlined in the table. The data shows that of the homeless households accommodated by the Southend-on-Sea Borough Council for the year to December 2001, 132 should be included as an additional element.

Combining these two elements together makes for 328 (196 + 132) additional households in need. Bringing together all the factors of the backlog of housing need (as defined by the DTLR and followed by *Fordham Research*) it is estimated that there is an overall backlog of need of 1,760 affordable homes. Annualised, assuming a 20% reduction per year suggests an annual need to reduce the backlog of 352 dwellings.

## 8. NEWLY ARISING NEED

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

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

It is estimated that there will be an additional 906 households forming per year in the Southend-on-Sea Borough Council. Of these it is estimated that 53.9% cannot afford private sector housing (without housing benefit). This makes for 488 additional households in housing need per year.

The ex-institutional population is a very difficult group to analyse. It is highly likely that all of this element would be picked up in each of the next two stages and further the numbers in this group are most likely very small. Therefore to avoid any possible double-counting this element of newly arising need has been given a value of zero.

The newly arising need from existing households is based on information about previous household moves. Groups excluded from potentially being in need are those who will move to owner-occupation (as they are able to afford market housing), those who previously lived with parents, relatives, or friends (included in the household formation element) and households moving within the social rented sector (additional needs arising from within the social rented stock will be net zero). It is estimated that the number of households falling into need within the Southend-on-Sea Borough Council is 806 households per annum.

The final element of newly-arising need are households currently living outside the Southend-on-Sea Borough Council but who are expected to move into the Council area but cannot afford suitable private sector housing. The survey estimates that a total of 542 households per annum fall into this category.

<b>Elements of Newly Arising Need</b>	
<i>Element</i>	<i>Total</i>
New household formation	488
<i>plus existing h'holds falling into need</i>	806
<i>plus in-migrant h'holds unable to afford</i>	542
<b><i>equals Newly arising need</i></b>	<b>1,836</b>

Combining the various elements of the newly arising need together, the survey reveals a requirement for 1,836 units per annum.

## 9. SUPPLY OF AFFORDABLE UNITS

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

<b>Council and HA lettings (1999 – 2002)</b>	
<i>Year</i>	<i>Total lettings</i>
1999-2000	942
2000-2001	844
2001-2002	803
<b>AVERAGE</b>	<b>863</b>

Overall the supply of relets for the last three years indicates an average of 863 per year. As the trend over the last three years is for a

decline in the number of relets, the use of an average based on the previous three years may overstate the future available supply of affordable housing. The average of 863 per year is 60 units above the supply from the year 2001-02. In this case therefore it is considered appropriate to follow the Guide suggestion and assume continuance of the same rate of relets as in the last year. Thus the overall supply of relets for the last year indicates 803 per year

The data does not include transfers from LA to LA housing nor from LA to RSL housing. The data does however include transfers from RSLs to LA - it is important to remove these from subsequent calculations as the methods for estimating newly arising needs excluded any additional need from this group. Additional H.I.P. data shows that an average of 23 households per year transferred from RSL to LA housing per year – reducing the estimated number of lettings per year by 23 to 780.

From this figure we also need to deduct lettings made to new dwellings. As one of the main purposes of the survey is to estimate any surplus or shortfall of affordable housing, it is important to avoid double counting by not including likely future supply through additions to the stock from RSLs (although these new properties will themselves in time produce some relets). Information contained in the H.I.P. return for 2002 (Section O) indicates an average of 83 new RSL completions per year between 1999/00 and 2001/02. Therefore our estimated supply of affordable housing is 697 per year (780-83).

There is also the issue of whether vacant dwellings can be brought back into use. As of April 2002, there were 206 vacant dwellings in the social rented stock, representing around 2.2% of all social

rented stock in the Council area - a high frictional vacancy rate. A vacancy rate of 2.0% of the social rented stock would be around 188 dwellings (18 less dwellings than the current number of vacants). Assuming these could be brought back into use over a five year period, this would make for an additional 4 units per year to contribute to the supply of affordable housing. The estimated supply of affordable housing in Southend is therefore 701 (i.e. 697+4) units per year.

Finally it is important to consider likely changes in the future level of available affordable housing. For the purpose of this survey, it is assumed that the losses from the social rented stock (i.e. through Right-to-Buy) would be offset by the gains from additional relets from the RSL sector. In addition, on the basis of the information currently available it is assumed that the new build programme will continue at its present level. It is assumed, therefore, that the future supply of affordable housing will be 701 units per annum.

## 10. BASIC NEEDS ASSESSMENT MODEL

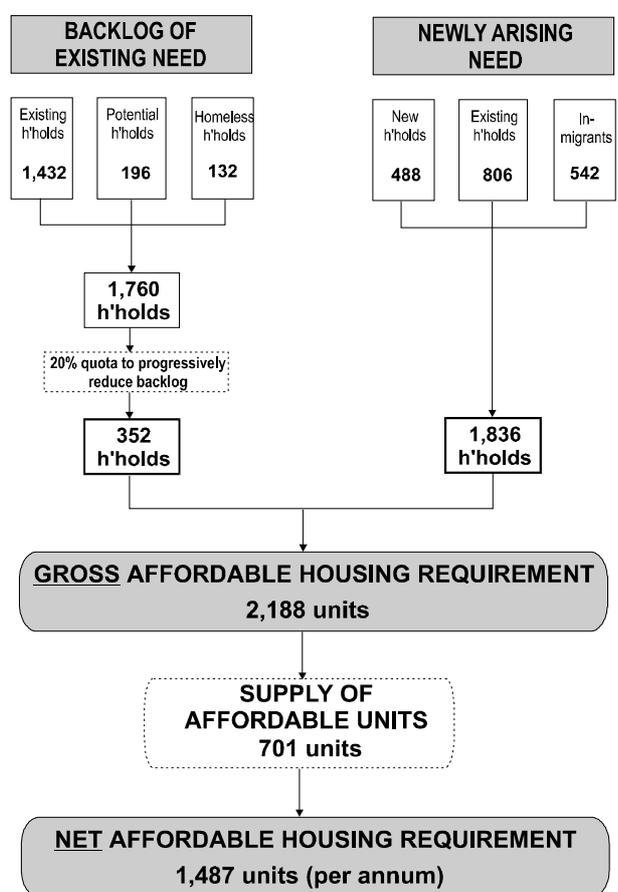
Having made estimates of the numbers of households currently in need and those projected to fall into housing need in the future along with projected supply it is possible to arrive at an estimate of the total requirement for additional affordable housing to meet housing need.

The first element is the backlog of existing need. This is an estimated 1,760 households – made up of 1,432 existing households, 196 potential households and 132 homeless households. The final stage is to include a quota to progressively reduce this backlog. This is a somewhat novel concept introduced by the DTLR guidance. A reduction in the backlog of need of 20% per year has been assumed in the Southend-on-Sea Borough Council. The annual need to reduce the backlog is therefore 352 dwellings per annum.

The newly arising need is estimated to be 1,836 households per year – this is made up of 488 from household formation, 806 from existing households currently living in the Southend-on-Sea Borough Council and 542 migrant households.

In total it is estimated that there is an annual need over the next five years for 2,188 affordable homes (352+1,836). The supply to meet this need is estimated at 701 dwellings per annum. Therefore there is an estimated annual shortfall of 1,487 affordable homes.

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



The survey also assessed the requirement for additional affordable housing by size considering both size requirement and potential demand. The main shortfalls are for two (748 units p.a.) and three bedroom property (429 units p.a.).

The following table shows housing need and sub-area. The data shows that over the next five years all of the sub-areas are expected to face a shortage of affordable housing. In particular *Milton* and *Westborough* show the highest shortfall as a proportion of existing households (5.5% and 5.0% respectively). It should be noted that this table refers to where housing need arises not necessarily where households preferences would be – nor does the table show where housing need should necessarily be met.

#### Basic Needs Assessment Model and sub-area

Sub-area	Annual need to reduce backlog	Newly arising need	Affordable supply	Overall shortfall/ (surplus)	Estimated number of h'holds in sub-area	Percent shortfall/ (surplus)
<i>Eastwood Park</i>	1	111	13	99	3,986	2.5%
<i>Belfairs</i>	1	64	32	33	4,015	0.8%
<i>West Leigh</i>	7	35	5	37	3,790	1.0%
<i>St. Laurence</i>	13	113	31	95	4,407	2.2%
<i>Blenheim Park</i>	21	61	38	44	4,205	1.0%
<i>Leigh</i>	14	59	2	71	4,726	1.5%
<i>Prittlewell</i>	12	64	19	57	4,403	1.3%
<i>Westborough</i>	56	173	3	226	4,531	5.0%
<i>Chalkwell</i>	15	103	12	106	4,206	2.5%
<i>St. Lukes</i>	22	142	50	114	4,752	2.4%
<i>Victoria</i>	41	195	151	85	4,872	1.7%
<i>Milton</i>	60	232	9	283	5,159	5.5%
<i>Kursaal</i>	52	121	107	66	4,588	1.4%
<i>Southchurch</i>	6	89	68	27	3,938	0.7%
<i>Thorpe</i>	9	42	4	47	4,018	1.2%
<i>West Shoebury</i>	11	117	56	72	4,055	1.8%
<i>Shoeburyness</i>	11	115	101	25	4,346	0.6%
<b>TOTAL</b>	<b>352</b>	<b>1,836</b>	<b>701</b>	<b>1,487</b>	<b>73,995</b>	<b>2.0%</b>

## 11. MARKET HOUSING REQUIREMENTS

In addition to the affordable housing requirements in the Southend-on-Sea Borough Council area the survey briefly considered likely market demands. The survey highlighted that over the next five years there will be a shortage of 3,819 owner-occupied homes – most notably this shortage appears to be for smaller (one and two bedroom) homes. There was no apparent shortage of private rented dwellings, largely due to aspirations for home ownership. Including the need for additional affordable housing the survey suggests that there is an estimated shortfall of 11,254 dwellings over the five years to 2007 if all market and affordable needs are to be met. The affordable housing requirement accounts for 66.1% of this shortfall.

## 12. AFFORDABLE HOUSING: HISTORY & EVOLUTION

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

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

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

## 13. WHAT TYPES OF AFFORDABLE HOUSING

The housing needs survey provides a wealth of data about exactly how much housing should cost to be affordable to households in housing need. The analysis suggests that both low-cost market and shared ownership housing cannot meet any housing need. Thus only social rented housing will be of any use in the Southend-on-Sea Borough Council area.

The data also suggests that setting new RSL rents in line with the Housing Corporation benchmarks would mean that 28.0% of households in need could afford housing without the use of housing benefit – reducing rents to £10 per week below benchmark would allow a further 8.6% of households in need to afford such housing without the assistance of housing benefit.

## 14. AFFORDABLE HOUSING POLICY

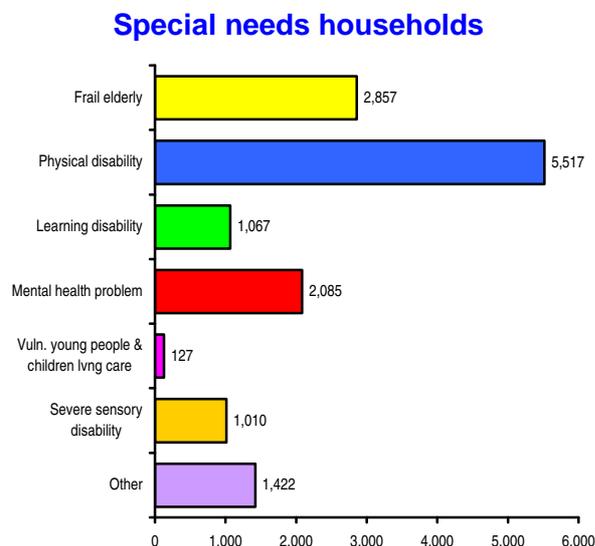
Results from the housing needs analysis indicate a total requirement for new affordable housing over the next five years of 7,435 dwellings (1,487 × 5). Unless total provision of housing over the next five years is in excess of 14,870 dwellings then an affordable housing target of 50% on suitable sites would be justified in securing a relevant overall contribution to meeting needs.

In terms of site thresholds, the minimum which government guidance currently contemplates seems to be 15 dwellings/0.5 ha. The analysis would support the Council reducing thresholds at least to this figure. Given the amount of additional housing required it would be fair to assume that the Council would want to secure affordable housing on all sites regardless of size. Hence we would suggest a site threshold of 15+ dwellings on all allocated and windfall sites.

The scale of target and site size thresholds are both ultimately matters for policy decision by the Council, through the Local Plan process.

## 15. SPECIAL NEEDS HOUSEHOLDS

Some 13.7% of all the Borough's households (10,154) contain special needs members. 'Physically disabled' is the main category of special needs. There are 5,517 households with a 'physically disabled' person and a further 2,857 with 'frail elderly' household members. These categories represent 54.3% and 28.1% of all special needs households respectively.



Special needs households are disproportionately constituted of only one person which has implications for caring patterns. Although many special needs households are in the private sector, a high proportion are found in the social rented sector (34.4% of Council households and 23.6% of all Housing Association households contain a person with special needs). Special needs households are characterised by greater than average age, below average household size and below average household income.

## 16. SUMMARY AND CONCLUSIONS

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

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

Using this 'model' it has been estimated that there is a requirement to provide an additional 1,487 affordable dwellings per annum if all housing needs are to be met (for the next five years). Over the five year period to 2007 this represents a need to provide an additional 7,435 dwellings.

Although the survey does not consider in any detail the possible solutions to the housing need problem it would be sensible to suggest that in the light of the large requirement shown, the Council will need to maximise the availability of affordable housing from all available sources (including newbuild, acquisitions, conversions etc.). This therefore provides the justification for a 50% affordable housing requirement on all eligible sites. Attention should also be paid to the cost (to occupants) of any additional housing to make sure that it can actually meet the needs identified in this survey.