



Waveney District Council

Serving the Community

Indicators of Need for Affordable Housing in Waveney District Council

February 2013

1.0. Introduction

- 1.1. In 2007 Waveney and Great Yarmouth Councils jointly published a sub-regional Strategic Housing Market Assessment (SHMA)¹. This was a major research project carried out during 2006 and 2007 involving a large range of different agencies and individuals.
- 1.2. The 2007 SHMA looked at the housing situation for the sub region (recognising that there are common themes that cross district council boundaries). At that time the sub region was a discrete area for Homes and Community Agency purposes. The SHMA was designed to assist the Council in drawing up its Local Development Framework (LDF) and housing policies. It was carried out in line with government guidelines and looked at the housing situation as a “whole” including:
 - the context of demographic, economic and social trends
 - the current housing situations and trends and potential future pressures and opportunities
 - the affordability for people wanting to buy or rent
 - an assessment of the housing need (i.e. need which people cannot afford to meet themselves)
 - the housing requirements of different groups
 - the context of government agendas, regional plans, local policies and priorities.
- 1.3. The Housing Needs Assessment – a distinct project within the SHMA – focussed on households who cannot afford to solve their housing problems themselves. The analysis identified that when need is measured against supply, Waveney would have an annual shortfall of 225 affordable homes over the period 2007 – 2012, over and above current supply.
- 1.4. The findings of the 2007 SHMA, specifically the conclusions of the Housing Needs Assessment, justified Waveney District Council’s current policy that a proportion of additional housing built in the district should be “affordable”. The proportion which varies according to the size and /or location of the new development is set out in Policy DM18 of Waveney District Council’s Development Management Policies Development Plan Document (DPD)² adopted in January 2011 with further detail contained in the Affordable Housing Supplementary Planning Document (SPD) adopted in May 2012.³
- 1.5. Pending a further detailed Housing Needs Assessment, Waveney District Council wishes to consider general indicators, trends and other factors that would allow reasonable conclusions to be drawn about the on-going need for affordable housing

¹ Available at <http://www.waveney.gov.uk/housing>

² Available at <http://www.waveney.gov.uk/ldf>

³ Available at <http://www.waveney.gov.uk/ldf>

and whether the current policy that requires a proportion of new developments to be affordable and the proportions themselves (as set out in the SPD) can still be justified.

2.0. Scope of this report

- 2.1. The 2007 Housing Needs Assessment was a detailed piece of research. This report is a summary of findings identified from a topical review of relevant data from the current Housing Register and other contextual information. Unlike the 2007 Housing Needs Assessment it does not give estimated numbers of affordable housing based on the agreed government formula. Rather it highlights general trends and draws general conclusions about whether there is an increase or decrease in the need for affordable housing. This report includes analysis of factors indicating need and demand for affordable housing including:
- population growth
 - numbers and income levels of applicants on the Housing Register
 - indicators of supply including:
 - new affordable homes delivered and projected
 - existing affordable homes - turnover / vacancies
- 2.2. The report also refers to the potential impact of welfare reform and the current use and future capacity of the private sector as a resource for Waveney residents in housing need.
- 2.3. The report only considers need and demand and does not consider viability.

Context

3.0. What we mean by affordable housing

- 3.1. Affordable housing is housing which is within the reach of people who cannot afford to rent or buy on the open market. Affordable housing includes housing for rent or housing offered with part / low cost ownership schemes. It includes properties for anyone in housing need; sheltered housing (for applicants over 60 with a support need) as well as specialist housing for specific client groups including Housing with Care (shared or self-contained).

4.0. How affordable housing is developed, allocated and managed

- 4.1. In Waveney, the current affordable housing stock is owned and managed either by the Council or by Housing Associations (Registered Providers) together referred to as “social landlords”. The majority of affordable housing is let via a single Choice Based Lettings scheme.

- 4.2. There is a single Housing Register and a single assessment process that determines priority (“banding”) for properties that become available.
- 4.3. New affordable housing is currently delivered by Registered Providers⁴ who develop directly or work in partnership with private developers who have to meet obligations through planning policy.

5.0. Rent levels and affordability in the local context

- 5.1. Social landlords are bound by guidance from regulators about the type of rent that they charge and how this rent is calculated. Rent levels for affordable housing are lower than market rents.
- 5.2. In September 2012 Waveney agreed a framework for developing a tenancy strategy.⁵ It includes a ‘benchmark’ for affordability which is based on local income levels⁶. The principle within the strategy effectively means that all affordable housing in Waveney should be affordable to a full-time worker on a typical average local income.⁷

6.0. The strategic context

- 6.1. Waveney DC has a range of statutory housing obligations including:
- strategic assessment of housing need
 - planning to meet identified need
 - maintaining the condition of the total housing stock;
 - specific duties to households who are homeless or at risk of homelessness
 - a duty to publish a scheme setting out how affordable housing will be allocated.⁸
- 6.2. Affordable housing is primarily focussed on meeting housing need however it can contribute to wider strategic objectives such as economic regeneration or the sustainability of rural communities. This is the basis for Strategic Housing Market Assessments which look at housing as a “whole”.

7.0. Using the Housing Register to draw conclusions about housing need

- 7.1. The Housing Register was used as the most comprehensive accessible source of information available on housing need within Waveney, albeit that there are limitations (see 7.3. below).

⁴ Waveney District Council plan to deliver more affordable homes directly in the near future.

⁵ Local Authorities are required to have a tenancy strategy under the Localism Act 2011. The tenancy strategy is due to be adopted in March 2013 and the adopted version will be available at <http://www.waveney.gov.uk>

⁶ Based on 25% of gross median income of a single full time worker which is £22,322

⁷ The weekly affordable rent threshold for Waveney (based on the benchmark) is £107.33.

⁸ The allocation scheme for Waveney is part of the Choice Based Lettings scheme – see 8.1 of this report.

7.2. The Housing Register can change daily, and therefore the figures used in this report are based on a snapshot taken on 20th December 2012 – referred to as “current figures” in this report. (The 2007 Housing Needs Assessment used a snapshot taken on 16th October 2006).

7.3. The limitations of using the Housing Register include:

- The Housing Register is open to anyone who wants to apply. Overall numbers will include applicants who perceive themselves to be in housing need but may be considered by Waveney DC to be in low need, adequately housed or having no local connection. However this limitation can be mitigated by distinguishing between those applicants who have been assessed as having a high or medium priority and those who have a low priority.
- Conversely the Housing Register may not capture all housing need. For example applicants who need specialist housing or applicants living in rural communities may not apply because the housing they require does not exist⁹. Households who are in medium low housing need may not apply because they recognise they have limited chances of being allocated a property. Households who are in housing need but who are mainly interested in low cost home ownership may not apply because the main reason for applying to the Housing Register is to be able to bid for rented properties through the Choice Based Lettings scheme.
- The Housing Register is not therefore a reliable indicator of need for low cost home ownership.

8.0. Comparisons with information used in the 2007 Housing Needs Assessment

8.1. Where possible this report makes direct comparisons with figures from the Housing Register used in the 2007 Housing Needs Assessment. However this is not always possible.

- In 2007 Waveney DC used a point’s based system to prioritise applicants. For the purpose of the 2007 Housing Needs Assessment (which was a sub-regional project) Waveney’s points scheme was equivalised to Great Yarmouth’s banding system and figures quoted refer to applicants in (equivalent of Great Yarmouth’s) gold and silver bands, i.e. high and medium priority. In 2011 Waveney DC became part of the Gateway to Home Choice partnership¹⁰. The partnership runs a Choice Based lettings scheme based on a single allocation policy and banding system. The current system assesses applicants into bands A - E. It is not possible to make a direct comparison with the previous points system, nor the gold, silver and bronze banding. In very general terms the best parallel is to

⁹ Local Housing Needs surveys (used to justify development of affordable housing outside of development boundaries under planning exception policies) usually identify hidden housing need

¹⁰ Gateway to Homechoice is a Choice Based Letting system, advertising Council and Housing Association properties in the local authority areas of Babergh, Braintree, Colchester, Ipswich, Maldon, Mid Suffolk, Suffolk Coastal and Waveney.

compare numbers for (equivalent) gold and silver in the 2007 Housing Needs Assessment with bands A, B and C in the current snapshot figures.

- In 2007, the single main reason for housing need was available directly from the Housing Register - the current banding system is based on multiple reasons.

Findings

9.0 Is there general evidence that there is an on-going need for affordable housing?

9.1. Population growth

- 9.1.1. Looking back, Census figures show a net increase of 2% in the population of Waveney over the last 10 years (a significantly smaller growth rate than the national average - 7%). The pattern of growth was not looked at during this review.

Table 1 – Population growth in Waveney 2001 – 2011 (Census)

2001	2011
112,500	115,300

- 9.1.2. Looking forward, the East of England Forecasting Model¹¹ predicts further increases over next 5 years

Table 2 – Predicted population growth, increase in household numbers and demand for dwellings for Waveney 2012 – 2017

	2012	2017
Demand for dwellings	54,500	55,500
Increase in population	117,200	117,900
Increase in numbers of households	51,200	52,100

- 9.1.3. Of note, the figures in Table 2 forecast a higher increase in households (900) than in population (700).
- 9.1.4. Whilst the figures in Tables 1 and 2 are calculated based on different models and cover different time periods they are consistent in showing growth.

¹¹ www.insighteast.org.uk

9.2. Overall Numbers of households on the Housing Register

9.2.1. Snapshots taken at 10th October 2006 and 20th December 2012 show an 8% increase in numbers of households on the Housing Register during that period.

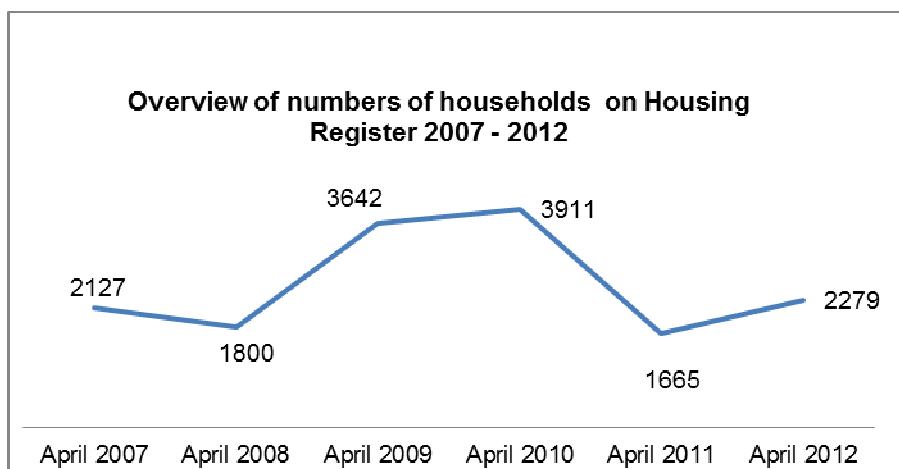
Table 3 – Snapshot figures of Numbers of Households on the Housing Register

October 2006	December 2012
2619	2830

9.2.2. The change in figures year on year show an uneven trend ¹²

Table 4 – Numbers of households on the Housing Register 2007 – 2012

April 2007	April 2008	April 2009	April 2010	April 2011	April 2012
2127	1800	3642	3911	1665	2279



9.2.3 Figures in Table 4 show 7% increase from April 2007 to April 2012 – relatively consistent with the snapshot figures set out in Table 3.

9.2.4 The greatest year on year variance (2010/11) coincides with Waveney joining the Gateway to Home Choice partnership (see 8.1. above). This required everyone on the register to reapply. It is not possible to draw definite conclusions about why a significant number did not reapply. This is a general

¹² Taken from annual returns made to DCLG. Figures based on numbers as at 1st April each year.

pattern when local authorities make significant changes to their housing register and the general consensus are that reasons for numbers dropping include

- applicants no longer considered themselves to be in housing need
- applicants not considering it “worth their while” given the small proportion of applicants who are offered housing
- vulnerable applicants not understanding that they need to re-register and/or finding the process difficult

9.2.5 The graph in 9.2.2. above highlights an upward trend since April 2011. The current snapshot figures show that this trend is continuing; figures show a total 70% increase in applicants between April 2011 and December 2012.

Table 5 – Numbers of households on the Housing Register on 1st April 2011 and 20th December 2012

April 2011	December 2012
1665	2830

9.3 Numbers on Housing Register in high/medium need

9.3.1. The formula used in 2007 to assess and conclude that there was an annual shortfall of 225 affordable homes was based on particular government guidance. Figures from the Register which were used in that calculation relate to a proportion only of the Housing Register i.e. only applicants in high and medium housing need. The table below gives shows the proportion of applicants in high/medium need. The difference in proportion should take into consideration that the way that priority is determined and what constitutes high/medium need has changed.¹³

Table 6 – Households on Housing Register in high/medium housing need

	High /medium priority		Percentage of total Housing Register at that time
Oct 2006	Numbers in equivalent of gold and silver bands	1231	47.0%
Dec 2012	Numbers in bands A – C	1037	36.6%

¹³ See 8.1. re limitations in comparisons

9.4. Income levels of applicants

9.4.1. Household income levels of applicants from the current snapshot are important as an indicator of whether applicants can afford to solve their housing problems themselves. The breakdown for bands A – C only is set out below.

Table 7 – Household Income levels of Housing Register applicants in high/medium need at December 2012

Less than £10,000	£10,000 - £15,000	£15,001- £20,000	£20,001 and over
799	165	47	22
77%	16%	<5%	2%

9.4.2. The figures in Table 7 indicate that the majority (if not all) of these applicants would not be able to access suitable market housing without financial assistance and this aligns with estimates which formed part of the 2007 Housing Needs Assessment.¹⁴

9.4.3 Indices of multiple deprivation published by DCLG¹⁵ in 2010 rank Waveney as the 115th most deprived local authority out of 326 – again no significant change from the position of 114th in 2007.

9.5. Homelessness as an indicator of need

9.5.1. Current figures show that numbers of households accepted as statutory homeless has decreased significantly - snapshot figures from 2006 show 229 (18%) compared with the current snapshot figures - 23 (2.2%). Taken at face value these figures might be interpreted as a reduction in housing need. However this would be over simplistic and misleading. The 2002 Homelessness Act brought in new requirements for local authorities. The requirements include having a Homelessness Strategy that sets out its plans for the prevention of homelessness. Nationally this has brought about a significant shift in approach and a significant drop in households accepted as homeless.¹⁶

9.6. Potential impact of welfare reform on housing need and demand

9.6.1. The Welfare Reform Act 2012 introduces a range of changes to the benefit system that are likely to impact on a high proportion of people who are either

¹⁴ The 2007 Housing Needs Assessment was carried out in line with government guidance. The guidance indicated that households able to access suitable market housing without financial assistance should not be included in the assessment of current housing need. In 2007 this was estimated as nil.

¹⁵ Department for Communities and Local Government

¹⁶ National statistics show 135,590 households accepted as homeless in 2003; 48,510 in 2011.

applying for or are already living in social housing. Social landlords working across Waveney are in the process of carrying out impact assessments and drawing up associated strategies to mitigate the risks to their tenants and their business. There will also be joint working at a strategic level to consider any changes required e.g. to allocation policies; homelessness strategies.

- 9.6.2. In the short and medium term, there may be an impact on need and demand for affordable housing in terms of both overall numbers and also property size.
- 9.6.3. From April 2013 tenants of working age in social housing will have their benefit cut if they are deemed to have a spare bedroom. Research carried out by the National Housing Federation found that 48% of East of England associations have reported an increase in requests for a transfer from under-occupying households in the last six months. There are no overall figures for all social landlords in Waveney. However a snapshot taken by Waveney district council in September 2012 identified that approx. 12% (547) of existing council tenants who are in receipt of Housing benefit will be subject to under occupation rules¹⁷. This figure is of course subject to change and we cannot assume all of this number will want to downsize. However to get an indication, if we aggregate this percentage there are 898 social tenants who may potentially apply to the housing register because they cannot afford to remain in their current homes. Whilst this in itself may not add to overall numbers (since they will be vacating homes) it may increase the demand for smaller homes. At this stage it is not possible to assess whether existing social tenants will choose to downsize to the private sector; and/or whether this will be possible due to either availability or affordability.
- 9.6.4. Universal Credit will be introduced for new claims for out of work claimants from October 2013 and rolled out to all working age claimants by 2017. Universal Credit will be paid in one payment, from which claimants must budget for all their monthly outgoings including rent. There will no longer be any “direct payments” to landlords. There is a potential risk that some tenants (across all tenures) will fall into arrears, lose their homes and as a consequence an increase in homelessness/demand for affordable housing.

9.7. What else can the Housing Register tell us about need and demand?

- 9.7.1. The current information from the Housing Register can identify where applicants currently live and the size of accommodation that they need. A summary of this information is included in Appendix 1 along with a comment on the extent to which this can be used to influence decisions regarding new affordable housing on individual developments.

¹⁷ 392 households under occupying by 1 bedroom; 155 households under occupying by 2 or more bedrooms.

10.0 Net Supply of affordable housing

10.1. Current position

10.1.1. Between April 2007 and April 2012, 384 additional new build affordable homes have been delivered in Waveney.

Table 8 – Additional Affordable Housing delivered in Waveney 2007 - 2012

2007/08	08/09	09/10	10/11	11/12	Total
47	109	90	100	38	384

10.1.2. During the same period there has been a net decrease of 123 properties within Waveney Council stock.

10.1.3. Using the conclusions from the 2007 Housing Needs Assessment there is considerable “shortfall” in affordable housing between April 2007 and April 2012.

Table 9 – Shortfall in Affordable Housing in Waveney as at 2012

Need identified (in 2007) - 225 per annum x 5 years	1125
<i>plus</i>	
Decrease in WDC stock	123
<i>minus</i>	
Additional homes delivered 2007 - 2012 (Table 8)	384
<i>equals</i>	
Shortfall of Affordable units as at 2012	864

10.2. Looking forward

10.2.1. There is regular monitoring of progress on delivery on new affordable homes – through collaboration between housing and planning staff within Waveney and regular liaison with Registered Providers partners. The most up to date information relates to anticipated completions for the current/future 4 years.

Table 10 – Anticipated Affordable Housing Completions 12/13 – 15/16¹⁸

2012/13	13/14	14/15	15/16	by 15/16 (year to be confirmed)	Total
76	32	58	85	17	268

10.2.2. Given the indicators that housing need has not decreased since the 2007 Housing Needs Assessment, the annual shortfall figure of 225 has been used as a benchmark in looking forward. Assuming the validity of that figure, there will be a further shortfall (i.e. in addition to the shortfall in Table 9) in affordable housing for the 4 years from April 2012.

Table 11 – Further Anticipated shortfall in affordable housing in Waveney at 2016

Need identified - 225 per annum x 4 years	900
<i>minus</i>	
New Additional affordable homes (Table 10)	268
<i>equals</i>	
Further Anticipated Shortfall of affordable homes units by 2016	632¹⁹

11.0. Turnover/ availability of existing affordable housing

11.1. The 2007 Housing Needs Assessment was based on government guidance. The guidance included taking into account the annual supply of social housing relets (since availability within existing stock will of course contribute to meeting existing housing need). The relevant figure for that calculation was 449.²⁰ The equivalent figure for 2011/12 was 349 i.e. 100 fewer properties within the existing social housing stock became available during 2011/12 compared to 2005/06.

12.0. Other options for meeting housing need

12.1. As part of a wider strategic approach, Waveney DC has a private sector housing strategy which seeks to improve standards of all housing stock in the district. This has resulted in proactive and positive partnership working with private landlords and

¹⁸ Figures taken from Local Investment Plan refresh. Figures are best estimates based on current funded programme (information from Registered Providers) and potential schemes within pipeline.

¹⁹ This figure assumes the best case scenario that there is no further reduction in WDC and/or Registered Provider stock)

²⁰ Calculated from figures from annual return to central government 2006

estate agents²¹. Given the numbers on the Housing Register and the limited supply of affordable housing, the Housing Options team will encourage and help²² applicants to seek solutions to their housing need within the private sector taking into consideration ability to pay; rent levels and Local Housing Allowance²³ (LHA) rates.

- 12.2. Private sector accommodation – even where rents fall under the LHA threshold - does not fit within the government’s definition of affordable housing. However it is pertinent to refer to this supply of housing to illustrate that Waveney District Council, as a strategic housing authority, is seeking to make best use of the whole housing stock given the level of high and medium housing need.
- 12.3. The Council will offer a range of incentives to bring empty private sector properties back into use. These include grants and loans and management services which may include rent guarantees. Through such agreements Waveney District Council has secured nomination rights to properties which are let at below LHA rates. The focus on bringing private sector empty homes back into use is on-going. The Council has secured £425k funding from the Homes and Community Agency and is exploring ways of utilising a proportion of the New Homes Bonus²⁴ to this area of work. 27 private sector properties have been brought back into use since 2011 and a further 35 anticipated over the next 5 years.
- 12.4. Whilst the private sector stock will provide solutions for some people in housing need, there will always be limitations primarily in relation to rent levels. Feedback from 2 local estate agents indicates that there is unlikely to be any significant change in capacity within the private rented market for households on low incomes in the short term

13.0. Conclusions

- 13.1. The purpose of this report was to provide a general review of the findings of the 2007 SHMA and to consider whether the need for affordable housing in Waveney has decreased, stayed the same or increased since the 2007 SHMA was published. This need was considered within the pretext that the 2007 Housing Needs Assessment was robust and had concluded that there was a need for an additional 225 affordable homes per annum within the district. For establishing future affordable housing need the figure of 225 has been used as a benchmark figure and rolled forward. Numbers on the housing register have increased significantly since 2007. There is no indication of additional capacity (turnover) within the existing housing stock. Given the shortfall in affordable housing provision over the period 2007 to 2012 and

²¹ Confirmed with 2 local letting agents

²² E.g. through rent deposit scheme

²³ The Local Housing Allowance (LHA) arrangements are a way of working out Housing Benefit (HB) for people who rent from a private landlord.

²⁴ A government grant local authorities councils for increasing the number of homes in their area.

projected under-delivery over the next 5 years, it can be assumed that the figure of 225 per annum remains appropriate for the purposes of this review.

13.2. The key conclusions of this report are

- There is evidence that since 2007 there has been an on-going increase in need and therefore demand for affordable housing. There is no obvious evidence that this need will decrease significantly in the short or medium terms.
- There are some changes in the level of housing need within the district but a significant proportion of applicants have a high or medium need.
- There is still a significant need for affordable housing for rent (it has not been possible to consider the level of need for low cost home ownership within this review)
- The impact of welfare reform is not yet known. This may impact on numbers in need of affordable housing and the size of housing required
- Supply of affordable housing – in the widest sense – has not kept pace with demand and need – the shortfall in affordable housing delivered (taking decreases in available stock into account) and new homes due to be delivered is particularly high. There is no evidence that this trend will change in the short to medium term
- Overall there is no compelling evidence to justify reducing the requirements to provide affordable housing on all new developments as set out in the Waveney's Housing Policy DM18 and Affordable Housing Supplementary Planning Document.

Appendix 1:

New affordable housing - information relating to location, size and tenure

Location

The table below shows where applicants (Bands A – C only) currently live

Where applicants currently live	Numbers	% of all applicants in Bands A, B and C
NR32 (Lowestoft North area)	390	37.6
NR33 (Lowestoft South area)	309	29.8
NR34 (Beccles area)	134	12.9
NR35 (Bungay area)	48	4.6
IP18 (Southwold area	16	1.5
IP19 (Halesworth area)	50	4.8
other	90	8.6
No fixed abode	4	0.3
	1037	

The percentages are similar to the snapshot figures in the 2007 Housing Needs Assessment (albeit that there are some restrictions in comparisons)²⁵ with the greatest need in the urban areas and Lowestoft in particular.

Size

The table below shows the size of property that applicants require (Bands A – C only)

Size of property required by applicants	Current figures		Comparison with figures in 2007 Housing Needs Assessment
	Total Number	% of all applicants in Bands A, B and C	%
1 bed	604	58%	40.5%
2 bed	321	31%	41.2%
3 bed	72	7%	15.5%
4 + bed	40	4%	2.8%
	1037		

The most significant change is the increase in need for 1 bedroom accommodation

²⁵ Figures previously broken down by ward rather than postcodes

New developments - Determining size, mix and tenure of affordable housing

This report includes district-wide figures and issues. Guidance to developers and Registered Providers in relation to new affordable housing needs will need to be site specific and be based on a further “local” analysis of housing need carried out at the time of the enquiry.

The guidance given to developers and Registered Providers will need to take into account a range of factors including

- need and demand identified through the Housing Register and/or a local housing needs survey;
- size, availability and tenure of existing stock
- any significant changes anticipated in the area e.g. decommissioning of stock (but also wider changes such as economic regeneration)
- emerging issues e.g. impact from Welfare Reform.

The requirements and guidance will also balance

- the priority to meet high and medium housing need
- the priority to provide housing that contributes to the sustainability of a community
- the priority to encourage new developments/growth in line with district targets

Thus whilst the evidence from the Housing Register indicates that – overall - the emphasis should be on rented accommodation and smaller units, in some areas low cost home ownership may also meet an element of housing need and larger units may be required to meet the needs of certain households. .