

**NORTH HERTFORDSHIRE  
HOUSING NEEDS SURVEY  
UPDATE**

**FINAL REPORT**

**2006**



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# 1 INTRODUCTION

## 1.1 Government Guidance

1.1.1 Government Guidance in Circular 6/98 and the Good Practice Guidance for Local Housing Needs 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 Local Plan policies for affordable housing provision.

## 1.2 The 2002 Study

1.2.1 DCA conducted a wide ranging needs assessment study in the District during September 2002. This study examined housing requirements in both market and social sectors.

## 1.3 2001 Census

1.3.1 The 2001 Census results were not available during the 2002 Housing Needs Survey; therefore the tenure balance of the 2002 data has been examined and the data has been re-weighted in accordance with 2006 household numbers and 2001 Census Data.

## 1.4 The Update Study Objectives

1.4.1 The objectives of this update study were to:-

- re-analyse the change in the housing market locally to provide current house prices and private sector rental costs to be able to re-assess income thresholds for access to market housing;
- re-analyse the housing survey database and utilise the information into the Assessment Model recommended in the Good Practice Guidance issued in March 2000;
- re-analyse the short, medium and longer term population forecasts for the District;
- prepare a report to provide an affordable need forecast to 2011;
- inform on-going Housing Strategy and support Local Plan policies for affordable housing and for negotiation in accordance with Circular 6/98 and PPG3.

## 1.5 Definitions

1.5.1 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 housing need.

1.5.2 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.

1.5.3 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 intermediate 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, shared equity and sub-market rent.”*

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

**Social Rent**

- RSL (or other body approved under the Housing Act 2004) units for rent.

**Intermediate Housing**

- shared ownership (now HomeBuy);
- 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 housing for rent, also using land value.

1.5.5 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.

## **1.6 Methodology**

1.6.1 The study consisted of the following elements:-

- i. Analysis of the existing base of primary data gathered in 2002 which gathered information on housing needs to 2008 and is still currently valid;
- ii. A housing market survey utilising the Land Registry and Halifax databases and a telephone survey of estate agents on the cost of access level property and on the supply and cost of private rented housing;
- iii. Secondary data analysis drawing upon Housing Strategy Statistical Appendix (HSSA) and Housing Register data on the flow of social stock and need, 2001 Census, household and population projections and other national research.

1.6.2 As a database therefore the achieved sample of 2,930 achieved in 2002 is robust and is more than double the 1,250 minimum level identified as a normal sample in the DCLG Guidance.

## 2 THE NORTH HERTFORDSHIRE HOUSING MARKET

### 2.1 Introduction

- 2.1.1 This report was commissioned by North Hertfordshire District Council to provide an update on house prices in the District. It has been conducted on the same structure as that in the 2002 Housing Needs Survey. Comparisons in prices over the period and the available data on income change have also been analysed.
- 2.1.2 Three data searches were commissioned to provide information on house price and sales volumes across the North Hertfordshire:-
- from the Halifax, as the largest mortgage lender, analysing lending in the Region;
  - from the Land Registry, providing data on all sales in the area for the past year;
  - Estate Agency survey to assess access prices in each sub-area.
- 2.1.3 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.
- 2.1.4 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 the previous periods. Halifax data measures a constant mix of properties by type and size which removes the changing mix factor but does not include lower price cash transactions.
- 2.1.5 This information sets the context for the key issue of the 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 survey.

### 2.2 National Picture

- 2.2.1 House price inflation in the second quarter of 2006 has increased to 2.6% from the first quarter of 2006 where 1.6% increase was reported. The overall sound UK economic background and the lowest mortgage rates since the 1950s have boosted housing demand for a sustained period but turnover has reduced substantially, prices have stabilised and some property types have reduced over the last three quarters of 2005.
- 2.2.2 UK house price inflation for the year ending 30<sup>th</sup> June 2006 was recorded by Halifax Index at 9.4% and the Land Registry at 7.3%.
- 2.2.3 The Halifax First-Time Buyer Annual Review of 2006 indicates that the average price paid by first time buyers in the South East remained static in 2005 at £163,253. This is 203% more than in 1995.
- 2.2.4 The affordability difficulties confronting first time buyers have significantly reduced the number entering the market. The age of a first time buyer in 1995 was 31 and has increased to 33 in 2005.
- 2.2.5 This is also reflected in the fact that there were an estimated total of 320,440 first-time buyers in 2005, the lowest annual total since 1981. The numbers of FTB's last year were 40% lower than at 2002 (532,000).
- 2.2.6 The average deposit required in the South East was £29,870, 18% of the purchase price. In 1995 the average deposit was £6,335, 12% of the purchase price. 77% of all first time buyer purchases in the Region were flats (41%) and terraced houses (38%).

## 2.3 Regional Picture

**Table 2-1 House Price Change**

	Q1 2006 to Q2 2006 %	Q2 2005 to Q2 2006 %	Q2 2002 to Q2 2006 %
South East	+ 3.7	+ 6.3	+ 39.9
Hertfordshire	+ 3.9	+ 5.8	+ 37.5

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

- 2.3.1 North Hertfordshire is located in the East of England Region for Planning Policy & Housing Strategy purposes, however neither Land Registry or Halifax have East as a region and so for the purposes of this data North Hertfordshire is felt to be closer in house prices and markets of the South East Region.
- 2.3.2 The annual rate of house price inflation in the Halifax Index in the South East Region at 30<sup>th</sup> June was 6.5%, below the UK average of 9.4%.
- 2.3.3 House prices in the South East Region show a rise, increasing by 2.8% during the second quarter of 2006.
- 2.3.4 House prices in Hertfordshire rose over the last year by 5.8% as calculated by Land Registry.

## 2.4 The Housing Market

- 2.4.1 The Regional Market is shown in Table 2-2 below, which details the prices paid for the main categories of house types for the whole of the South East Region with comparisons against a different source of house price index data.

**Table 2-2 Average Region & County House Prices (£) - All Buyers 2006**

Property Type	South East Region		Hertfordshire	
	Land Registry	Halifax	Land Registry	Land Registry % of sales
Terraced	184,071	194,999	215,269	35.5
Semi-detached	222,085	241,871	275,312	23.3
Detached	382,696	403,758	487,569	18.5
Bungalows	*	251,645	*	*
Flats & maisonettes	155,727	152,974	164,714	22.7
<b>All properties</b>	<b>236,915</b>	<b>228,714</b>	<b>268,094</b>	<b>100.0</b>

Source: Halifax House Price Index, 2<sup>nd</sup> Quarter 2006  
 Land Registry Residential Property Price Report, 2<sup>nd</sup> Quarter 2006  
 \* Land Registry figures do not identify bungalows separately.

- 2.4.2 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 South East Region. The Land Registry data incorporates all sales transactions in the Region and more specifically in the North Hertfordshire District.

2.4.3 Prices vary between the different data sources and the Land Registry figures would be expected to be lower in all cases given that these figures include non-mortgaged sales.

2.4.4 The table below examines average house prices for the North Hertfordshire area as recorded by the Land Registry in June 2006 against house prices for North Hertfordshire at the time of the previous Housing Needs Survey Update in 2002.

**Table 2-3 Average House Prices for the District (£) - All Buyers 2002 - 2006**

Property Type	Land Registry		Change 2002 - 2006 %
	2006	2002	
Terraced	196,817	137,749	+ 42.9
Semi-detached	242,488	177,652	+ 36.5
Detached	421,679	297,569	+ 41.7
Flats & maisonettes	137,829	99,009	+ 39.2
<b>All properties</b>	<b>249,526</b>	<b>181,778</b>	<b>+ 37.3</b>

Source: Land Registry Residential Property Price Report, 2<sup>nd</sup> Quarter 2006 / 3<sup>rd</sup> Quarter 2002. © Crown Copyright (Land Registry)

2.4.5 The overall house price increase in the District is 37.3%, virtually the same level as the County. Over the last four years since 2002, the price of terraced houses and flats, the entry level stock, has increased by 42.9% and 39.2% respectively.

**Table 2-4 Average Sales Levels for the District – 2006 and 2002**

Property Type	North Hertfordshire District	
	Land Registry % of Sales	
	2006	2002
Terraced	30.7	28.3
Semi-detached	28.4	27.2
Detached	22.5	25.4
Flats & maisonettes	18.4	19.1
<b>All properties</b>	<b>100.0</b>	<b>100.0</b>

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2.4.6 The largest volumes of sales in North Hertfordshire District in 2006 were for Terraced houses (30.7%) selling at an average price of £196,817. Semi-detached houses average £242,488 and are 28.4% of sales. Detached houses average £421,679 and are 22.5% of sales. Flats/maisonettes sell at an average price of £137,829 and account for 18.4% of sales. Due to the average price and volume, flats / maisonettes are assessed to be the main entry property for first time buyers.

- 2.4.7 The sales levels of detached houses and flat / maisonette properties in 2006, 22.5% and 18.4% respectively are slightly lower than 2002 levels (25.4% and 19.1% respectively) and do not reflect the growth in the delivery of flats in the market, a national trend . Sales levels of terraced houses and semi detached properties are higher in 2006 (30.7% and 28.4% respectively) than in 2002 where they make up 28.3% and 27.2% respectively of sales in the District.

## 2.5 Sub-Area Structure

- 2.5.1 In order to further analyse house prices in the area the District has been divided into five sub-areas as used in the 2002 Housing Needs Survey. The areas contained within them are listed below:-

**Table 2-5 Sub-Area Breakdown**

Sub-Areas
Royston
Baldock & Surrounds
Letchworth
Hitchin
Southern Rural

## 2.6 Entry Sales Levels in the District

- 2.6.1 Entry to the market is clearly dependent on availability, a factor which is particularly critical for low income households who can only enter the market in any numbers where there is an adequate supply of affordable dwellings.
- 2.6.2 First-time buyers as new entrants to the Housing Market do not purchase properties 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 access local markets.
- 2.6.3 In broad terms new purchasers of either flats or terraced properties buy in the lowest quartile of prices i.e. the bottom 25%. The only comparison available from Land Registry data has therefore been made which is at District wide level. In North Hertfordshire this is £149,000, 67.5% lower than the all property price of £249,526 in Table 2-3.
- 2.6.4 DCA have therefore undertaken a survey of the local estate agents to ascertain the cost of the cheapest units available both for private rent and for sale in each of the 5 sub-areas.

**Table 2-6 Entry Sales Levels (£) – September 2006**

Property Type	Royston	Baldock & Surrounds	Letchworth
1-Bed Flat	97,500	119,995	97,678
2-Bed Flat	116,042	147,475	131,586
2-Bed Terraced	157,966	160,830	162,815
3-Bed Terraced	164,991	159,950*	155,230

Property Type	Hitchin	Southern Rural	District-wide
1-Bed Flat	115,599	124,950*	111,144
2-Bed Flat	125,327	137,950*	131,676
2-Bed Terraced	154,995*	-nd-	159,152
3-Bed Terraced	195,000	196,450	174,324

Source: DCA Housing Market Survey October 2006

\* low level of data

- 2.6.5 Although the average price of flats / maisonettes according to the Land Registry survey is £137,829 entry sales levels vary across the North Hertfordshire District with the lowest entry prices for a 1-bed property starting at around £97,500 in Royston, rising to £124,950 in Southern Rural. 2-bed flats cost from £116,042 in Royston, rising to £147,475 in Baldock & Surrounds.
- 2.6.6 According to the table above entry levels for terraced properties are £154,995 in Hitchin, rising to £162,815 in Letchworth for a 2 bed terraced. Entry levels for a 3-bed terraced start at £155,230 in Letchworth, rising to £196,450 in Southern Rural.
- 2.6.7 The increase in prices of entry-level stock between our Housing Market survey in 2002 and October 2006 is 50.0% for 1-bed flats, 26.5% for 2-bed flats and 41.6% for 2-bed terraced properties.

## 2.7 The Private Rented Sector

- 2.7.1 The evidence available relating to the private rented sector is largely empirical. Some of the main private renting agencies operating in the District were approached.
- 2.7.2 From the estate agency sources approached, the prevailing private sector rent levels were determined.

**Table 2-7 Average and Entry Rent Levels in the North Hertfordshire District (£/month) – September 2006**

Property Type	Royston		Baldock & Surrounds		Letchworth	
	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	538	<b>495</b>	631	<b>500</b>	512	<b>450</b>
2-Bed Flat	634	<b>595</b>	668	<b>650</b>	643	<b>550</b>
2-Bed Terraced	630	<b>625</b>	658	<b>650</b>	589	<b>550</b>
3-Bed Terraced	838	<b>825</b>	738	<b>725</b>	659	<b>638</b>
2-Bed Semi	663	<b>650</b>	678	<b>675</b>	650	<b>650</b>
3-Bed Semi	745	<b>740</b>	813	<b>800</b>	703	<b>700</b>

Property Type	Hitchin		Southern Rural		District-wide	
	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	506	<b>449</b>	638	<b>625</b>	527	<b>504</b>
2-Bed Flat	637	<b>571</b>	637	<b>595</b>	642	<b>592</b>
2-Bed Terraced	690	<b>650</b>	695	<b>695</b>	650	<b>634</b>
3-Bed Terraced	737	<b>673</b>	813	<b>800</b>	728	<b>732</b>
2-Bed Semi	738	<b>725</b>	-nd-	<b>-nd-</b>	682	<b>675</b>
3-Bed Semi	764	<b>750</b>	-nd-	<b>-nd-</b>	766	<b>748</b>

\* Low levels of data. Source: - DCA House Price Survey September 2006

- 2.7.3 Entry rental costs in the private rented sector vary by location within the District. The private rented sector can be accessed from £449 per month for a 1-bed flat the smallest unit in Hitchin rising to £625 per month in Southern Rural. 2-bed flat entry levels are £550 in Letchworth rising to £650 in Baldock & Surrounds.
- 2.7.4 In the case of 2-bed terraced houses, entry rent levels were found to be £550 p.m. in Letchworth, rising to £650 p.m. in Baldock & Surrounds. 3-bed terraced properties cost from £638 in Letchworth rising to £825 in Royston.
- 2.7.5 Semi-detached properties can be rented from £650 p.m. in Royston and Letchworth rising to £725 in Hitchin for a 2 bed semi. Rents for 3-bed semi detached properties range from £700 in Letchworth rising to £800 in Baldock & Surrounds.
- 2.7.6 The increase in the cost of entry-level stock in the private rented sector between our Housing Market survey in 2002 and October 2006 is 29.2% for 1-bed flats, 26.0% for 2-bed flats and 17.4% for 2-bed terraced properties.

## 2.8 Conclusions

- 2.8.1 The annual rate of house price inflation in the Halifax Index in the South East Region at 30<sup>th</sup> June 2006 was 6.5%, below the UK average of 9.4%.
- 2.8.2 The Land Registry average price for all dwellings in North Hertfordshire District in the second quarter of 2006 was £249,526.
- 2.8.3 The largest volume of sales in North Hertfordshire District in 2006 were for Terraced houses (30.7%) selling at an average price of £196,817. Semi-detached houses average £242,488 and are 28.4% of sales. Detached houses average £421,679 and are 22.5% of sales. Flats/maisonettes sell at an average price of £137,829 and account for 18.4% of sales. Due to the average price and volume of sales, flats / maisonettes are assessed to be the main entry property for first time buyers.
- 2.8.4 The increase in the price of flats / maisonettes (39.2%) is significantly in excess of wage inflation in the period from 2002 to 2006. Incomes in the Hertfordshire Region are assessed independently to have increased by 33.0% since the 2002 Survey.
- 2.8.5 Mortgage interest rates are at their lowest level for over 40 years and people who cannot enter the market under these circumstances may never be able to do so, short of some collapse in the market or a significant change in their income level. Further house price increases above wage inflation in 2006 would make access to market housing more difficult to achieve and would impact on households with marginal incomes significantly.
- 2.8.6 Entry to market housing has therefore become more difficult for new households than it was in 2002; increasing the need for subsidised housing especially in the much higher priced rural areas.

## 3 HOUSING COSTS AND INCOME

### 3.1 Introduction

3.1.1 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 2.6, and the change in incomes from the previous survey in 2002 utilising national secondary data.

### 3.2 Purchase Income Thresholds

3.2.1 This section of the report assesses the income levels required to enter the market through the lowest quartile stock, (terraced and flats) available in reasonable supply from the research detailed in Section 2 and the change in incomes from the 2002 survey utilising national secondary data. Flats / maisonettes are assessed to be the lowest quartile stock due to availability and price of the type in North Hertfordshire District.

3.2.2 The cheapest entry level prices of the smallest units were assessed to enable threshold income levels to be calculated. These are based on 95% mortgage availability and a 3x gross income lending ratio. Table 3-1 below outlines the income ranges needed to enter the market in the main sub areas in the District.

**Table 3-1 Purchase Income Thresholds 2006**

Area	Income Thresholds (£)		
	1 Bed Flat	2 Bed Flat	2 Bed Terrace
Royston	30,900	36,700	50,000
Baldock & Surrounds	38,000	46,700	50,900
Letchworth	30,900	41,700	51,600
Hitchin	36,600	39,700	46,600
Southern Rural	39,600	43,700	-nd-

3.2.3 The increase in average prices has a direct and significant impact on the income requirement to access owner occupation. Although incomes are tested against entry-level prices it is useful to note the change in income requirement to access the average house price across the District from September 2002 to June 2006. This is shown below in Table 3-2, using data taken from Land Registry reflecting average property prices since the previous survey.

**Table 3-2 Income Requirement Change 2002 – 2006 (£)**

Property Type	2002	2006	Change %
Terraced	43,620	62,325	+ 42.9
Flats	31,352	43,645	+ 39.2

2002 requirements relate to Land Registry price report, 3<sup>rd</sup> Quarter 2002

2006 requirements relate to Land Registry price report, 2<sup>nd</sup> Quarter 2006

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- 3.2.4 Table 3-2 above shows that the District-wide level incomes at which the Housing Market can be accessed have increased since 2002. The income needed to access terraced properties has increased to £62,325 (42.9%) and access to entry level stock flats / maisonettes requires an income of £43,645 compared to £31,352 in 2002, an increase of 39.2%.

### 3.3 Rental Income Thresholds

- 3.3.1 The cheapest rental prices of the smallest units have been 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 3-3 below shows the income levels needed to enter the private rented market in the District.

**Table 3-3 Rental Income Thresholds 2006**

Area	Income Thresholds (£)		
	1 Bed Flat	2 Bed Flat	2 Bed Terrace
Royston	23,800	28,600	30,000
Baldock & Surrounds	24,000	31,200	31,200
Letchworth	21,600	26,400	26,400
Hitchin	21,500	27,400	31,200
Southern Rural	30,000	28,600	33,400

- 3.3.2 The income thresholds for each property type range across the District. Based on rent at 25% of gross income a one bed flat in Hitchin requires £21,500 per annum, rising to £30,000 in Southern Rural. A 2-bed flat requires an income of £26,400 in Letchworth rising to £31,200 in Baldock & Surrounds. To rent a 2-bed terraced house would require an annual income of £26,400 in Letchworth, rising to £33,400 in Southern Rural.

### 3.4 Secondary Research

- 3.4.1 The Joseph Rowntree Foundation published the results of a study undertaken across the Country examining the ability of working households, both existing and newly forming, to become homeowners. The study entitled '*Can Work – Can't Buy*' conducted by Professor Steve Wilcox uses the Halifax database for House Prices of the lowest quartile prices for 4/5 room dwellings and calculates affordability ratios based on working household incomes from the New Earnings Survey. This study was updated in 2004 and, based on local prices for 2 and 3-bedroom dwellings and drawing on a range of data sources, provided a range of analyses of the difficulties of working households aged 20 to 39 in accessing home ownership in all areas at the end of 2003.
- 3.4.2 In 2005 the survey has been further updated to take account of local prices and increase in incomes, it broadly follows but refines the earlier analyses. This study named "Affordability and the Intermediate Housing Market" was conducted for the Joseph Rowntree Foundation and provides an analysis at local authority level of the capacity of younger working households to buy in their local housing market in 2004.
- 3.4.3 The Joseph Rowntree Foundation Study shows in the 2005 Report that North Hertfordshire has a house price-to-income ratio of 4.33 to 1. The report highlights that outside London, access to home ownership is problematic throughout the East of England, where average house price to gross earned income ratios average 4.26 to 1.

- 3.4.4 It should be noted that in reaching these figures an income ratio higher than what usually applies has been taken into account, as the analysis assumes a maximum mortgage of 3.75 times household income for working households with one earner, and 3.25 times household income for households with two (or more) earners.
- 3.4.5 This is compared with the previous 2003 update which stated, "All ratios should be considered in relation to the ratio of mortgage advance to household gross earned income, which rarely exceeds 3.5 to 1". This ratio would only apply to professionals and it is more likely that the majority of local households would achieve mortgage ratios below 3.5 to 1 and closer to the average of the Council of Mortgage Lenders for first time buyers in Quarter 3 2006 of 3.24 to 1.
- 3.4.6 Table 3-4 highlights the data and house price to income ratio for North Hertfordshire and the South East Region.

**Table 3-4 Purchase Income Thresholds (£)**

Area	Working Households		
	2005 Prices	Income	Ratio
North Hertfordshire	181,851	42,009	4.33
East of England	165,798	38,943	4.26

Source: Joseph Rowntree Foundation 2005 Update

- 3.4.7 Additionally the house price to income ratios across the 10 Hertfordshire Local Authorities range from 4.28 in East Hertfordshire to 5.21 in Watford.
- 3.4.8 CORE (COntinuous REcording) is a system developed jointly by the National Housing Federation (NHF) and the Housing Corporation. CORE is used to record information on both Registered Social Landlords (RSL) lettings and sales in England. The CORE data for North Hertfordshire shows the combined household incomes of new tenants in the social sector in 2004. The median income was £13,260 and 75% earned below £8,632.
- 3.4.9 The updated 2005 Joseph Rowntree Foundation "Affordability and the Intermediate Housing Market" also relates to the ability of the intermediate market to assist younger working households to buy in their local housing market.

**Table 3-5 Working Households Unable to Buy**

Area	Working Households	
	Broad Band * (%)	Narrow Band ** (%)
North Hertfordshire	47.3	27.5
East of England	47.2	28.6

\* The proportion of working households who cannot afford to buy at the lower quarter point of house prices for two- and three-bedroom homes.

\*\* The proportion of working households who can afford social housing rent without housing benefit but cannot afford to buy at the lowest decile point of house prices for two- and three-bedroom dwellings. Source: Joseph Rowntree Foundation 2005.

- 3.4.10 The data shows that for North Hertfordshire 47.3% of working households cannot afford to buy at the lower quartile point of house prices, and 27.5% of household's cannot afford in the lowest decile. This is similar to the regional average for the East of England (47.2% and 28.6% respectively).

- 3.4.11 The value of the JRF data is in its comparability with other authorities and regions. The data for North Hertfordshire reflects an income requirement of 4.33 times, significantly in excess of the average loan provided to first time buyers of 3.24 to 1 in 2006. The high proportion of households also unable to buy lowest quartile properties also reflects the significant difficulty for new households forming in North Hertfordshire.

### 3.5 Annual Survey of Hours and Earnings

- 3.5.1 Income data is always difficult to gather at local level. Most data is regionally based and the 2006 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.
- 3.5.2 There are indications within the new ASHE of unreliable and unavailable data within certain areas, where this applies to data that affects the Local authority being assessed the County wide level data has been used as a more reliable source. In this instance Hertfordshire County data has been used.
- 3.5.3 The ASHE 2006 shows an average income of £38,559 for the Hertfordshire County, a 27.8% increase on the 2002 figure of £30,162.
- 3.5.4 The 27.8% increase for Hertfordshire County equates to a quarterly income rise of 1.74%. Assuming a consistent increase over 16 quarters from Quarter 3, 2002 to Quarter 2, 2006, there is a total rise of 27.8% between the 2002 survey and June 2006.
- 3.5.5 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.
- 3.5.6 There is a wide distribution of earnings illustrated from the ASHE. Analysis of the data for the County shows that: -
- 10% earned less than £14,500;
  - 25% earned less than £19,954;
  - 50% earned less than £28,614;
  - 90% earned less than £65,576 \*.

*Findings from Annual Survey of Hours and Earnings for this area are based on a precise statistical measurement of quality at CV <=5%, and >10% <=20% where indicated \*.*

- 3.5.7 The ASHE data on the spread of incomes, important in any area with diverse house prices and markets, shows that for the County at April 2006, 10% of people earned less than £14,500; 50% less than £28,614 and 90% of people earned less than £65,576.
- 3.5.8 Access to the market has been based on the updated house price information detailed in Section 2. 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.

- 3.5.9 The table below highlights the 2002 incomes of existing households from the 2002 Housing Needs Survey and current 2006 incomes. As the average incomes for the County have increased by 1.74% a quarter between the years 2002 and 2005, as highlighted by the ASHE, the 2002 annual income boundaries taken from the 2002 HNS Survey have an income inflation of 27.8% (1.74% times 16 quarters) applied to determine the 2006 annual income boundaries for the North Hertfordshire District.

**Table 3-6 Incomes of Existing Households 2002 & 2006**

<b>Annual Income 2002</b>	<b>Annual Income 2006</b>	<b>%</b>
Below £10,000	Below £12,780	23.9
£10,000 - £20,000	£12,780 - £25,560	20.7
£20,001 - £30,000	£25,561 - £38,340	18.0
£30,001 - £40,000	£38,341 - £51,120	12.3
£40,001 - £50,000	£51,121 - £63,900	9.1
£50,001 - £60,000	£63,901 - £76,680	6.2
£60,001 - £75,000	£76,681 - £95,850	4.0
£75,001 - £100,000	£95,851 - £127,800	2.8
Above £100,000	Above £127,800	3.0
<b>Total</b>		<b>100.0</b>

- 3.5.10 Table 3-7 below highlights the 2002 and 2006 incomes of concealed households from the 2002 Survey. The 2002 annual income bands taken from the 2002 HNS have an income inflation of 27.8% applied to determine the 2006 annual income levels.

**Table 3-7 Incomes of Concealed Households 2002 & 2006**

<b>Annual Income 2002</b>	<b>Annual Income 2006</b>	<b>%</b>
Below £10,000	Below £12,780	24.0
£10,000 - £20,000	£12,780 - £25,560	46.7
£20,001 - £25,000	£25,561 - £31,950	13.8
£25,001 - £30,000	£31,951 - £38,340	7.9
£30,001 - £35,000	£38,341 - £44,730	1.0
£35,001 - £40,000	£44,731 - £51,120	1.2
£40,001 - £45,000	£51,121 - £57,510	1.3
£45,001 - £50,000	£57,511 - £63,900	2.5
£50,001 - £60,000	£63,901 - £76,680	0.4
Above £60,000	Above £76,680	1.2
<b>Total</b>		<b>100.0</b>

- 3.5.11 The following table outlines the income required by concealed households to access owner occupation based on the lowest and highest purchase income thresholds across the District for 1 and 2-bed flats properties and 2-bed terraced properties, as illustrated in Table 3-1.

**Table 3-8** *Concealed Households – Incomes Needed to Enter the Market through Owner Occupation and % Unable to Buy*

Type of Property	Area	(£) Income Required	% of concealed households unable to purchase
1-bed Flat	Royston & Hitchin (cheapest)	30,900	82.2
2-bed Flat	Baldock & Surrounds (most expensive)	46,700	93.8
2-bed Terraced	Hitchin (cheapest)	46,600	93.8
2-bed Terraced	Letchworth (most expensive)	51,600	96.1

- 3.5.12 Using the income requirements from Table 3-1, Table 3-8 shows that 82.2% of concealed households are unable to buy a 1-bed flat terrace in Royston & Hitchin and 93.8% a two bed flat in Baldock & Surrounds. 93.8% of the concealed households were unable to buy a 2-bed terrace in Hitchin rising to 96.1% being unable to buy a 2-bed terrace property in Letchworth.
- 3.5.13 Table 3-9 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 District for 1 and 2-bed flats and terraced properties, as illustrated in Table 3-3.

**Table 3-9** *Concealed Households – Incomes Needed to Enter the Private Rented Market and % Unable to Afford to Rent*

Type of Property	Area	(£) Income Required	% of concealed households unable to rent
1-bed Flat	Hitchin (cheapest)	21,500	55.9
2-bed Flat	Baldock & Surrounds (most expensive)	31,200	82.8
2-bed Terraced	Letchworth (cheapest)	26,400	72.5
2-bed Terraced	Southern Rural (most expensive)	33,400	86.3

- 3.5.14 Table 3-9 above shows that 55.9% of concealed households cannot afford to rent a 1-bed flat in the cheapest area of Hitchin. 82.8% are excluded from renting more expensive 2-bed flats in Baldock & Surrounds. 72.5% of concealed households are excluded from the cheapest 2-bed terraced houses in Letchworth, whilst 86.3% cannot afford to rent the more expensive 2-bed terraced house in Southern Rural.

- 3.5.15 Overall the calculation of the proportion of concealed households unable to access the private sector takes account of those who need one, two bedroom housing in the lowest quartile cost stock across the District.

### **3.6 Income Summary**

- 3.6.1 An income of around £30,900 is needed to buy a one bedroom flat in Royston & Letchworth rising to £39,600 in Southern Rural, and a two bedroom flat would require an income of £36,700 in Royston rising to £46,700 in Baldock & Surrounds. A two bed terrace would require an income of £46,600 in Hitchin rising to £51,600 in Letchworth. On average the incomes needed to access terraced houses and flats have increased by 42.9% and 39.2% respectively between 2002 and 2006.
- 3.6.2 The income thresholds for each property type range across the District. Based on rent at 25% of gross income a one bed flat in Hitchin requires £21,500 per annum, rising to £30,000 in Southern Rural. A 2-bed flat requires an income of £26,400 in Letchworth rising to £31,200 in Baldock & Surrounds. To rent a 2-bed terraced house would require an annual income of £26,400 in Letchworth, rising to £33,400 in Southern Rural.
- 3.6.3 The Annual Survey of Hours and Earnings (ASHE) 2006 shows an average income of £38,559 for Hertfordshire County, a 27.8% increase on the 2002 figure of £30,162. The ASHE data on the spread of incomes, important in any area with diverse house prices and markets, shows that for the County at April 2006, 10% of people earned less than £14,500; 50% less than £28,614 and 90% of people earned less than £65,576.
- 3.6.4 The Joseph Rowntree Foundation Study "Can Work – Can't Buy" shows in the 2005 Report that North Hertfordshire has a house price-to-income ratio of 4.33 to 1. The report highlights that outside London, access to home ownership is problematic throughout the East of England, where average house price to gross earned income ratios average 4.26 to 1.
- 3.6.5 The implication of incomes having risen by 27.8% since 2002 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 District.
- 3.6.6 Based on a calculation of property prices and rental costs against incomes at localised level, the data shows that 82.2% of concealed households are unable to buy a 1-bed flat terrace in Royston & Hitchin and 93.8% a two bed flat in Baldock & Surrounds. 93.8% of the concealed households were unable to buy a 2-bed terrace in Hitchin rising to 96.1% being unable to buy a 2-bed terrace property in Letchworth.
- 3.6.7 A similar pattern is found when looking at concealed household's ability to access rented accommodation. 55.9% of concealed households cannot afford to rent a 1-bed flat in the cheapest area of Hitchin. 82.8% are excluded from renting more expensive 2-bed flat in Baldock & Surrounds. 72.5% of concealed households are excluded from the cheapest 2-bed terraced houses in Letchworth, whilst 86.3% cannot afford to rent the more expensive 2-bed terraced house in Southern Rural.

## 4 POPULATION GROWTH AND HOUSEHOLD FORMATION PROJECTIONS

### 4.1 Introduction

- 4.1.1 This section of the report provides a short background commentary to the demographic element in housing demand in North Hertfordshire. 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.
- 4.1.2 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 Department for Communities and Local Government (DCLG), 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.
- 4.1.3 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.
- 4.1.4 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.
- 4.1.5 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.
- 4.1.6 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. As our study is targeted at North Hertfordshire, there are inevitable limitations because local housing markets encompass much wider areas than a single Council area.

## 4.2 Demographic Analysis

- 4.2.1 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 North Hertfordshire 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.
- 4.2.2 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).
- 4.2.3 The general demographic forecasts in the tables in this section have been provided by Hertfordshire County Council and are ONS 2003-based sub-national population projections. The 2001 Census data has been taken into consideration in the production of these population projections.
- 4.2.4 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 disaggregated in intervals from 2003 – 2021.

## 4.3 Population Projections

- 4.3.1 The projections in Table 4-1 are based on the predictions made by Hertfordshire County Council (2003-based). These figures are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.4 regarding mortality, fertility and migration etc, and are contained in population projections for North Hertfordshire for the period 2003 - 2021 provided by Hertfordshire County Council.

**Table 4-1 Population Change in North Hertfordshire, 2003 - 2021**

	2003	2006	2011	2016	2021	Change
Total Population	119,100	121,800	126,400	131,300	136,100	
Change		+ 2,700	+ 4,600	+ 4,900	+ 4,800	+ 17,000
% Change		+ 2.3	+ 3.8	+ 3.9	+ 3.7	+ 14.3

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Figures have been rounded to the nearest 100

- 4.3.2 The table shows an increase in the population of North Hertfordshire District of 17,000 over the forecast period. Numbers rise throughout the forecast period, with the main increase occurring between 2011 and 2016 (4,900; 3.9%).

## 4.4 Age Structure Forecast 2003 - 2021

4.4.1 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.

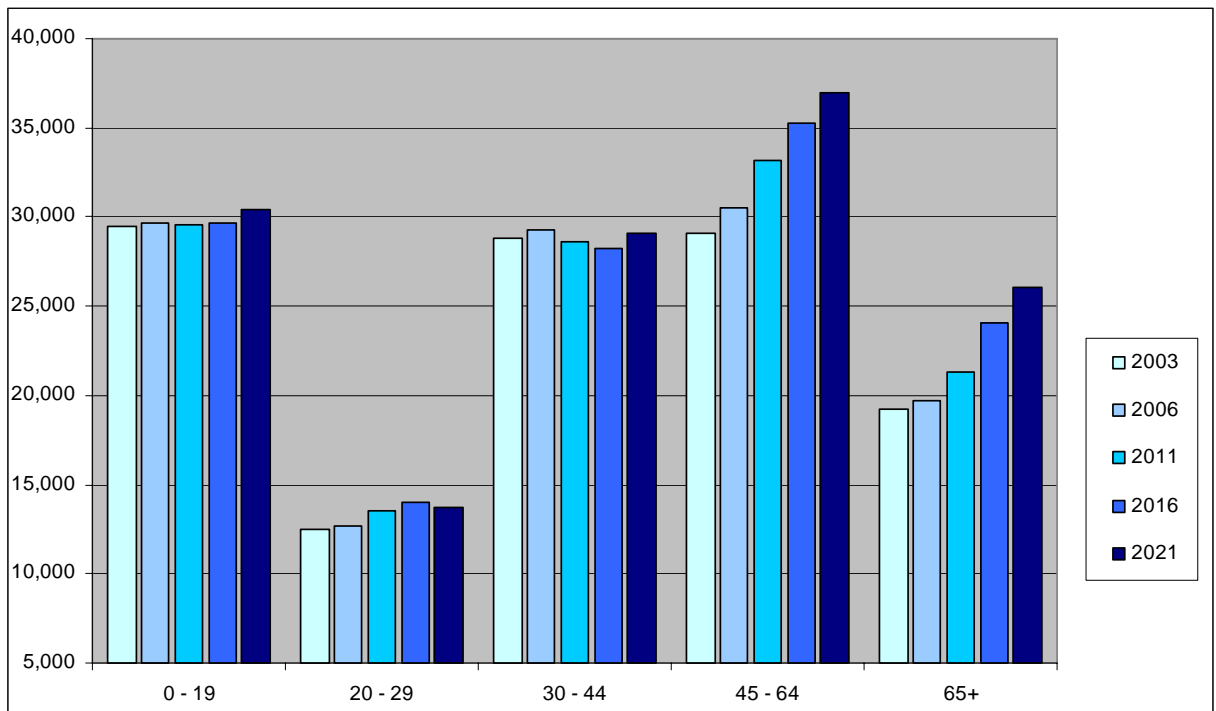
**Table 4-2 Population Age Band Forecast, North Hertfordshire, 2003 - 2021**

	2003	2006	2011	2016	2021	Change
0 - 19	29,500	29,700	29,600	29,700	30,400	+ 900
20 - 29	12,500	12,700	13,500	14,000	13,700	+ 1,200
30 - 44	28,800	29,300	28,600	28,200	29,100	+ 300
45 - 64	29,100	30,500	33,200	35,300	37,000	+ 7,900
65 +	19,200	19,700	21,300	24,100	26,100	+ 6,900
<b>Total</b>	<b>119,100</b>	<b>121,800</b>	<b>126,400</b>	<b>131,300</b>	<b>136,100</b>	<b>+ 17,000</b>
% Change		+ 2.3	+ 3.8	+ 3.9	+ 3.7	+ 14.3

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

**Figure 4-1 Population Age Band Forecast, North Hertfordshire, 2003 - 2021**



4.4.2 Percentage change is measured between year bands, not the base population. This is a better representation of the incremental change.

4.4.3 As shown above the population in North Hertfordshire increases across the forecast period. There is projected to be around 17,000 more people in the District in 2021 than in 2003.

- 4.4.4 The 0-19 age range shows an increase overall (900; 3.1%). Numbers rise and fall throughout the forecast period, with the largest increase being seen between 2016 and 2021 (700; 2.4%).
- 4.4.5 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. There is an increase overall (1,200; 9.6%) however, the number do rise and fall within the period. The largest increase in the population in this age group is seen between 2006 and 2011 (800; 6.3%).
- 4.4.6 The 30-44 age group, the main economically active group shows a small rise overall (300; 1.0%). Numbers rise throughout the period although there is a decrease between 2006 and 2011 (700; 2.4%) and 2011 and 2016 (400; 1.4%). An increase is then seen between 2016 and 2021 (900; 3.4%).
- 4.4.7 A significant feature here is the growth of the population in the 45-64 age group. Over the forecast period there is a rise of 7,900 people (27.1%). Numbers increase throughout the forecast period, with the largest rise occurring between 2006 and 2011 (2,700; 8.9%).
- 4.4.8 The most significant feature here is the growth of the population in the over 65 age group. An increase of 6,900 individuals (35.9%) is seen over the forecast period, the largest increase is seen between 2011 and 2016 (2,800; 13.1%). This large growth will result in the 65+ age group representing 19.2% of the whole population by 2021.
- 4.4.9 Numbers in the 80+ age group increase by 2,600 (46.2%) up to 2021, with the greatest rise proportionately in percentage terms occurring between 2011 and 2016 (14.1%). Given the resource demands often associated with very elderly people, these are very significant figures.

**Table 4-3 Numbers of 80+ in North Hertfordshire, 2003 - 2021**

	2003	2006	2011	2016	2021	Change
80+	5,600	5,900	6,400	7,300	8,200	
Change		+ 300	+ 500	+ 900	+ 900	+ 2,600
% Change		+ 5.4	+ 8.5	+ 14.1	+ 12.3	+ 46.2

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## 4.5 Summary

- The forecasts to 2021 are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.4 regarding mortality, fertility and migration etc, and are contained in population projections for North Hertfordshire for the period 2003 - 2021 provided by Hertfordshire County Council.
- The population is projected to increase by 17,000 people, from 2003 to 2021.
- The 0-19 age range shows an increase overall (900; 3.1%). Numbers rise and fall throughout the forecast period, with the largest increase being seen between 2016 and 2021 (700; 2.4%).
- 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. There is an increase overall (1,200; 9.6%) however, the number do rise and fall within the period. The largest increase in the population in this age group is seen between 2006 and 2011 (800; 6.3%).
- The 30-44 age group, the main economically active group shows a small rise overall (300; 1.0%). Numbers rise throughout the period although there is a decrease between 2006 and 2011 (700; 2.4%) and 2011 and 2016 (400; 1.4%). An increase is then seen between 2016 and 2021 (900; 3.4%).
- A significant feature here is the growth of the population in the 45-64 age group. Over the forecast period there is a rise of 7,900 people (27.1%). Numbers increase throughout the forecast period, with the largest rise occurring between 2006 and 2011 (2,700; 8.9%).
- The most significant feature here is the growth of the population in the over 65 age group. An increase of 6,900 individuals (35.9%) is seen over the forecast period, the largest increase is seen between 2011 and 2016 (2,800; 13.1%). This large growth will result in the 65+ age group representing 19.2% of the whole population by 2021.
- The "older" retirement group, those 80 and over grows by 46.2%, 2,600 more people by 2021. This group represents 8,200 people in the area by 2021 who are much more likely to have care and support needs which should now be assessed in detail.

## 5 HOUSING NEEDS ASSESSMENT

### 5.1 Survey Weighting

- 5.1.1 In undertaking this update the data file has been re-weighted using 2006 revised household numbers and social stock by sub-area and 2001 Census tenure and type proportions (adjusted by five years new dwellings) to draw key data used in the Model. The social sector stock has been weighted to the actual figures in the 2006 HSSA return.
- 5.1.2 The tables below show the resultant weighted tenure and type proportions in the data file, providing a very close match to the 2001 Census.

**Table 5-1 Tenure of Present Households**

Question 1

Tenure	2006 %	N <sup>os.</sup> implied	Local Area Census 2001 *
Owner occupier - mortgage	42.2	22,278	41.3
Owner occupier - outright	26.6	14,056	26.6
HA rented	4.7	2,503	4.5
Council rented	16.5	8,682	17.5
Private rented	9.2	4,878	9.2
Other / tied to employment	0.4	181	0.4
Shared ownership	0.4	185	0.5
<b>Total</b>	<b>100.0</b>	<b>52,763</b>	<b>100.0</b>

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**Table 5-2 Property Type of Present Households**

Question 2

Property Type	2006 %	N <sup>os.</sup> implied	Local Area Census 2001 *
Semi-detached	28.2	14,856	56.0
Detached	23.1	12,210	
Bungalow	5.9	3,109	
Terraced	26.7	14,058	26.7
Flat / maisonette	14.9	7,880	16.6
Bed-sit / studio / room only	0.7	391	
Caravan / mobile home	0.5	259	0.7
<b>Total</b>	<b>100.0</b>	<b>52,763</b>	<b>100.0</b>

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## **5.2 Model Structure**

- 5.2.1 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 to 2011. The primary data gathering will of course be undertaken again before 2011, but unless there are major changes in house prices and incomes it is unlikely that there will be much variation in the overall situation.

## 6 DCLG NEEDS ASSESSMENT MODEL

### 6.1 Affordable Housing Needs Assessment Model

- 6.1.1 The overall assessment of housing need is calculated using the DCLG Basic Needs Assessment Model, which is structured from the 2002 full survey data to take account of the key demand sources, households requiring subsidised housing, homeless households not assessed in the survey, households living in unsuitable housing whose needs can only be resolved in a different dwelling and concealed household formation emanating from demographic change.
- 6.1.2 Although a model is provided in DCLG Guidance the data within it can come from a varying number of sources and calculations made in a number of different ways. Essentially assessment is a process which is commonly followed and the method of calculation in this update takes account of a number of changes to the format used in the original study. As discussed in 5.1.1 the 2002 data has been re-grossed and re-weighted to reflect the 2006 household population and tenure balance.
- 6.1.3 There are a number of elements of the model where a different method of calculation has been applied, particularly for new household formation by ability to rent even although in 2002 it was felt that the quality of the private rented sector was such that it was the least favoured tenure of new forming and existing households.

### 6.2 Income Requirement Assumptions

- 6.2.1 Each category has been adjusted to ensure that proper account is taken of households who can buy the lowest quartile stock in the owner occupied market without assistance (income > £30,900 / £51,600) subject to location. The private rent sector costs are estimated at an access cost of £449 / £825 per month for the vast majority of households in this sector, requiring an annual income of at least £21,600 / £33,400 per annum, subject to location.

### 6.3 Basic Model Structure

- 6.3.1 There are a total of 18 'stages' in the needs assessment model, combined into three distinct sections assessing:-
- B - The Backlog of Existing Housing Need
  - N - Newly Arising Need
  - S - Supply of Affordable Units
  - **(B + N) – S = Overall annual net shortfall (or surplus) of affordable housing.**

### 6.4 B – The Backlog of Existing Housing Need

- 6.4.1 The first stage of the backlog calculation identifies existing households in living accommodation unsuitable for their needs who need to move to resolve their difficulty. **Stage 1** identifies the number of households who specified one or more reasons why their accommodation was inadequate. There were a total of 8,413 reasons for inadequacy given, relating either to property size, condition, heating, affecting health, cost or insecurity of tenure.
- 6.4.2 Households who stated their accommodation was too small, without specifying any other reason, were tested against the DCLG 'Bedroom Standard' to determine whether they are actually overcrowded and only those households who are overcrowded are assessed to be in inadequate housing.

- 6.4.3 3,252 households gave "Too Small" as one of their reasons but 1,146 also have other reasons and the net group who need to be tested as to actual overcrowding is 2,106 households. 1,389 households are overcrowded by the Bedroom Standard but 167 of them are moving to a new home outside the District. This leaves a figure of 1,222 overcrowded households, of whom 268 have other reasons than "Too Small" and are overcrowded and are already included in the total household number.

**Table 6-1 Inadequate Households Test**

Households specifying unsuitability issues		5,858
MINUS Reason "Too Small" <u>only</u>	2,106	3,752
PLUS Technically 'overcrowded'	1,222	4,974
MINUS Duplication	268	4,706
<b>Assessed in inadequate housing</b>		<b>4,706</b>

- 6.4.4 The net figure of 4,706 is used in **Stage 1** of the model.
- 6.4.5 The second stage of the unsuitability assessment removes RSL Rented tenants and shared ownership households from the calculation of those in inadequate housing, because any move 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.
- 6.4.6 There are 1,620 RSL rented households living in unsuitable accommodation. Of these there are only 391 who are technically overcrowded by the 'bedroom standard'. 111 of these households contain a new household about to form which will resolve the overcrowding situation.

**Table 6-2 RSL Rented Inadequacy**

RSL Rented Unsuitable & Overcrowded	391
MINUS – New Forming Solution	111
MINUS – Moving & Overcrowding Resolved by Stock Flow	92
<b>Net unresolved need (4 / 5 bedroom)</b>	<b>188</b>

- 6.4.7 Only 1.7% of the RSL rented stock of 11,185 units are 4+ bedroom i.e. 192 units, and in the year to 2006 it is estimated that 11 re-lets of these units became available and therefore there is a need to develop further 4+ bedroom stock to address the needs of these households.
- 6.4.8 Only 1,432 (1,620 – 188) need to be removed from the total of households with an unsuitability, and this figure is applied in the model at **Stage 2**.
- 6.4.9 The next stage of the unsuitability assessment removes from the total those households whose unsuitability can be resolved 'in situ' (i.e. in their current accommodation). This is derived from HNS data testing the reason for inadequacy of those households who stated their accommodation was inadequate, mainly relating to repairs or improvements to the home.
- 6.4.10 Households who stated their accommodation was too small, 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 as requiring a move.
- 6.4.11 The calculation results in a total of 1,259 cases where an 'in situ' solution is most appropriate and this figure is also applied at **Stage 2**, giving a total of 2,691 households who need to be removed from the unsuitability calculation at this stage.
- 6.4.12 The final stage of the unsuitability assessment takes the sub-total calculated above (**Stage 1** MINUS **Stage 2**) and applies to this total the proportion of households unable to afford to buy or rent a home of a suitable size in order to resolve their difficulty.

- 6.4.13 The 2000 Guidance states that “for existing owner occupiers in unsuitable housing it is important to take account of the existing equity owned” as this would assist a move to suitable accommodation.
- 6.4.14 The 2004 SEERA Guidance however questions the principle of gathering this data and acknowledges that it is extremely complex and the data gathered might not be very accurate. It suggests that best practice is to ask the specific question that if the household needs to move to resolve their difficulty, could they afford a home of a suitable size within the District.
- 6.4.15 This question was not applied in the 2002 survey but DCA have done so recently and the table below shows the results of a range of Districts. Levels of 69% to 78% have been found in these areas, reflecting that equity is only one aspect of moving to alternative accommodation and the problem affects a high proportion of households.

**Table 6-3 Households Unable to Afford to Move**

Local Authority	% Unable to Afford
Broxbourne	83.1
Elmbridge	77.6
Tandridge	71.1
Tunbridge Wells	70.9
Southampton	69.9
Reigate & Banstead	69.7
Ashford	69.2
Maidstone	69.0

- 6.4.16 Although the 2002 questionnaire did not attempt to identify equity it is taken account of by totally excluding owner occupiers with no mortgage and those with a mortgage who have lived in their existing home for more than five years. Of 1,031 owner occupiers only 227 have been assessed as to their ability to move. Other survey experience shows that even quite high proportions of those with no mortgage are not able to afford a home of a suitable size and our figure is almost certainly an underestimate.
- 6.4.17 Of the 2,016 households, 610 (30.3%) cannot afford to move, 463 private tenants, 79 social rented households who remain in the calculation at this stage, and 68 of the owner occupiers. This figure of 30.3% (applied at **Stage 3**) may therefore be a low estimate of the proportion unable to afford to buy or rent in the District, compared with our recent national experience since DCA began asking the SEERA Guidance question.
- 6.4.18 Homeless households are counted in the Backlog of Need although it is ensured that they are not double counted from any other source. Council records at March 2006 show that 114 households are in temporary accommodation, of which 108 are in hostel or Bed & Breakfast accommodation. Those “homeless at home” or in other general stock would be captured in the survey. 108 is therefore the figure applied at **Stage 4**.
- 6.4.19 The total resultant calculated backlog having taken into account unsuitability, homeless households is then multiplied by a 20% quota at **Stage 6** to progressively eliminate the backlog calculated over a five year period, in accordance with Government Guidance, although the Council can make a Policy decision to eliminate the backlog over a longer period (e.g. 10 years or years to the end of the Local Plan period).

**Table 6-4 Backlog of Need – Basic Needs Assessment Model**

<b>B - BACKLOG OF NEED</b>		
1.	Households in unsuitable housing	4,706
2.	MINUS – RSL tenants	1,432
	MINUS – in-situ solution most appropriate or leaving District	<u>1,259</u>
		2,691
	<i>Households in unsuitable housing and need to move</i>	<u>2,016</u>
3.	TIMES - Proportion unable to afford to buy or rent	30.3%
4.	PLUS - Backlog - homeless households	108
<b>5.</b>	<b>TOTAL BACKLOG NEED</b>	<b>718</b>
6.	TIMES - Quota to progressively reduce backlog *	(20%)
<b>7.</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>	<b>144</b>

## 6.5 N – Newly Arising Need

- 6.5.1 The first calculation involved in assessing newly arising need is to establish how many new households intend to form each year, then determine how many of these households have insufficient income to buy or rent in the market and therefore fall into need.
- 6.5.2 Good Practice Guidance recommends that the total of concealed households identified in the survey is annualised at the average level of those forming in the next two years.

**Table 6-5 Time of Move – New Forming Households**

Time of Move	N <sup>os.</sup> implied	Annual Average
Within 1 year	611	<b>547</b>
1 - 2 years	483	

- 6.5.3 The table shows that the annual average new household formation level is 547 households per annum.
- 6.5.4 In order to avoid double counting due to two-person household formation, duplication is removed. 44.9% of new forming couple households were with a partner who lived separately elsewhere in the District, which would cause a double count.

**Table 6-6 Double Counting Removal**

New household formation (gross p.a.)	547
MINUS - Two person formation (44.9%) x 0.5	123
<b>Total</b>	<b>424</b>

- 6.5.5 This results in an annual average formation level of 424 households per annum, used at **Stage 8** of the model.
- 6.5.6 Based on entry-level prices of 1, 2 and in some cases for those with children 3 bedroom properties in the District we found that 90.9% of concealed households had insufficient income to access the owner occupied market.

- 6.5.7 The income requirements for private rental are much lower than those to purchase and have therefore been used to test future new forming households ability to access market housing, based on private rental of 1, 2 and 3 bedroom units suitable for their requirements. Based on the income of newly forming households 69.4% are considered to be unable to rent in the market and this proportion is used in **Stage 9** of the Model.
- 6.5.8 No data on ex-institutional population moving into community was available and a figure of 0 is used in **Stage 10** of the Model.
- 6.5.9 The calculation of Existing Households falling into need is based on net new registrations on the waiting list, for households whose circumstances place them in the greatest levels of need.
- 6.5.10 These Guidance criteria include homeless households, households with insecure tenancies, those in high or severe medical priority, and those suffering harassment. North Hertfordshire District Council provided an analysis of the new registrations onto their waiting list over the last year and identified 446 households in bands A, B and C, all of whom have circumstances which relate to the Guidance test of priority need.
- 6.5.11 The total of 446 existing households falling into priority need each year is used in the model at **Stage 11**.
- 6.5.12 The survey data identified 544 in-migrant households in the last 5 years who live in social rented accommodation (109 per annum). Additionally there was an annual average over the last five years of 472 in-migrant households living in the private rented sector, of which 29 were in receipt of housing benefit. An average annual figure of 138 (109+29) households unable to afford market housing is used at **Stage 12**. None of these households were in priority need.

**Table 6-7 Newly Arising Need – Basic Needs Assessment Model**

<b>N - NEWLY ARISING NEED</b>		
8.	New household formation	424
9.	TIMES Proportion unable to buy (91%) or rent (69%)	(69.4%) 294
10.	PLUS - Ex-institutional population moving into community	0
11.	Existing households falling into priority need	446
12.	In-migrant households unable to afford market housing	<u>138</u>
<b>13.</b>	<b>TOTAL NEWLY ARISING NEED</b>	<b>878</b>

## 6.6 S – Supply of Affordable Units

- 6.6.1 The annual supply of affordable units over the last three years is used in the model as a prediction for future annual affordable housing supply which is likely to arise.
- 6.6.2 It is important firstly to establish the average stock re-let level and the HSSA returns and CORE have been studied for the three years to 31/03/2006, which shows the following:-

**Table 6-8 2004 to 2006 Affordable Housing Supply (HSSA & CORE)**

<b>RSL Re-lets</b>	<b>2003 / 04</b>	<b>2004 / 05</b>	<b>2005 / 06</b>	<b>Average</b>
HSSA Return	429	467	383	426
CORE Data *	417	379	344	380
<b>Average</b>	<b>423</b>	<b>423</b>	<b>364</b>	<b>403</b>

\* © CORE, Housing Corporation

- 6.6.3 The overall average figure for the three year period in the HSSA return is 426 units per annum. However, the CORE data appears to be more consistent and therefore the CORE average of 380 units per annum has been used at **Stage 14** of the needs model.
- 6.6.4 Shared ownership units are estimated at 310, based on 2001 Census numbers of 254 plus 56 units built to March 2006. Assuming a resale rate based at 3.4%, the same as social stock re-lets, 11 units would become available each year. This number is also incorporated at **Stage 14**.
- 6.6.5 **Stage 15** of the needs model involves assessing how increased vacancies and units taken out of management will have an effect on the annual flow of affordable housing. The calculation takes the average annual right to buy level, multiplied by the average re-let rate of the stock. The table below shows the right to buy levels for the three years to 31/03/2006.

**Table 6-9 2004 to 2006 Right to Buy Levels**

	2003 / 04	2004 / 05	2005 / 06	Average
Right to Buy	140	80	37	<b>86</b>

- 6.6.6 The average annual right to buy level is 86 units per annum and with an average stock re-let rate of 3.4% per annum, a loss in future stock flow of 3 units per annum applied at **Stage 15**.
- 6.6.7 **Stage 16** of the needs model takes account of the predicted annual new affordable housing supply. The HSSA returns for the three years to 31/03/2006 show the following trends:-

**Table 6-10 2004 to 2006 New Affordable Housing Supply (HSSA)**

Supply	2003 / 04	2004 / 05	2005 / 06	Average
New RSL Supply	7	61	152	73
Other New Supply	<u>5</u>	<u>26</u>	<u>8</u>	<u>13</u>
<b>Total</b>	<b>12</b>	<b>87</b>	<b>160</b>	<b>86</b>

- 6.6.8 The average annual new supply total is 86 units per annum. The level of supply has varied over the period and future new delivery over the next two years is expected to be 112 units in 2006 / 07 and 211 units in 2007 / 8, an annual average 162 of units. Due to the inconsistent nature of new delivery levels, no new supply has been assumed in the needs model and a figure of zero is used at **Stage 16**. This also provides comparability with the model in the 2002 Housing Needs Survey, which also assumed no new units. It will be important to monitor actual delivery levels in future annual updates.

**Table 6-11 Supply of Affordable Units – Basic Needs Assessment Model**

<b>S - SUPPLY OF AFFORDABLE UNITS</b>		
14.	Supply of social re-lets (380) and Shared Ownership re-sales (11)	391
15.	MINUS Increased vacancies (if applicable) and units taken out of management. Right to Buy	<u>3</u>
	<i>Net social re-lets</i>	388
16.	PLUS - Committed units of new affordable supply	<u>0</u>
<b>17.</b>	<b>AFFORDABLE SUPPLY</b>	<b>388</b>

## 6.7 Affordable Housing Needs Assessment Model

<b>B - BACKLOG OF NEED</b>		
1.	Households in unsuitable housing	4,706
2.	MINUS – RSL tenants	1,432
	MINUS – in-situ solution most appropriate or leaving District	<u>1,259</u>
		2,691
	<i>Households in unsuitable housing and need to move</i>	<u>2,016</u>
3.	TIMES - Proportion unable to afford to buy or rent	30.3%
4.	PLUS - Backlog - homeless households	108
<b>5.</b>	<b>TOTAL BACKLOG NEED</b>	<b>718</b>
6.	TIMES - Quota to progressively reduce backlog *	(20%)
<b>7.</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>	<b>144</b>
<b>N - NEWLY ARISING NEED</b>		
8.	New household formation	424
9.	TIMES Proportion unable to buy (91%) or rent (69%)	(69.4%)
10.	PLUS - Ex-institutional population moving into community	0
11.	Existing households falling into priority need	446
12.	In-migrant households unable to afford market housing	<u>138</u>
<b>13.</b>	<b>TOTAL NEWLY ARISING NEED</b>	<b>878</b>
<b>S - SUPPLY OF AFFORDABLE UNITS</b>		
14.	Supply of social re-lets (380) and Shared Ownership re-sales (11)	391
15.	MINUS Increased vacancies (if applicable) and units taken out of management. Right to Buy	<u>3</u>
	<i>Net social re-lets</i>	388
16.	PLUS - Committed units of new affordable supply	<u>0</u>
<b>17.</b>	<b>AFFORDABLE SUPPLY</b>	<b>388</b>
	Annual need to reduce backlog (B)	144
	Newly arising need (N)	<u>878</u>
	<b>TOTAL AFFORDABLE NEED (B + N)</b>	<b>1,022</b>
	Affordable supply (S)	<u>388</u>
<b>18.</b>	<b>OVERALL ANNUAL SHORTFALL (B + N) - S</b>	<b><u>634</u></b>

\* Elimination over a five year period is recommended in the 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 Plan period).

## **6.8 Needs Assessment**

- 6.8.1 The total affordable housing need annually is for 1,022 units. Net re-lets of the existing social stock, after Right to Buy (RTB) impact, average 388 units and are the major means of addressing the scale of need identified.
- 6.8.2 After allowing for existing stock net re-let supply, there will still be a total annual affordable housing shortfall of 634 units, 3,170 units in total over the five years to 2011. It is difficult to make finite predictions of annual need beyond five years. The assessment will under new Guidance need to be monitored annually to reflect changes in demand and achieved supply and additionally it will be necessary to undertake a full Market and Needs Assessment by 2007/08 and each five years to the end of the Local Development Framework period.
- 6.8.3 Based on the average new unit supply of around 86 units over the last 3 years, this level of annual need is over seven times the number of units recently provided from new delivery and conversions resulting in growing levels of unmet need each year.
- 6.8.4 An annual average of 162 new units is planned over the next two years to 2008 and it will be important to monitor actual delivery levels in annual updates. Even this increased level of new delivery is still only 26% of the total scale of identified need.
- 6.8.5 Additionally, 1,176 existing and 286 concealed households intend to leave the District over the next five years because of a lack of affordable housing. These are not included in the needs assessment calculation, although this could be justified.

## **7 KEY FINDINGS**

### **7.1 The Housing Market, Costs and Incomes**

- 7.1.1 House prices across North Hertfordshire District have increased by 37.3% since the 2002 Survey.
- 7.1.2 The entry level stock, terraced houses and flats / maisonettes, have increased in price by 42.9% and 39.2% respectively since 2002.
- 7.1.3 In terms of the entry level stock, flats / maisonettes are assessed to be the main access property for first time buyers due to their average price of £137,829 and high volume of sales, 18.4% of all sales in the District.
- 7.1.4 The sales levels of detached houses and flat / maisonette properties in 2006, 22.5% and 18.4% respectively are slightly lower than 2002 levels (25.4% and 19.1% respectively) and do not reflect the growth in the delivery of flats in the market, a national trend. Sales levels of terraced houses and semi detached properties are higher in 2006 (30.7% and 28.4% respectively) than in 2002 where they made up 28.3% and 27.2% respectively of sales in the District.
- 7.1.5 The 39.2% increase in the price of flats / maisonettes, the main entry level stock, is in excess of wage inflation since 2002. Incomes in Hertfordshire County are assessed independently to have increased by 27.8% from the 2002 Housing Needs Survey to 2006.
- 7.1.6 A household income of £21,500 to £31,200 is needed to be able to rent the lowest quartile 1 or 2-bed flats in the private rented sector in the District. Higher levels of between £30,900 and £46,700 are needed to buy similar stock in the owner occupied sector.
- 7.1.7 Access to the housing market has become more difficult, particularly for concealed households, as property prices have continued to rise in the District in excess of local income inflation. This has increased the need for subsidised housing of some form.

### **7.2 Population and Household Changes**

- 7.2.1 The most significant feature in terms of population change is the growth in the population of the over 65 age group. There is a forecast increase of 6,900 from 2003 to 2021 (35.9%). The main increase is forecast to occur between 2011 and 2016 (2,800; 13.1%).
- 7.2.2 The "older" retirement group, those 80 and over grows by 2,600 (46.2%) up to 2021. The greatest rise in percentage occurs between 2011 and 2016 by (14.1%), a rise of 900 people. Given the resource demands often associated with very elderly people, these are significant figures.

### **7.3 Affordable Housing Needs Requirement**

- 7.3.1 The total affordable housing need annually is for 1,022 units, compared with 698 units in 2002. Re-lets of the existing social stock average 380 units annually over the last three years, but have been reducing each year since 2003/04 and totalled 344 in 2005 / 06.
- 7.3.2 After allowing for this level of supply, there will be an annual affordable housing shortfall of 634 units a year, 3,170 units in total over the five years to 2011. This compares with an annual affordable housing shortfall of 357 units a year estimated in 2002. These units will need to come from new sites, conversions and market purchase by RSL's to reduce the shortfall figure each year.

- 7.3.3 The East of England Regional Assembly Regional Spatial Strategy (RSS) requires Local Development Frameworks to include a target for affordable housing of at least 30% with an aspiration to achieve at least 40% in areas of housing stress, having regard to local assessments of need. It is the responsibility of local authorities to set targets to address local need supported by a robust assessment.
- 7.3.4 An annual average provision in the District of 790 units a year is proposed in the RSS between 2001 and 2021, within an overall total dwelling delivery of 15,800 units over the period taking account of the proposed growth area linked to Stevenage. The total affordable need of 634 is 80% of the whole housing allocation of 790 each year.
- 7.3.5 The Housing Needs Assessment is not the only basis for the Council decision on target levels but it is the major element. The evidence found in this assessment shows clearly that North Hertfordshire has a combination of factors which together create significant difficulties in meeting the needs of the local community and which justifies the highest sustainable and viable target.
- 7.3.6 Clearly the affordable housing shortfall level calculated in the assessment model is neither economically deliverable nor sustainable in development terms. The Council will need to determine an overall target level within their affordable housing policy in the LDF but a simple mathematical calculation to determine the overall target level, the normal process, cannot be undertaken.
- 7.3.7 In the 2002 assessment, DCA recommended a 35% affordable housing target in the District. However in view of the rise in house prices in excess of local income inflation over the last four years, combined with other factors identified in this update assessment, the Council could consider a reviewed target of 40% for affordable housing from all suitable sites negotiated. This level has been adopted in the majority of Local Plans in the South East and in Hertfordshire over the last few years.
- 7.3.8 The reduction in site thresholds to 15 units or 0.5 hectares in PPS3 may provide an additional supply of affordable housing from sites not previously subject to negotiation, but a detailed analysis will be required by the Council to assess the potential impact of this change.
- 7.3.9 Each site will need to be assessed individually, targets being subject to wider planning, economic viability, regeneration and sustainability considerations and will require a flexible approach to specific site negotiation.
- 7.3.10 Meeting the total need for affordable housing involves a range of initiatives making best use of the existing stock, by bringing empty houses back into use, bringing social sector stock up to Decent Homes Standard, conversions of existing buildings and new delivery through the planning system.

## **7.4 Tenure Mix**

- 7.4.1 Higher affordable targets and lower thresholds can have an impact on project viability and tenure mix is therefore now a more important factor, recognised in Guidance. Tenure mix is an important element in not only addressing viability issues but also providing for more balanced developments and communities in line with core Government strategy.
- 7.4.2 When setting tenure balance proportions, account should be taken of the current scale of social rented and intermediate stock and turnover supply, the availability of grant support and the scale of those whose needs could be met by the intermediate sector.
- 7.4.3 The District has a relatively high level of social rented stock (21%), above the national average and provides 380 re-lets a year, the main means of addressing affordable housing need.

- 7.4.4 The level of shared ownership stock, however, is only 310 units, providing only 11 units available annually from turnover. In view of the significant increase in house prices of over 40% in the last four years, well in excess in income growth, it is important now to address the growth in the number of households who would previously have met their own housing requirements in the market through intermediate housing.
- 7.4.5 Shared ownership and other discounted housing below market cost account for 37% of new delivery over the last three years and this proportion is projected to be 40% of delivery in 2006 / 07 but then falling to 28% in 2007 / 08. As the overall affordable housing target increases and site thresholds reduce, viability becomes a more critical issue, particularly on brownfield sites where development costs are generally greater.
- 7.4.6 The overall affordable housing target includes both affordable housing for rent and intermediate market housing. In the LDF process the Council should consider a tenure balance of 65 / 35 between social rent and intermediate housing to meet the needs of both low income households, key workers and those on average and above average incomes unable to purchase in North Hertfordshire.
- 7.4.7 PPS3 now requires the provision of tenure mix targets within affordable housing which may vary by location within the District to take account of demand, need and current affordable supply at local level.

## **7.5 Intermediate Market Housing**

- 7.5.1 The survey data shows that concealed households forming express a need (38.1%) or preference (66.7%) for owner occupation but generally around 91% of them have incomes inadequate to be able to purchase. The sustained period of high house price inflation has impacted on new forming households' ability to buy and requires a supply of intermediate housing to assist those on middle incomes including key workers who previously would have purchased without assistance.
- 7.5.2 The survey data suggests an expressed need for 50 shared ownership units a year, from new forming (35) and existing households (15). This is around 60% of the scale of past new total affordable housing delivery, a significant level. However, 34.4% of new forming households, around 145 each year, earn between £18,000 and £28,700 per annum, and could achieve access to shared ownership through 1 and 2-bed flats and 2 and 3-bed houses in the examples of recent projects in the table below.
- 7.5.3 In view of continuing house price inflation in excess of incomes it is highly likely that a new survey would find a greater level of interest in intermediate housing at costs below market levels.
- 7.5.4 Intermediate housing is defined in Section 1.5.4 and it is important to recognise that it would only apply to eligible households, i.e. those who cannot afford to buy or rent. The level of subsidy which would need to apply to shared equity as an example would need to be at least 30% below market value to be able to be applicable to households who have an income level below that required to rent in the private market.

### **7.5.5 Shared Ownership**

- 7.5.6 Shared ownership supply from stock turnover is low relative to preference expressed by existing and concealed households over the next 5 years of 250 units (75 existing households and 175 concealed households), 50 per year. At the 2001 Census there were 254 units, plus 56 units built up to March 2006, which generate re-sales of only around 11 units per annum (i.e. around 1 per month).
- 7.5.7 To assess the scale of viability of intermediate housing, recent examples of new build RSL shared ownership schemes in the District were studied, outlined in Table 7-1. The household income data of moving households has been checked against the market values of 2 and 3-bed units in these developments.

**Table 7-1 Shared Ownership Cost Examples in the District**

Property Type	Full Sale Price	Share price	Monthly Cost				Income Required *
			Rent *	Mortgage **	Service Charge *	Total	
2-bed flat	£120,000	£30,000 (25%)	£225	£175	£77	£477	<b>£18,000</b>
2-bed flat	£145,000	£58,000 (40%)	£217	£340	£18	£575	<b>£19,000</b>
2-bed flat	£160,000	£64,000 (40%)	£320	£375	£69	£764	<b>£21,000</b>
2-bed house	£182,500	£73,000 (40%)	£365	£425	£26	£816	<b>£25,000</b>
3-bed house	£207,500	£83,000 (40%)	£415	£485	£26	£926	<b>£28,700</b>

\* Based on actual project costs

\*\* Based on a 95% mortgage at 5% interest rate over 25 years

7.5.8 Around 145 new forming households a year earn between £18,000 and £28,700 whose needs could be met through shared ownership locally, almost equal to the average projected delivery of 162 units a year over the next two years to 2008.

## **APPENDIX I**

### **LAND REGISTRY**

## LAND REGISTRY HOUSE PRICE DATA

### House Price Inflation England & Wales

% change in prices for the period Apr - Jun 2005 to Apr - Jun 2006 inclusive

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Apr - Jun 2005	£284,715	+ 5.5%	£170,979	+ 5.4%	£145,302	+ 9.1%	£175,506	+ 5.8%	£185,671	+ 7.3%
Apr - Jun 2006	£300,280		£180,170		£158,492		£185,700		£199,183	

Source: Land Registry, © Crown Copyright

### House Price Inflation South East

% change in prices for the period Apr - Jun 2005 to Apr - Jun 2006 inclusive

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Apr - Jun 2005	£363,077	+ 5.4%	£212,812	+ 4.4%	£177,740	+ 3.6%	£152,698	+ 2.0%	£223,349	+ 6.1%
Apr - Jun 2006	£382,696		£222,085		£184,071		£155,727		£236,915	

Source: Land Registry, © Crown Copyright

### House Price Inflation Hertfordshire

% change in prices for the period Apr - Jun 2005 to Apr - Jun 2006 inclusive

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Apr - Jun 2005	£467,472	+ 4.3%	£260,647	+ 5.6%	£206,560	+ 4.2%	£168,357	-2.2%	£253,419	+ 5.8%
Apr - Jun 2006	£487,569		£275,312		£215,269		£164,714		£268,095	

Source: Land Registry, © Crown Copyright

### House Price Inflation North Hertfordshire

% change in prices for the period Apr - Jun 2005 to Apr - Jun 2006 inclusive

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Apr - Jun 2005	£391,305	+ 7.8%	£240,443	+ 0.9%	£181,645	+ 8.4%	£137,740	+ 0.1%	£222,066	+ 12.4%
Apr - Jun 2006	£421,679		£242,488		£196,817		£137,829		£249,526	

Source: Land Registry, © Crown Copyright

**Average House Prices by Property Type****South East***Apr - Jun 2006*

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£382,696	15,226	£222,085	17,089	£184,071	17,770	£155,727	12,652	£236,915	62,737

*Source: Land Registry, © Crown Copyright***Average House Prices by Property Type****Hertfordshire***Apr - Jun 2006*

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£487,569	1,003	£275,312	1,265	£215,269	1,925	£164,714	1,234	£268,095	5,427

*Source: Land Registry, © Crown Copyright***Average House Prices by Property Type****North Hertfordshire***Apr - Jun 2006*

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£421,679	136	£242,488	172	£196,817	186	£137,829	111	£249,526	605

*Source: Land Registry, © Crown Copyright*

## **APPENDIX II**

### **GLOSSARY OF TERMS**

# GLOSSARY

<b>ADP – Approved Development Programme</b>	This is the Housing Corporation's total capital programme in any one year. It is normally broken down into rented housing, shared ownership and other home ownership initiatives. This is now called the National Affordable Housing Programme.
<b>Affordability</b>	<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>
<b>Affordable Housing</b>	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.
<b>Bedroom Standard<sup>2</sup></b>	<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>
<b>Concealed Household</b>	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).
<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.

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<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>DCLG</b>	Department for Communities and Local Government. DCLG 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.
<b>DETR</b>	Government body superseded by DCLG. (See <b>DCLG</b> )
<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>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>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 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>ODPM</b>	Government body superseded by DCLG. (See <b>DCLG</b> )
<b>ONS</b>	Office for National Statistics.
<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>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.

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<sup>3</sup> Source: DCLG

<b>RSL – Registered Social Landlords</b>	A Housing Association or a not-for-profit company, registered by the Housing Corporation, providing social housing.
<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>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>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>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>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>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.