

Environment Scrutiny Committee

Report of the Director of Adult, Community and Housing Services

Key findings and implications from the Housing Market Intelligence Report

Purpose of Report

1. The purpose of this report is to outline the key findings and implications from Dudley's Housing Market Intelligence Report. The key findings from this report will influence the Borough's Housing Strategy, Local Investment Plan and planning policy positions. Further findings from the report and our proposed strategic responses will be discussed with stakeholders at the DACHS Housing Conference on 15th March 2012.

Background

2. Dudley carries out a Housing Needs Study every few years. This provides valuable information about residents' current housing needs and their intentions regarding housing for the next three to five years. The last study was completed in 2005. In order to update our intelligence we commissioned, last autumn, David Couttie Associates (DCA) who are acknowledged as the one of the leading experts in this field, to carry out a new study. The study forms part of a wider Housing Market Intelligence Report that also covers the affordability of housing, availability of housing, property types, current housing conditions, overcrowding and under-occupation, attitudes to regeneration, inward and outward migration and the future housing aspirations of newly forming households.
3. Approximately 9,300 postal surveys were sent to households throughout the Borough and 550 face to face interviews were completed. In total, data from 2,689 households has been analysed and weighted to ensure that the data is statistically robust. The survey achieved a 95% confidence level with a confidence interval ranging from +/- 9.95% at ward level, +/- 4.85% at township level and +/- 1.93% at Borough level.

Key Findings

Population Changes

4. Dudley's population is projected to increase by 22,600 between 2008 – 2033 to 328,900 people with population growth being driven by an increase in the 65+ and 85+ age groups (up 45%) with projected falls in the 30-44 and 45-64 age groups.
5. The main in-migration into the Borough was from households who had previously lived in Sandwell followed by people who had previously lived in Birmingham. Most in-moves were driven by the need for more space.

6. Over the next five years 20% of existing households and just under 10% of concealed households are expected to move out of the borough. Most of the planned out-migration will be to other parts of the UK – the main motive for these moves will be employment / access to work.

Existing Housing Stock

Tenure

7. Just over 72% of the homes in the Borough are owner occupied, around 20% of homes are social rented and just over 6% are rented privately. Dudley's privately rented market is smaller than the national average of around 9% of households.

Stock Type

8. Almost 75% of the Borough's existing housing stock is detached or semi-detached houses, 15% are terraced houses and 12% are flats. Detached and semi-detached properties account for around 75% of the owner occupied stock. Around 2/3rds of the social rented stock (Local Authority and Housing Associations rented) comprises of 1 or 2 bed properties with the remaining 1/3 rd 3 bed properties (with less than 2% being 4 bed properties)

Under and Over-Occupation

9. 6% of households are over-crowded with the highest levels of over-occupation found in the social rented sector at 15.4% for the Housing Associations rented sector. Approximately 40% of homes in the Borough are under-occupied with the highest levels being found in the owner-occupied no mortgage sector and the lowest levels in the council rented sector. Around 4729 social rented properties are under-occupied by two or more bedrooms.

Adequacy of Present Accommodation

10. Over 90% of respondents indicated that their accommodation was adequate for their needs. Lowest levels of adequacy were found in the private rented sector (80%) with the need for repairs and too costly to heat identified as the reason for inadequacy.

Implications, What We Have Done so Far and Recommendations for the Future

Making Better use of our Existing Housing Stock

11. We have participated in a pilot project that was designed to tackle under-occupation and overcrowding within social housing. We now need to consider if this should be expanded and how it would be funded. We also need to be mindful that initiatives such as this may increase void costs (the cost of repairing empty properties before they can be re-let to another household) and increase rent loss (for the time when the property is being repaired and cannot be occupied).
12. We have an undersupply of larger four bedroomed houses in the social rented stock so we need to encourage local housing associations to build more of these property types. They, are however, more costly to build than smaller units and

take up more space on the schemes so often impact on the financial viability of housing sites.

13. We have a small privately rented sector but need to work with landlords to ensure that they continue to invest in this market to make this a viable housing option for many households who cannot afford to buy their own homes. This will include work to improve standards within the sector and to encourage landlords to rent properties out at a time when landlords and tenants are feeling anxious about the impact that welfare benefit reforms may have on their ability to afford to pay rent/rental income streams.

Affordability

14. 60% of all existing households have an income of below £25,900 p.a. (the national average income). Almost two thirds of existing households have savings of less than £5,000 or no savings at all.
15. 75% of concealed households earn below the national average income. A third earn less than £10,000. 75% of concealed households have savings of less than £5,000 or no savings at all.
16. The average house price in the Borough in quarter 3 2011 was £146,280 with average levels ranging from £90,175 for a flat to £221,750 for a detached property. Entry price levels range from £59,950 for a flat in central Dudley to £114,995 for a 3 bed terrace in Stourbridge.
17. David Couttie Associates data indicates strongly that there is an affordability problem arising from the relationship between local incomes and the realistic supply of the cheapest stock. They calculated access to the owner-occupied market in the Borough requires an average income of £22,989 and that 72% of concealed households are therefore unable to afford to buy in the local owner occupied market.
18. Private sector entry rent levels range from £350 for a 1 bed flat to £675 for a 3 bed terraced house. Data collected on the levels of rent per week that concealed households could afford indicated that 70% of those households were priced out of the rented market.

Implications for the Future

19. There are significant numbers of households who are unable to buy or rent in the private market and will need some support to help them with their housing.
20. A report commissioned by the Halifax revealed a wide spread pessimism about lenders' desire to lend with 84% of first time buyers being put off by a belief that banks do not want to lend to them and would find excuses to turn them down. 64% of non-homeowners believe they have no prospects whatsoever of buying a home. DCA believe that if these attitudes become a reality the shape of the UK housing market will change to a nation of renters within the next generation.

Demand for Affordable Housing

21. 3,625 existing households planning to move within the next 3 years said that they required affordable housing (social rent or shared equity). 2,233 concealed

households are looking for affordable housing.

22. It would currently take – if no new need arose:
 - Over 5 years to meet the requirements for 1 bed properties
 - Over 3 years to address the 2 bed requirement
 - Just over 2 years to address the 3 bed stock requirement
 - Nearly 17 years to meet the need for larger 4+ bed units.
23. An annual outstanding affordable need of 421 affordable units based on addressing the backlog over a 15 year period. This figure is a net figure after re-lets and an annual delivery figure of 186 new units is taken into account.

Implications, What We Have Done so Far and Recommendations for the Future

24. Over recent years we have met and exceeded our new affordable housing provision targets by delivering 558 homes between 2008/09 and 2010/11 but acknowledge that these targets continue to fall well short of the actual need for affordable housing in the Borough.
25. We will continue to maximise the provision of affordable housing through use of existing planning policies.
26. We will continue to work with local housing associations/housing developers to promote opportunities for people in housing need to access low cost home ownership products such as shared ownership/shared equity where they have indicated an interest in doing so.
27. We will continue to encourage local housing associations to invest in the Borough to expand our range of general needs social housing and encourage them to develop within the regeneration corridors identified in our Local Investment Plan.
28. We will continue with plans to extend our Extra Care housing provision for older people
29. We have recently been successful in attracting Government funding to encourage families within the Borough to act as hosts for young people in housing need. Over the next two years we will evaluate the success of the scheme and seek to continue it if it is successful. This will help young people who cannot afford to live independently and encourage under-occupying households to consider taking in a lodger (Homelessness Transition Fund – Open Door Scheme – YMCA Black Country/CHADD/Heantun Housing Group).

Housing for Older People

30. Over 50% of older households own their own home outright (21% still have a mortgage) with the dominant property type being a 3 bed property. 80% of owner occupiers without a mortgage had an equity holding of over £100,000. 35% of households in owner occupation (no mortgage) having savings of over £30,000 compared to 41.2% of council tenants who have no savings.
31. There is an expressed need for 3,152 sheltered housing units (this includes demand from existing households and possible in-migration as stated by

relatives), of which, 2,284 stated a preference for affordable and 868 for private sector units.

32. There is an expressed need for 666 units of Extra Care housing (this includes demand from existing households and possible in-migration as stated by relatives)

Implications, What We Have Done so Far and Recommendations for the Future Housing for Older People

33. It is important to meet the housing needs of older people who often tend to under-occupy family sized properties.
34. Over recent years three Extra Care housing schemes have been built and opened. These provide attractive new apartments with on-site care and support for older people. It must be recognised, however, that not everyone will want to move into Extra Care housing and we shall continue to provide services designed to keep older people living in their existing homes for longer, for example our Home Improvement Service.
35. We are planning to develop three more Extra Care housing schemes.
36. We need to encourage housing developers to develop smaller housing units that are attractive to older people so that they are encouraged to move out of family sized homes that can then be re-used by younger families.

BME Housing Needs

37. 83.5% of BME respondents indicated that their home was adequate. Lower than the all household figure.
38. 44.3% of existing BME households moving within the next 3 years stated that they required a semi-detached house, 36.5% required a 4 bed property and 45.5% stated owner occupation as their preferred tenure.

Implications, What We Have Done so Far and Recommendations for the Future

39. Housing inadequacies in the BME community is relatively high and consideration should be given to prioritising an awareness campaign on what is available to address these inadequacies.
40. The recommendation that 35% of future affordable housing delivery should be family sized units (mostly 4 beds) units designed to ease over-occupation and address housing stock imbalances will help to address BME housing needs.

Balancing the Housing Market

Key Issues

41. We need to achieve a better flow of housing supply by working to reduce the under-occupation of family sized homes (3 and 4 bed)
42. There is a demand for specialist sheltered/Extra Care housing for older people

43. There is an annual shortfall of 421 affordable units for people who cannot access the private market.

What We Need to Negotiate with Housing Developers to Balance the Housing Market

44. 65% of future affordable housing delivery should be 1 or 2 bed units designed to produce a cascade effect to meet the needs of older, smaller households and free up family sized homes 3 or 4 bed units for re-use
45. 35% of future affordable housing delivery should be family sized units (mostly 4 beds) units designed to ease over-occupation and address housing stock imbalances
46. There is a suggested tenure mix of 60% social rent to 40% intermediate housing to meet interest/demand for shared ownership/equity. This mix will vary depending upon site/viability.

Finance

47. The Housing Market Intelligence Report was funded from existing budgets (DACHS and DUE) along with a contribution from local housing associations that form part of the Dudley Housing Partnership.

As this report is for information only there are no immediate financial implications associated with this report, however, the contents of the Housing Market Intelligence Report will be used to shape decisions on the future investment and policies adopted in relation to the provision of housing within the Borough.

Law

48. The Council may do anything incidental to, conducive to, or which facilitates the discharge of its functions under Section 111 of the Local Government Act 1972.

Equality Impact

49. This report is for information only and is not a policy, therefore, an Equalities Impact Assessment is not required. Any subsequent policies that are revised or formulated in response to this report will require an impact assessment.

Recommendation

50. It is recommended that:-
51. The content of this report is noted and approved.



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List of Background Papers

A copy of the final report is available on CMIS and a printed copy can be found in the Members' Room.