

NORTH LINCOLNSHIRE COUNCIL

**HOUSING AND STRATEGIC
PLANNING CABINET MEMBER**

STRATEGIC HOUSING MARKET ASSESSMENT MARKET REVIEW 2008

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To inform the Cabinet Member of the findings of the recently completed review of the 2006 Housing Needs and Market Assessment.
- 1.2 The key points of this report are as follows:
 - The net annual shortfall of affordable homes in North Lincolnshire rose from 302 in 2006 to 373 in 2008.

2. BACKGROUND INFORMATION

- 2.1. Local Authorities have a duty to maintain an up to date understanding of local housing needs and markets and are expected to intervene where necessary to improve conditions or supply.
- 2.2. A Strategic Housing Market Assessment was carried out jointly with North East Lincolnshire Council by 'Outside' consultants in 2006, however, since that date a number of issues led to the commissioning of an update to the report.
- 2.3. Communities and Local Government issued amended guidance on how to carry out and calculate housing need in 2007. There have been significant changes in housing market conditions and the most up to date information is required to inform the Local Development Framework Core Strategy, the proposed Affordable Housing Supplementary Planning document, and the sub regional housing strategy and integrated strategy. More information was also sought on the future housing market with household projections and structures.

3. OPTIONS FOR CONSIDERATION

- 3.1. The key findings of the report are summarised below. The final report will be placed on the council's web site as a supplement to the 2006 report.
- 3.2. Mean House Prices in North Lincolnshire were found to be falling more dramatically than in either North East Lincolnshire or the rest of the

region. The annual change from April 2007 to April 2008 was -0.3%. The mean house price peak was £120,591 in February 2008 but has since fallen to £120,041.

- 3.3. The housing market is following the national trends with the number of sales declining. In January 2008 sales were 154 and February 156 down from 210 and 241 respectively in 2007.
- 3.4. The very few flats and terraced properties in the sales figures highlight the shortage in supply of this type of accommodation locally.
- 3.5. The lower quartile house price for a semi-detached property is lower in price than North East Lincolnshire although the mean house price for North Lincolnshire is higher.
- 3.6. This lower quartile house price is used as a proxy for the entry-level house price in the area. In North Lincolnshire this is £95,000 for 2007 up from £85,000 in 2005. Although prices are declining they are still above the 2005 level.
- 3.7. The Annual Survey of Hours and Earnings (ASHE) showed that the gap between earnings and house prices increased in the period from 2005-2007. House prices increased at a higher rate than earnings over the same period. It has become more difficult to borrow particularly for first time buyers and those needing 100% mortgages.
- 3.8. The annual gross income required on a 100% mortgage on an entry level property for a single earner would be £27,143. The income distribution at this time revealed that 51.6% of all North Lincolnshire households had incomes below this level. (Few if any 100% mortgages are now available).
- 3.9. Private renting was found to be relatively affordable in North Lincolnshire compared with national figures with an annual income of £15,088 needed for a one bed-roomed property. 24.3% of households have income below this level. The value of private renting as an option for low-income households will depend on the supply; this was only 6.4% according to the 2001 census (6.3% according to the 2006 survey). We will have a better idea of the latest private rented supply when the results of the private sector stock condition survey are verified later this month.
- 3.10. The survey shows the least affordable wards to be Axholme Central, Ridge, and Axholme North, and the most affordable to be Town, Burringham and Gunness.
- 3.11. The Housing Need and Market Assessment in 2006 found an annual shortfall in the supply of affordable housing to be 302. With the gap between household incomes and house prices widening, and a reduction in supply the estimated annual shortfall is now 373. This is calculated using the latest CLG guidance and using the 2006 household survey data with adjustments to take account of the changes in the local housing market.

- 3.12. As part of the review the consultants also analysed the joint North Lincolnshire Council and North Lincolnshire Homes Housing Register, which North Lincolnshire Homes manages. This shows the register is current with 69.7% of applicants having registered within the last two years. 24% of the households contained young people under the age of 16. 67.1 % are under 45 and only 7.3% over 75 years. 43.6% are one-person households and 53.1% of households require two bed-roomed properties.
- 3.13. Demand is therefore largely from young people and families. There will be many older households under-occupying family accommodation, partly due to the lack of smaller older peoples units of the right type and in the right location. This will be a subject for the revision of the older peoples housing strategy. The consultants commented that the North Lincolnshire policy allowing single person households to apply for two bed-roomed properties was more appropriate than some local authorities as this is likely to contribute to lower turnover and greater community stability.
- 3.14. Outside also assessed the ability of social renting and intermediate housing to meet the identified housing need and assessed that there was some scope for intermediate tenures to meet a proportion of the local need.
- 3.15. Discounted housing is not considered to be a viable option in North Lincolnshire whilst household income remains so low, even at a 30% discount. Shared ownership, however, where a household purchased a 30% or 50% share is just affordable although less so when purchasing 50%.
- 3.16. Shared equity where a purchaser buys 30% or 50% of the price of an entry level property is the most viable of the intermediate housing options. This is affordable for those on lower quartile incomes (CAIC data) but not for people on lower quartile earnings (ASHE).
- 3.17. In the twenty-five year period 2004 to 2029 North Lincolnshire is predicted to grow by 21,000 households to 88,000 (31.3%). This will mostly be in one-person households with the majority over 45 years of age.
- 3.18. The Regional Spatial Strategy (RSS) suggests North Lincolnshire will need to build 750 dwellings a year and that affordable housing targets will need to be up to 30%. The evidence from the report shows the need for affordable housing to be much higher, allowing the RSS target to be defended. However, the Affordable Housing Financial Viability Assessment has subsequently explored how achievable this is in the local market.

4. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

4.1. Financial

This report confirms the need for continued investment in housing by adapting or improving existing housing to meet need. The authority also needs to maximise the number of homes developed with funding from the Homes and Communities Agency (HCA)¹ by considering the use of council land assets for affordable housing to enable development to take place and stretch available funding.

4.2. Staffing

There are no staffing implications associated with this report.

5. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

5.1. Statutory

Councils are expected to monitor all housing needs in their area and intervene where necessary to improve conditions or supply.

6. OUTCOMES OF CONSULTATION

6.1. The research findings are the result of a comprehensive housing needs survey both postal and face-to-face. The detailed findings will help to inform future planning policy and housing strategy.

7. RECOMMENDATIONS

7.1. That the findings of the research are noted and that further reports are brought as the results of the research are used to inform the development of revised policies and practice around the delivery of affordable housing.

HEAD OF STRATEGIC REGENERATION, HOUSING AND PLANNING

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Background Papers used in the preparation of this report

North Lincolnshire Housing Needs and Market Assessment 2006
Strategic Housing Market Assessment Market Review 2008

¹ Homes and Communities agency is the new organisation that has taken over the Housing Corporation investment functions.