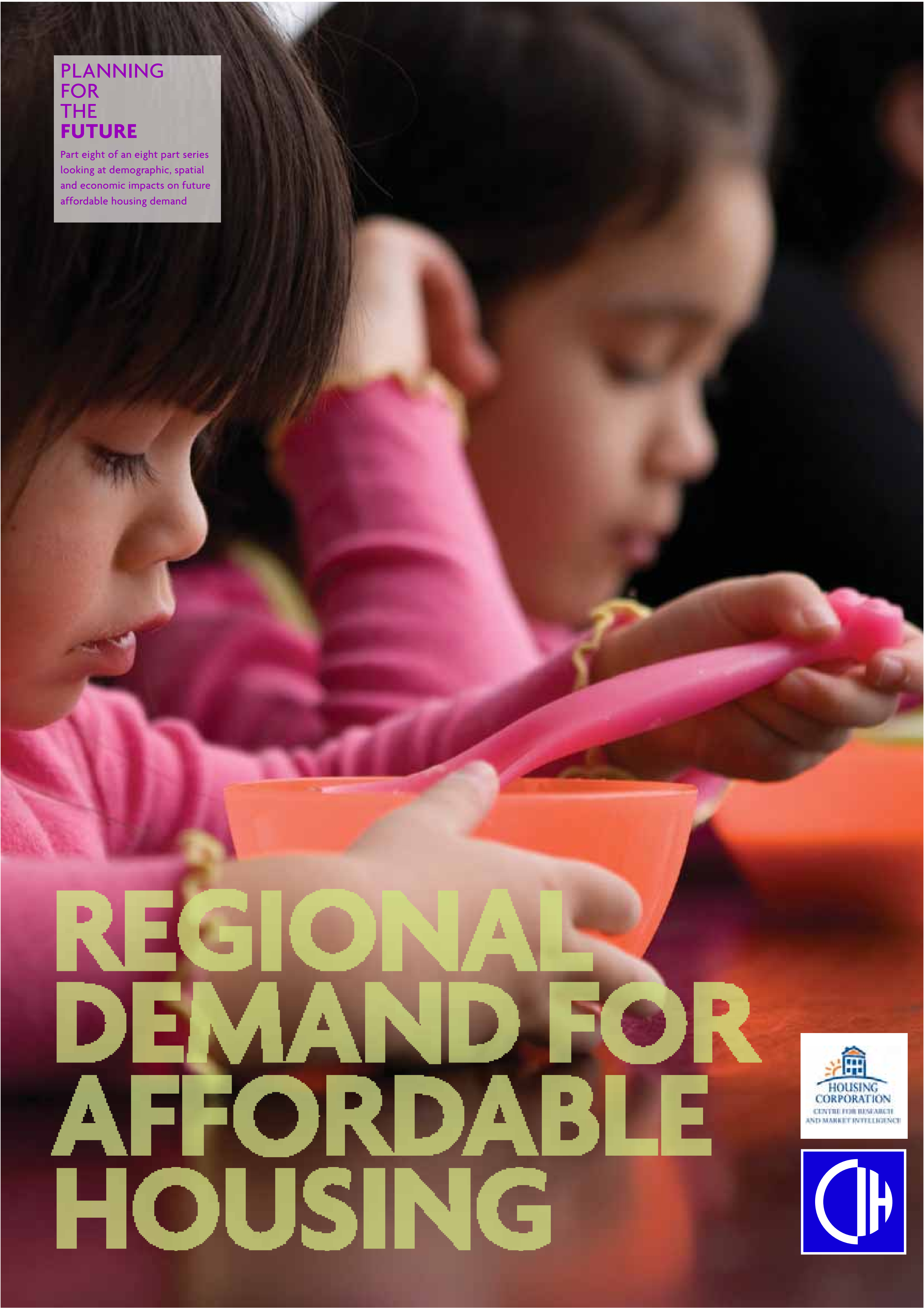


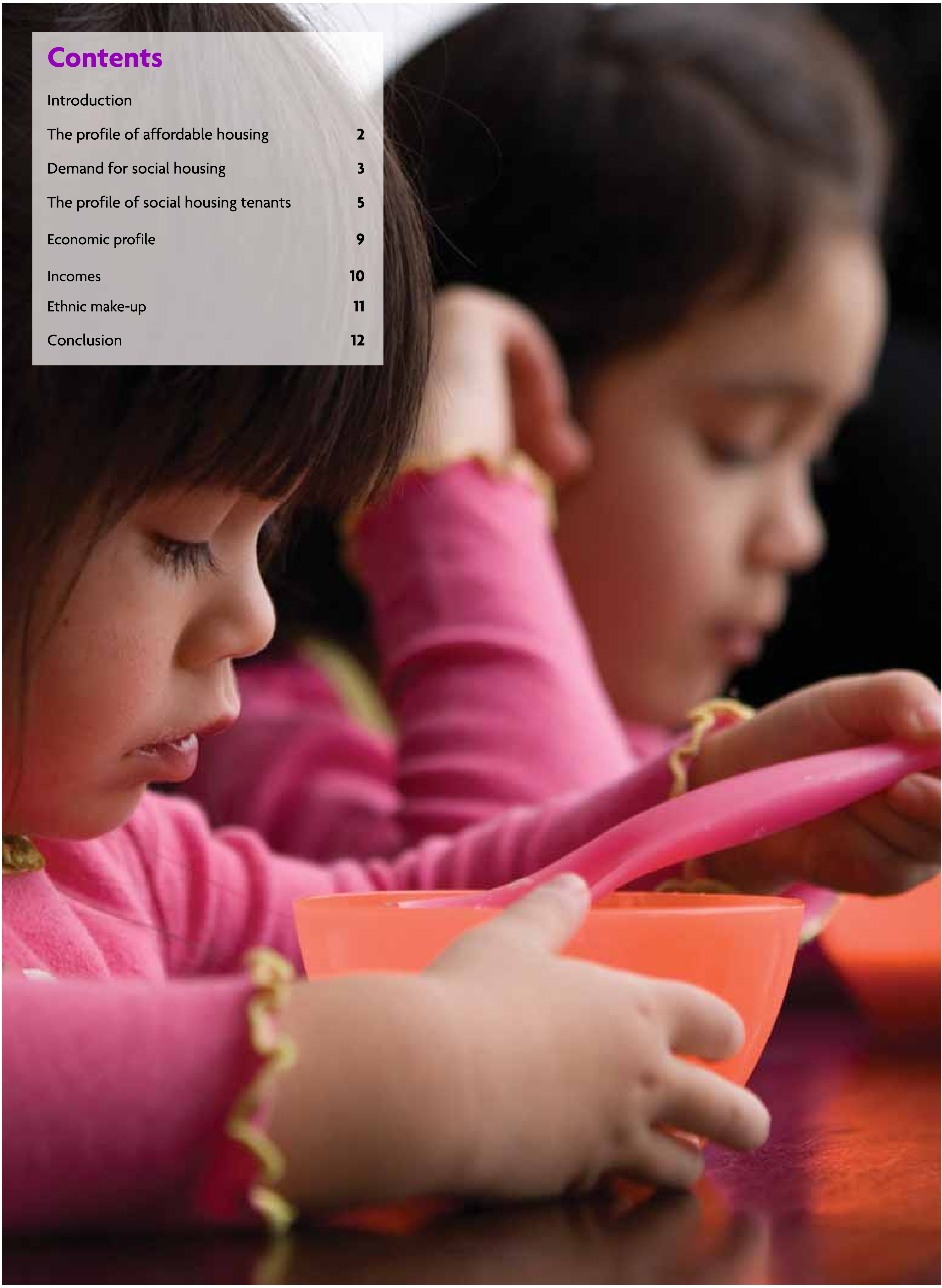
PLANNING
FOR
THE
FUTURE

Part eight of an eight part series looking at demographic, spatial and economic impacts on future affordable housing demand

REGIONAL DEMAND FOR AFFORDABLE HOUSING

HOUSING CORPORATION
CENTRE FOR RESEARCH AND MARKET INTELLIGENCE

Contents



INTRODUCTION

Following the July 2007 Housing Green Paper and decisions to create a new housing regulator, the Tenant Services Authority (previously known as OFTENANT) and new housing and regeneration agency, Homes and Communities, it is clear that housing in England is going through a period of far-reaching change.

With three million new homes in the pipeline, many of them affordable, it is also clear that the English housing landscape will look quite different in ten years time. But for all the new building, regeneration programmes and fundamental institutional change, our key challenge remains ensuring that affordable housing, both available now and planned for the future, meets the needs and aspirations of residents.

The Housing Corporation and CIH are both committed to supporting the housing sector to improve the services offered to people who live in affordable housing. With a growing commitment to expanding choice for residents, as well as plans for greater recourse and redress when services fall short of expectations, this is clearly a challenge to which housing organisations must rise.

A key element in this must not only be understanding the customer base of today, but planning for the future needs of these and new residents.

This is why the Housing Corporation and CIH have collaborated to produce a series of eight briefing papers – **Planning for the Future** - setting out some of the key drivers of housing demand.

Drawn from a detailed body of academic research commissioned by the Housing Corporation's Centre for Research and Market Intelligence (CRMI) and carried out by the Cambridge Centre for Housing and Planning Research (CCHPR), Cambridge University, the papers have been written with a particular emphasis on their accessibility for housing professionals. Their value lies in presenting the latest research findings in a way that can help inform and shape both strategic planning and housing practice within organisations providing affordable housing. The original research papers and source documents can be found at the CRMI and CCHPR websites, listed in the 'Sources of information' section.

The series of eight briefing papers explores the following areas:

- **Who lives in affordable housing?**
- **Life in affordable housing**
- **Mobility and social housing**
- **Moving into affordable housing**
- **Aspirations and shared ownership**
- **Affordable housing in London**
- **Housing and black, minority and ethnic groups**
- **Affordable housing in the regions.**

We hope you will find these valuable in informing your understanding of change in the sector. More importantly, we hope that they will support your commitment to delivering excellent services for both current and future residents.

Peter Dixon
Chairman - Housing Corporation

Regional demand for affordable housing

This eighth paper, the final one in the Planning for the Future series, looks at regional differences in the demand for affordable housing and the profile of those who live there.

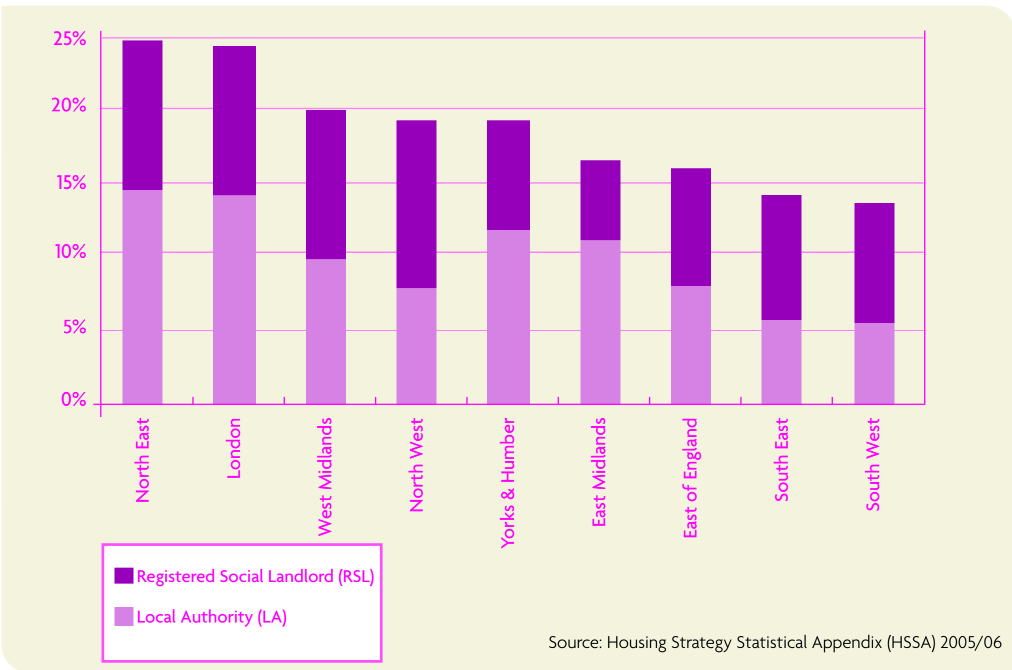
Substantial differences exist among regions in terms of the demand and pressure placed on a region's housing supply. Pressures on affordable housing are increasing due to high house prices and rents.

There are many historical reasons why differences exist among the regions in the level of demand for affordable housing, the type of housing in most demand, the profile of households, and among potential applicants to social housing. Social housing has developed in different ways over time to fill different needs. Some areas have an older stock of properties in urban centres, whilst others have a higher proportion of peripheral housing estates. These were often built in the post-war building boom of the 1950s and 60s.

The profile of affordable housing

The make up of the affordable housing stock varies among regions mainly for historical reasons. For example, some areas have greater numbers of social housing than others. In more recent years the right to buy has reduced the supply of social housing considerably in some areas and rates of recent building have varied due to differing rates of land availability, funding and the need for affordable housing. The chart below shows the proportion of social housing by region.

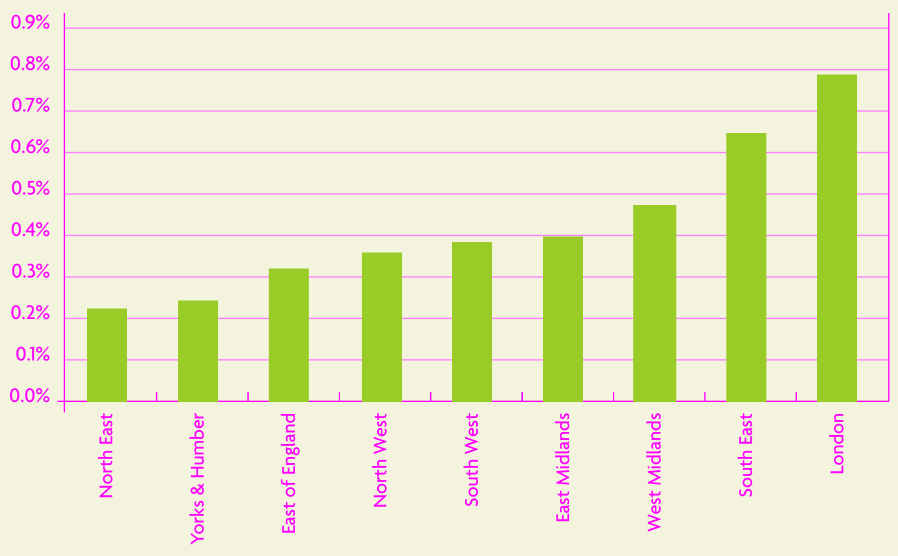
Proportion of social housing, out of total dwellings available, by region



London and the North East have the highest proportions of social housing. However, in absolute terms, the amount of social housing is substantially larger in London as it has a greater population than the North East.

Whilst the take up of shared ownership has increased substantially since 2001, it still only accounts for less than 1% of the housing stock in all regions. Shared ownership is most popular in the East of England, the South East and London where the largest numbers of new shared ownership dwellings are being built. (For more details refer to Paper 5 of the Planning for the Future series).

Shared ownership dwellings as proportion of all dwellings



Source: Regulatory and Statistical Returns (RSR) survey database, and HSSA 2005/06

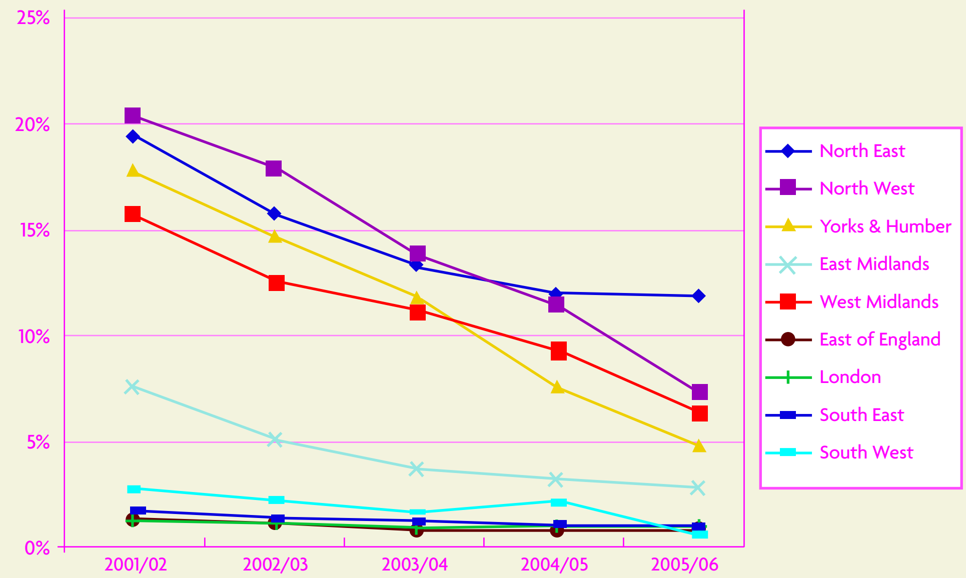
Demand for social housing

Pressures on both the demand and supply of social housing create difficulties and tensions in managing and allocating a scarce resource. Demand for social housing varies among regions as well as within them.

The number of people on local housing registers provides an indication of demand, although it is not perfect. For example, research carried out for this project found that some households were still registered as being in housing need even after finding suitable accommodation. In addition, housing register figures may actually be an under-representation of true levels of demand, as the research found that a large number of households did not register for social housing in the belief they were unlikely to have a high enough priority.

Low demand can sometimes present less of a problem than excess demand. The chart below shows that there have been substantial falls in the incidence of low demand for social housing in recent years. However, regional differences still exist though these are less acute than they were five years ago.[1] The North and the Midlands have traditionally experienced problems in some areas with low demand. Where there are pockets of low demand these are mainly because of specific unpopular property types, for example one-bedroom flats and bed-sits.

Proportion of LA and RSL dwellings classed as low demand

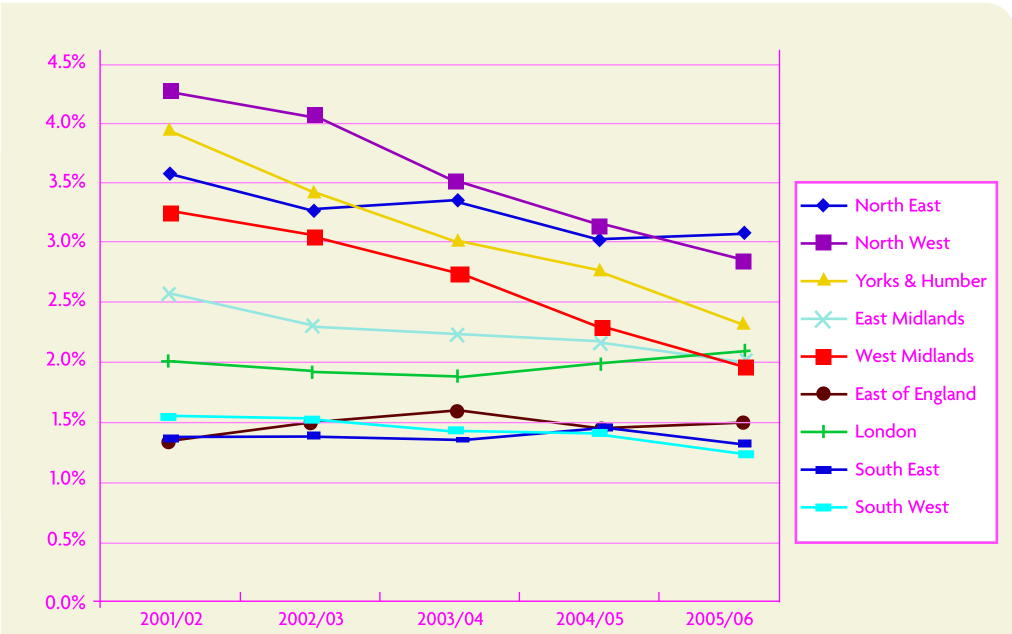


Source: HSSA

[1] HSSA guidance suggests that local authorities (LAs) should usually be aware of low demand properties, and that they should generally be classified as such if they have a) a small or non-existent waiting list, b) tenancy offers frequently refused, c) high rates of voids available for letting, or d) high rates of tenancy turnover.

The increased demand for social housing has also led to similar changes in the numbers of vacant dwellings. Historically, the northern regions have had higher levels of vacancies, but in recent years the number of vacant properties is more in line with those in the south of the country. The chart below shows that void rates are now below 3% in all regions except the North East.[2]

Proportion of local authority (LA) and registered social landlord (RSL) dwellings classed as low demand



Source: HSSA

[2] Void rates reported in the HSSA include "management voids" where properties are not available to let because, for instance, they are awaiting modernisation or demolition, as well as those that are vacant between occupants.

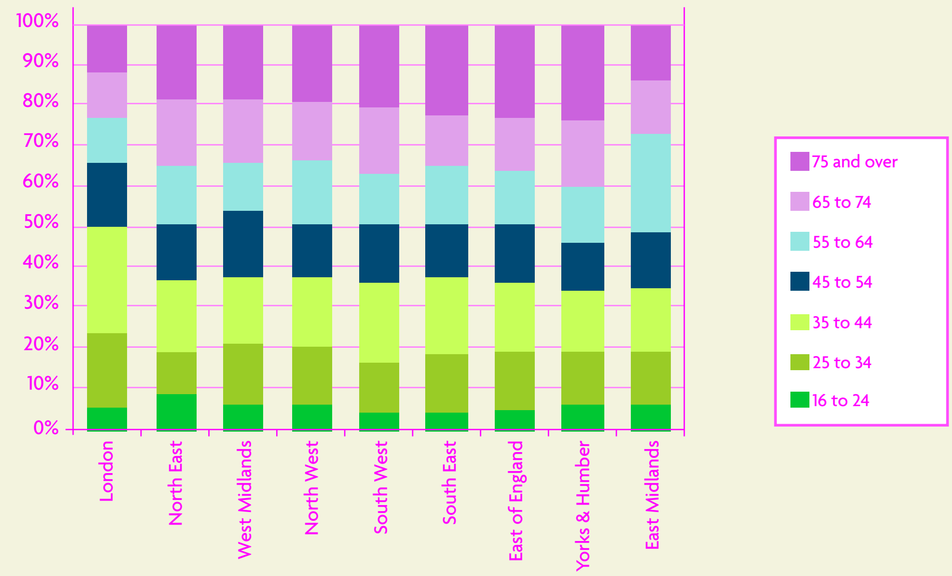
The profile of social housing tenants

There are regional variations in the profile of social housing tenants. Many of these variations reflect broader differences among the regions that are present across all tenures.

Age profile and household types

The age profile of social housing tenants shows key differences among regions. In the chart below London stands out from other regions as having a distinctly younger age profile. Yorkshire and Humber and the East Midlands both have particularly high proportions of older tenants.

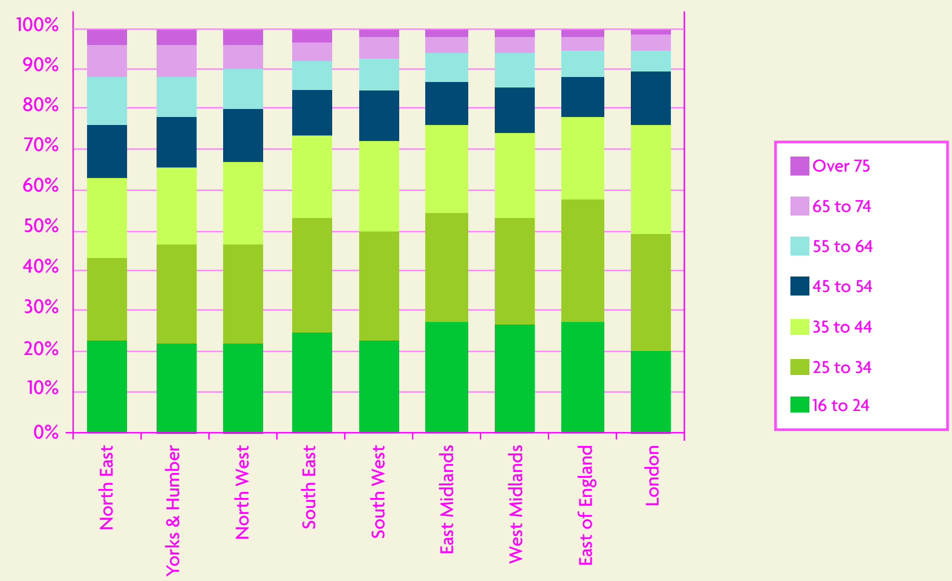
Age group of social renters' head of households



Source: Department of Communities and Local Government (CLG) Survey of English Housing 2005/06

There is much less regional variation in terms of the age groups of tenants entering social housing than there is among the age profiles of existing tenants. However, the chart below shows that in the north of the country, larger numbers of tenants access the sector in the middle and older age groups.

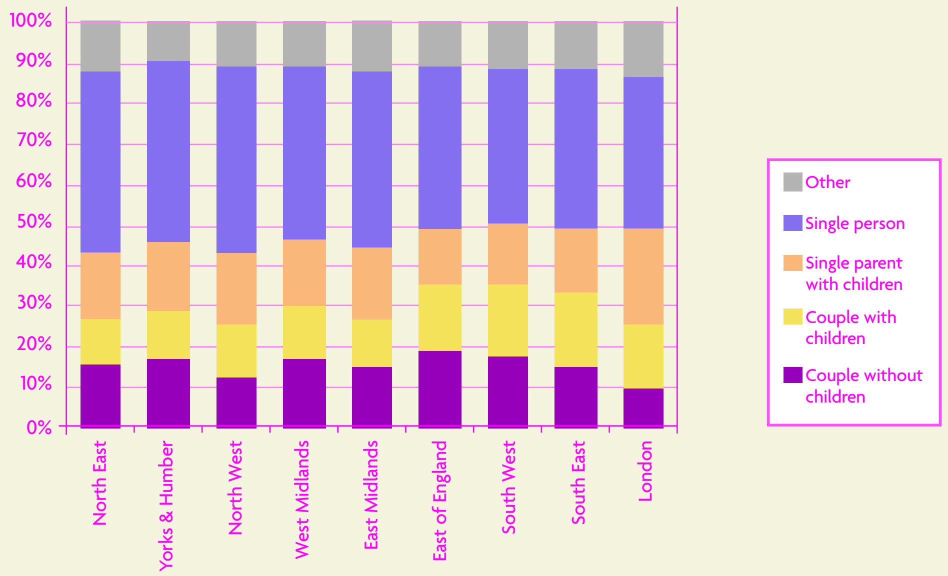
Age groups of new social tenants



Source: Continuous Recording of lettings and sales (CORE) database 2006/07

The differing age profiles are related to the differing compositions of household types across the regions.

Household composition by region



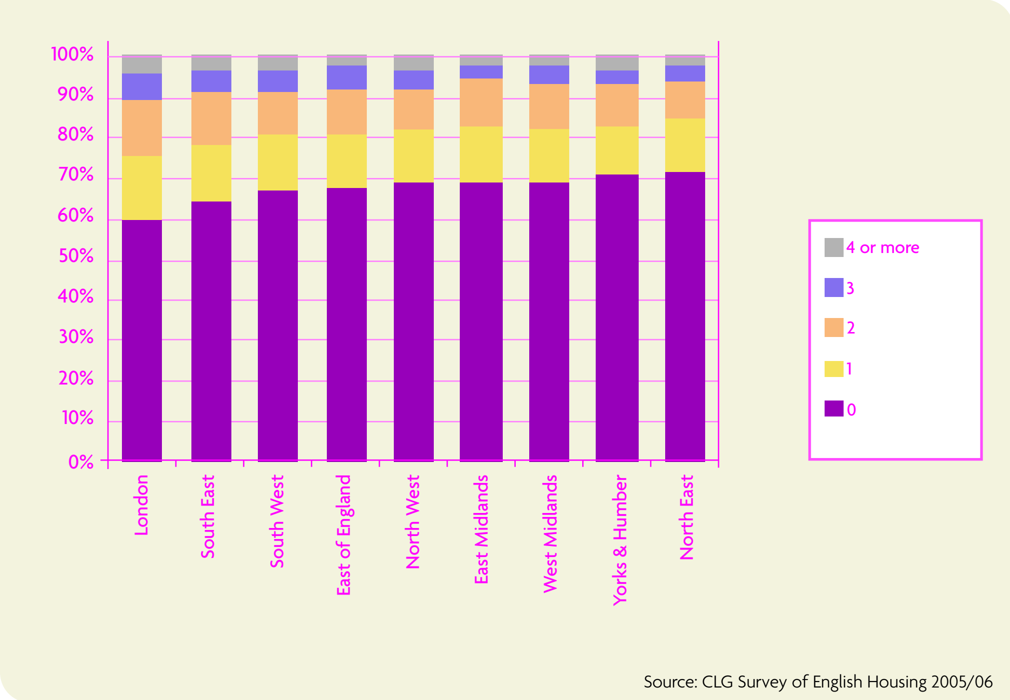
Source: CLG Survey of English Housing 2005/06

Regions with higher numbers of older tenants generally have higher proportions of childless households. In London, both single and couple households are more likely to have dependent children, although the city has a low proportion of couple households. London followed by the South East are the regions with the highest number of families with children in social housing.

In London, the high numbers of families with dependent children may be in part a result of the relatively young age of the population. In the South East, the high number seems to be a result of more restricted allocations systems. Housing registers show that there is plenty of demand for social housing from childless households in all regions but families tend to be given priority for dwellings with two or more bedrooms in more pressured regions. More than two-thirds of households moving into two-bedroom properties in London or the South East had dependent children, compared with only one third in the North West and North East.

The chart below shows that there is a high proportion of households in social rented housing without dependent children and those that do have children are most likely to have only one or two. There is a greater number of larger families in London than elsewhere.

Number of children in social rented households

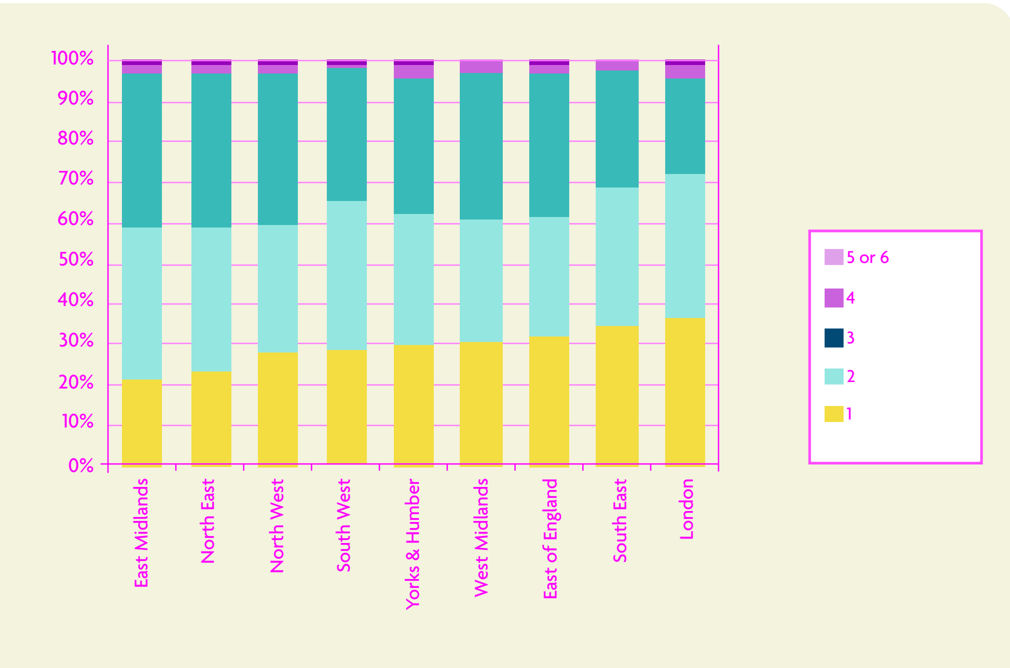


Source: CLG Survey of English Housing 2005/06

Furthermore, new entrants to social housing are more likely to have dependent children than existing tenants. Around half of all new social housing tenants in the south of the country have dependent children compared with a third in the North, which is a similar geographical pattern to that found for existing households. This shows that demand for social rented housing by households with children is greatest in the south.

The regions with the highest number of larger households are not the ones with the greatest supply of large, family-sized housing. The chart below shows that there is a strong inverse relationship between the number of larger families and the number of larger properties. For example, London and the South East have the lowest proportion of dwellings with three or more bedrooms.

Number of bedrooms in social rented dwellings

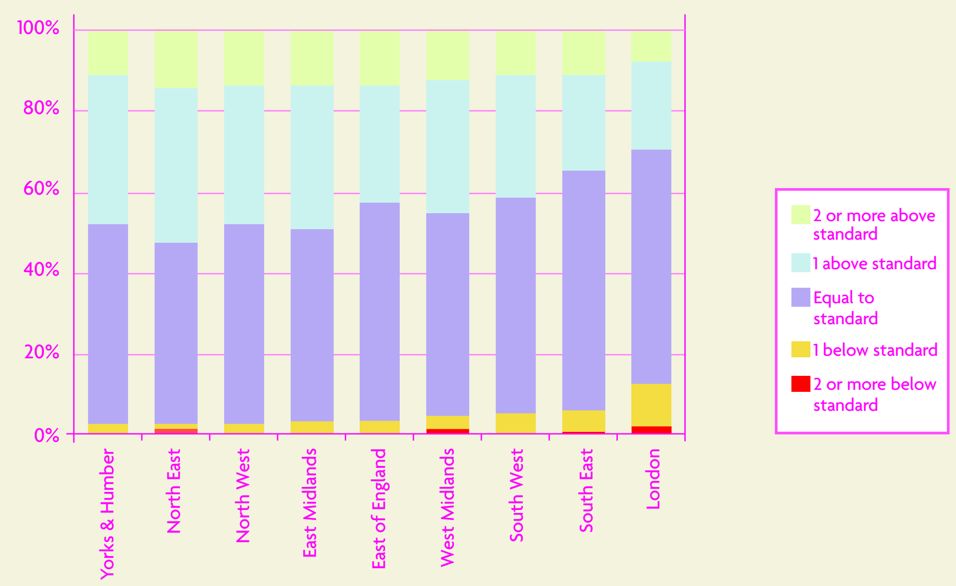


Source: CLG Survey of English Housing 2005/06

Recent data on new building suggests that in recent years there has been some effort to address this shortfall in London. However, in the South East, less than 25% of new dwellings built in 2006/07 had three or more bedrooms.

The mismatch between household size and property size is a key cause of differences in occupancy levels among the regions.

Difference from 'Bedroom Standard'[3]



Source: CLG Survey of English Housing 2005/06

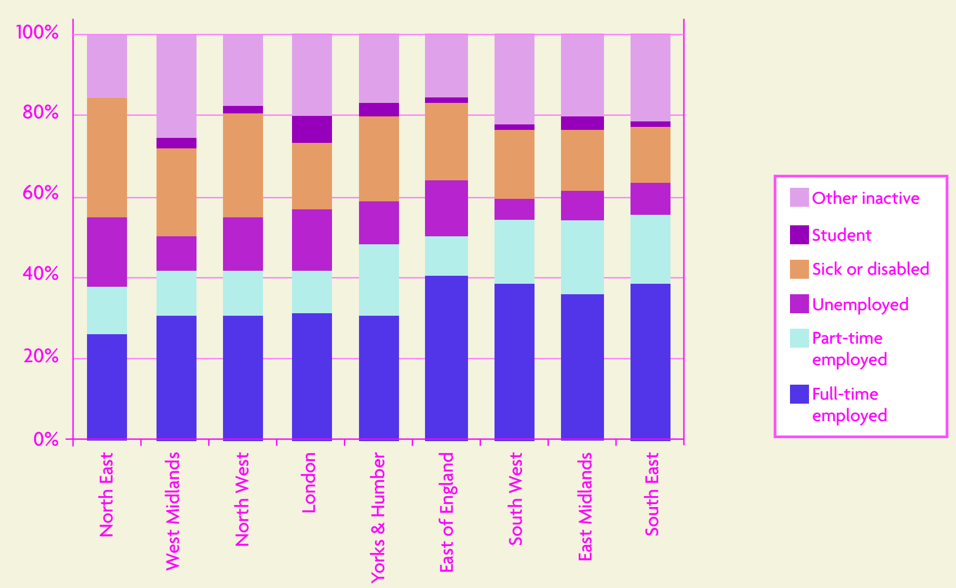
The chart above shows that the majority of households in all regions live in dwellings that match their needs - according to the bedroom standard. However, in London, more than 12% of households in social rented housing are overcrowded compared with around 3% in the three northern regions. Households in the North and the Midlands are most likely to have a spare bedroom. In contrast, most owner-occupiers live in dwellings with more bedrooms than they would need by this definition.

[3]The bedroom standard calculates how many bedrooms a household needs so that nobody has to share a bedroom unless they are a) a couple, b) both under 10, or c) both under 16 and of the same sex. No more than two people should share a room.

Economic profile

There are regional differences in the profile of both new and existing social housing tenants. Broadly speaking, regions with higher overall employment rates also have higher employment rates among social housing tenants.

Economic status of working age social renting households

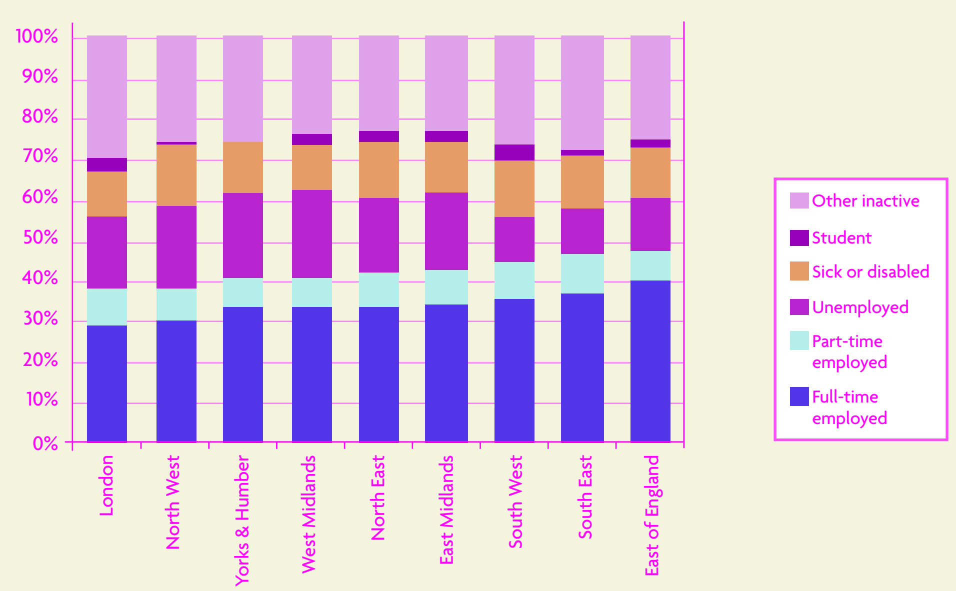


Source: CLG Survey of English Housing 2005/06

The above chart shows that the North East, North West and the West Midlands have low proportions of tenants in employment, which may be expected as a legacy of industrial decline in parts of these regions. However, this does not explain why London has a low number of tenants in employment, even after accounting for the relatively small number of retired households in social housing.

The chart below shows the regional differences in the economic profile of new tenants.

Economic status of new social tenants of working age



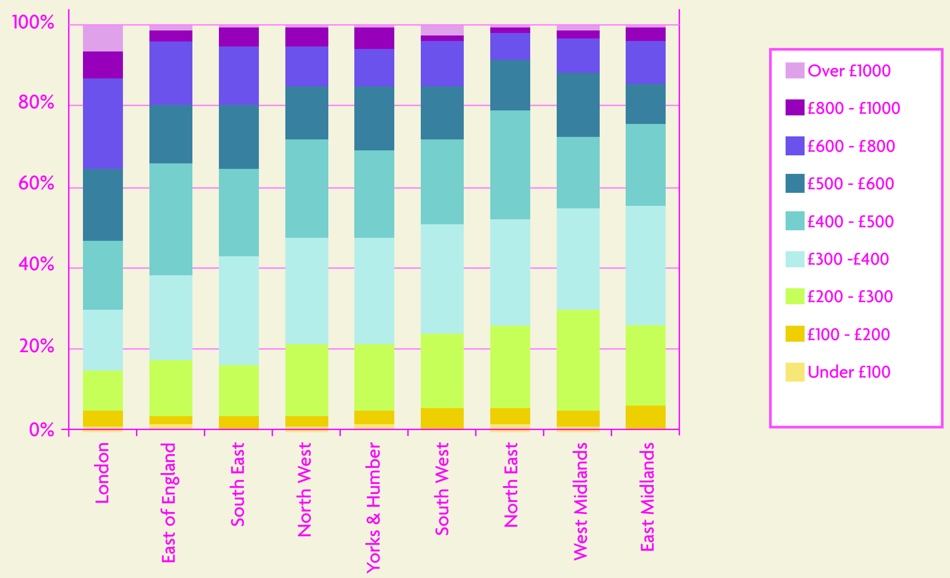
Source: CORE database 2006/07

The similarity of the two charts suggests that the variation among regions in terms of economic activity is a result of factors influencing the profile of people moving into social housing, rather than their differing fortunes once they are in the sector. The relatively low level of economic activity amongst London tenants, as compared with those in the surrounding regions in the south of England, seems to be related to the low proportion of households who enter the sector with jobs.

Incomes

There is not much regional variation in the average weekly incomes of social housing tenants, due largely to uniform benefit rates. However, the chart below shows that there are significant regional differences in household incomes where there is a full-time worker.

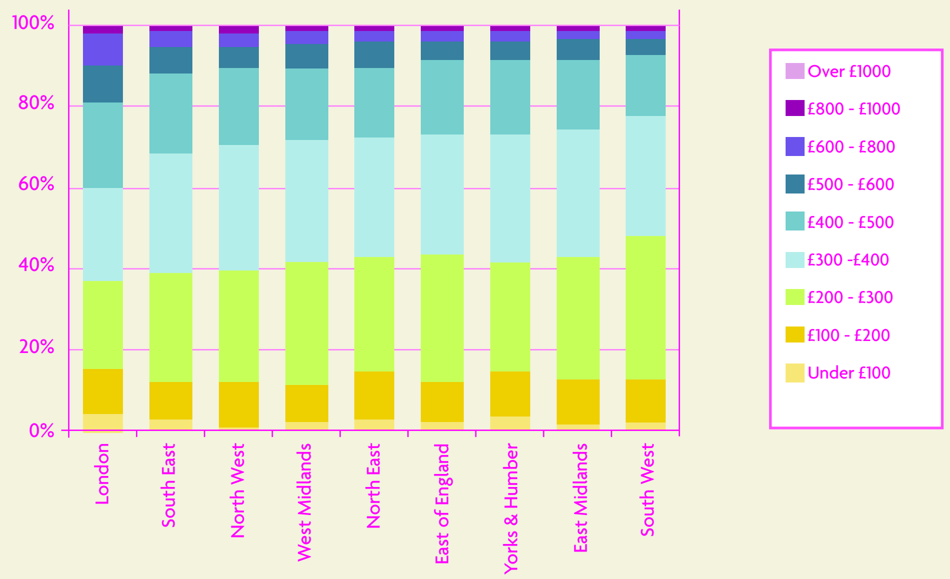
Gross equivalised weekly household income of households with a full-time worker



Source: Department for Work and Pensions (DWP) Family Resources Survey, 2003-2005 pooled and equivalised by household composition and to 2005 income levels

As might be expected, working tenants in the South East and in London have higher incomes than those in the North and the Midlands.

Gross equivalised weekly household income of new entrants with a full-time worker in the household



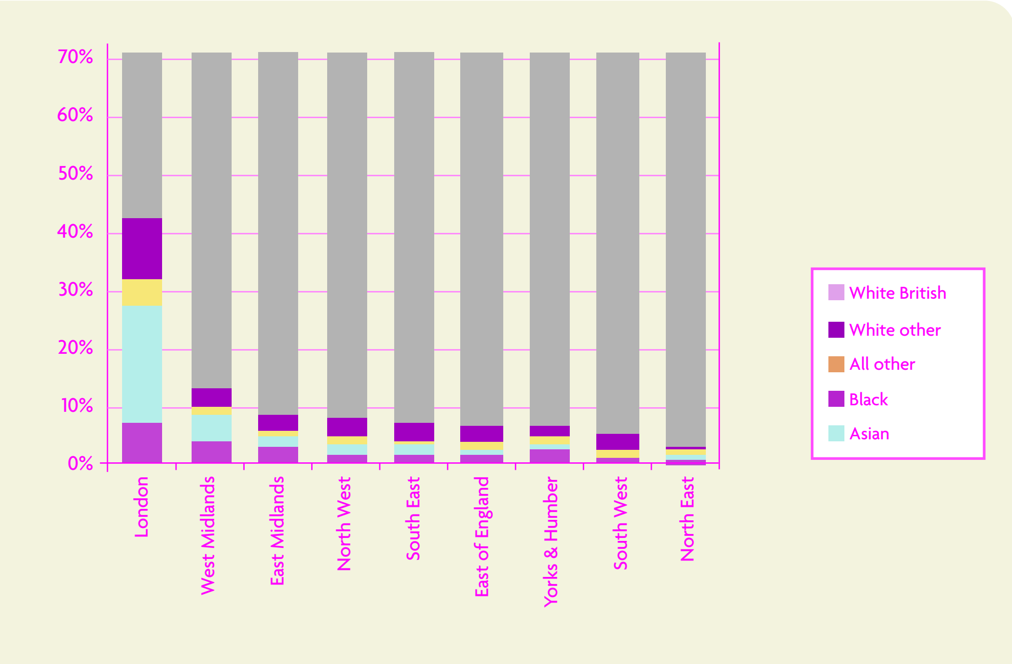
Source: CORE 2006/07, equivalised by household composition

The chart above shows that, overall, the incomes of new tenants in social housing are low and there is less regional variation than for existing tenants.[4] New working tenants in London are better off but not substantially so. Furthermore, amongst working tenants new to the sector there is no evidence of the small group of better off tenants which exists in London, the East and the South East. This suggests that better off households are not currently gaining access to social rented housing, while households that have become better off whilst already in social housing have remained within the sector.

Ethnic make-up

As is to be expected, people of different ethnic groups are distributed differently across England giving distinctive patterns at regional, city and neighbourhood level. The chart shows that London has by far the highest proportion of tenants who are from ethnic minorities.

Ethnic group social tenants' head of household by region

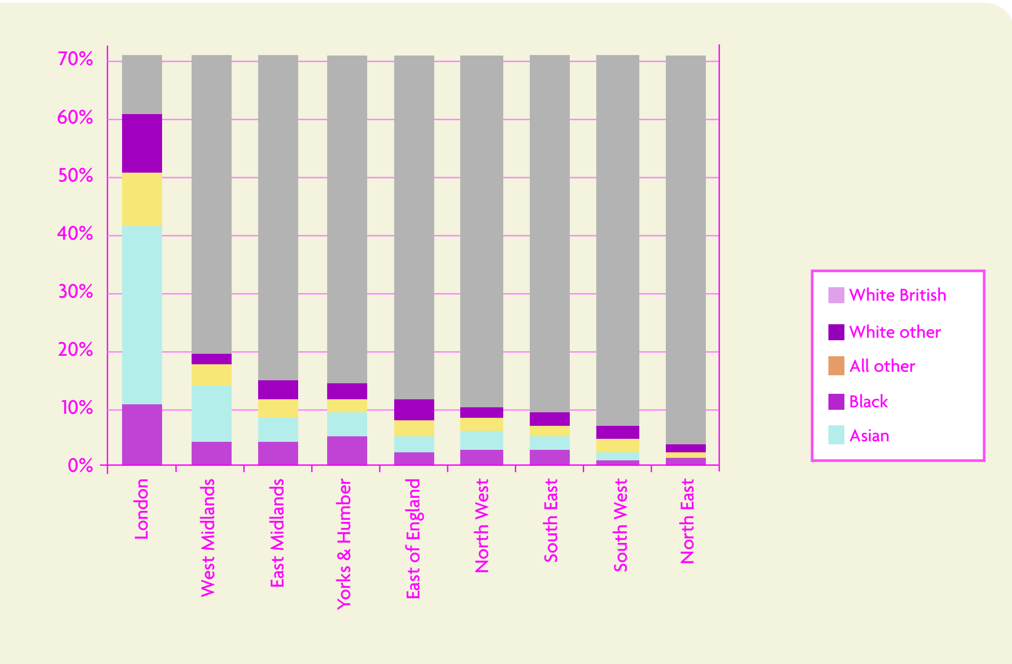


Source: Census 2001

In 2001, over 40% heads of households in social housing in London were from a minority ethnic group compared to less than 10% in all other regions - apart from the West Midlands which has approximately 13% from ethnic minorities.

However, the number of new social housing tenants from ethnic minority groups is greater, as shown in the chart below.

Ethnic group of new households by region



Source: CORE 2006/07[5]

[4]CORE data records incomes to be substantially lower then the DWP Family Resources Survey or CLG Survey of English Housing or (which can be used to look at the incomes of social rented households who have moved in within the last three years; see paper 4 of this series). This suggests either that many households entering social housing often manage to increase their income within three years of moving in, or possibly that CORE fails to record tenants' full incomes, possibly by excluding some income from benefits.

[5]The data here is on the ethnic group of "person one" as recorded in CORE. When there are two or more adults in a household, this could be either one of them, not necessarily the one who would be classified as the household head or household reference person.

In some regions, over 90% of new tenants were white British whereas in recent years in London white British tenants have made up less than half of all entrants to social housing. Across all regions there is increasing demand from certain groups such as black Africans and to a lesser extent, 'white other' groups.

Certain regions (such as the North East) show higher proportions of lettings going to ethnic minorities in certain periods, which may be due to the government's dispersal scheme for asylum seekers or to labour migration.

Conclusion

This paper has looked at the regional differences in the demand for affordable housing. Overall, the picture in all areas is that of high levels of demand for social housing which cannot be met from existing supply. As with the wider housing market, social housing is under the greatest pressure in London, the South East and the South West of the country. Although overall levels of demand exceed supply there are some less pressured areas where there does appear to be more choice available to tenants.

Though there are regional differences in the incidences of low demand and in the number of vacant dwellings affected, these have fallen substantially in recent years, bringing the north more in line with the south of the country. Low demand and vacant dwellings usually exist around specific unpopular property types, for example one-bedroom flats and bed-sits.

There are also regional differences in the types of households who live in affordable housing. What is most apparent is the mis-match between the profile of the stock and that of households: the areas with the largest number of families are those where there are the smallest numbers of family-sized dwellings.

The economic profile of tenants varies among regions. With the exception of London, they broadly follow the overall employment rates of each region as a whole.

The challenge for all regions is one of meeting and managing higher levels of demand for social housing than can be met from available lettings. In some regions there are also challenges in addressing low demand and unpopular stock. There may also be unpopular stock in many of the high-pressured regions. This is unlikely to present itself as hard-to-let or even have a high turnover when the market is sufficiently pressured, though there is still more that could be done to make social housing better meet the needs and aspirations of residents in these regions too.

Sources of information

The original research and source document can be found at:

Housing Corporation's Centre for Research and Market Intelligence (CRMI)
www.housingcorp.gov.uk/CRMI

Cambridge Centre for Housing and Planning Research (CCHPR)
www.cchpr.landecon.cam.ac.uk/

Most of the data in this paper are from one of the following:

Survey of English Housing
www.communities.gov.uk/housing/housingresearch/housingsurveys/surveyofenglishhousing

Census 2001
www.statistics.gov.uk/census

CORE lettings data
www.core.ac.uk

Family Resources Survey
www.dwp.gov.uk/asd/frs/

These are available from government websites. Many statistics are brought together in the annual UK Housing Review published jointly by CIH and the Building Societies Association. Recent research on BME housing needs is summarised in a 'Round Up' produced by the Joseph Rowntree Foundation and CIH, The Housing and Neighbourhood Impact of Britain's Changing Ethnic Mix (available from www.jrf.org.uk from October, 2008).

Specific research for this paper consisted of five focus groups with members of different BME populations and telephone interviews with six BME housing associations.

This paper is based on an original by Sanna Markkanen with Anna Clarke, Alex Fenton, Sarah Monk and Christine Whitehead, written at the Cambridge Centre for Housing and Planning Research, January 2008.

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