

**CALDERDALE M B C**

**WARDS AFFECTED : ALL**

**CABINET 18 JULY 2005**

**CALDERDALE HOUSING REQUIREMENTS STUDY,  
DRAFT AFFORDABLE HOUSING POLICY AND  
HOUSING STRATEGY 2005 - 2010**

**REPORT OF THE GROUP DIRECTOR FOR COMMUNITY SERVICES**

**1. ISSUE**

- 1.1 This report explains the findings of the Calderdale Housing Requirements Study.
- 1.2 It presents a draft Calderdale Housing Strategy, which can then be released for wider consultation
- 1.3 It highlights a need to secure more affordable housing through the use of Section 106 agreements on private housing developments in the Borough.

**2. NEED FOR A DECISION**

- 2.1 The Housing Requirements Study suggests that there is an urgent need to increase the supply of affordable housing in Calderdale. One way to address this issue is for the Council to develop a more robust affordable housing policy.
- 2.2 The Housing Strategy is included in the Council's policy framework and it is appropriate for Cabinet to consider a draft for consultation prior to the final document being submitted to Council for approval.

**3. RECOMMENDATION**

- 3.1 It is recommended that Cabinet
  - (a) note the findings of the Housing Requirements Study 2005;
  - (b) agree the release of the draft Housing Strategy 2005 - 2010 for consultation, which will include an all members' seminar.
  - (c) agree that a Supplementary Planning Document to detail the Council's approach to procuring affordable housing should be prepared, using Appendix 3 as a basis for the consultation.

## **4. BACKGROUND**

4.1 Most people would agree that access to decent and appropriate housing is fundamental to quality of life. Indeed, the Government views housing as pivotal to the development of sustainable communities. This is reflected in the Office of the Deputy Prime Minister's five year plan, published as two separate papers - 'Homes For All' and 'People, Places and Prosperity'. Sustainable communities are defined as places where people have:

- A decent home that they can afford in a community where they want to live and work
- A choice between owning, part-owning or renting a home and a choice whether to stay in their current location or to move
- The chance to acquire housing assets and narrow the wealth gap
- The chance to develop their skills and interests
- Access to jobs and excellent services
- The chance to get engaged in their community and make a difference.

4.2 The importance of housing is also evident in the Audit Commission's Comprehensive Performance Assessment framework for local councils. Several of the 'key lines of enquiry' relate to how well the council understands and balances local housing markets, how it meets its statutory obligations regarding homelessness and how it works in partnership to improve the quality of housing available in the area.

4.3 This report is concerned with three key elements of the Council's housing activity - research into local housing markets, developing an overall housing strategy for the area, and action to ensure an adequate supply of affordable housing to meet the needs of local people.

### **Calderdale Housing Requirements Study**

4.4 In late 2004, the Council commissioned a comprehensive study of housing requirements across all tenures and types in the Borough in order to assist the development of an overall Housing Strategy which will fulfil the Government's 'fit for purpose' criteria. A comprehensive understanding of patterns of demand, need, and aspirations of existing and potential residents, together with a robust indication of the level and nature of need for affordable housing in the area, is vital to underpin the Council's Housing Strategy and to guide the use of its relevant planning powers. It is also useful to influence regional and sub-regional agendas.

4.5 The last Housing Requirements Study was undertaken in 1999/2000 and there is clearly now a need to update and increase the amount of information available.

4.6 The aims of the study were:

- To establish a clear and concise definition and assessment of housing need in Calderdale, including information on specific areas within the Borough.
  - To establish a meaningful and consistent definition of affordability based on income and rent/mortgage payments. A current figure for housing need should be established and a formula created to update the affordability definition on an annual basis.
  - To provide an understanding of the main housing markets within the Calderdale area, and the relationship between these and the operation of markets at the sub regional and regional levels.
  - To determine the ability of people to access housing, taking into account income levels and economic status, and to identify the number of households unable to gain access to appropriate housing due to affordability problems.
  - To assess influences, attitudes and opinions affecting housing choice.
  - To develop a model, which can be updated annually, to project need for affordable housing over the next five years and which will give an indication of need over the next 10 years.
  - To outline the nature of, and reasons for, housing need, expressed in terms of
    - (a) household by type, size, age, ethnic origin, tenure and location
    - (b) dwellings by type, size, age, tenure, and location.
- 4.7 A draft final report has now been received and a summary of the key findings of the report is attached at Appendix 1.
- 4.8 The Study has provided a wealth of new information regarding the factors that determine people's needs and aspirations in choosing their home, and those that influence their ability to secure their preferred housing choices.
- 4.9 In terms of housing markets, the Study considers the elements contributing to changes in the housing market in the context of regional influences and policy. Aspects covered include employment, population changes, migration, tenure and type of housing, and house prices.
- 4.10 The survey shows that although 75% of households moving to an address in Calderdale lived in the area before, there are a significant number of households moving in from outside the Borough. Most of these originate from West Yorkshire, but a number come from beyond. The areas of Hebden Royd, Northowram, Ryburn and Brighouse experience the highest levels of in-migration. More detailed analysis will be undertaken to identify the characteristics of the households moving into the district and the properties they are moving to. Previous population trends have shown that because of the decreases in

household size, a situation can arise where there is a net increase in households moving into the Borough but an actual net decrease in the number of people.

- 4.11 Overall, house prices in Calderdale increased by 78% between 2001 and 2004 (the second highest increase in West Yorkshire) and in some areas prices more than doubled. In terms of type, the highest increase has occurred in the price of semi-detached houses (95%). In 2003 Brighouse had the highest housing price increase in the region (65%) according to Halifax Estate Agency, and in 2004 Sowerby Bridge was Calderdale's housing hotspot with a 32% increase, making it the fourth highest in the region. According to the latest Land Registry data the average overall property price in Calderdale is now £124,500.
- 4.12 This background is significant and must influence the housing strategy. However, the strategy must be robust and look to the medium term situation where some stabilisation and correction within the housing market can be anticipated.
- 4.13 In terms of affordability, the Study provides detailed and specific information regarding direct and indirect housing costs across the various tenures, together with information on incomes and finances.
- 4.14 **Taking into account average house prices, income and savings levels, the Study identifies that very high proportions of households wanting to move are unable to purchase in the open market. Some 70% of newly forming households and 67% of existing households cannot afford to purchase an average priced end terrace house or flat.**
- 4.15 **Looking at the population as a whole, more than 70% of households have a monthly income below the £1,756 required to secure a 95% mortgage on an 'entry-level' property costing £90,123, and the proportion is even higher for households presently living in rented accommodation.**
- 4.16 In terms of housing need, the Study uses current Government guidance to identify the net number of households who require affordable housing and whose needs cannot be met through letting of the existing dwellings in the sector. The calculation does not give a definitive figure of the number of new dwellings required to be built, but gives an indication of the number of households currently in housing need in Calderdale (720).
- 4.17 This starkly illustrates the effect of the increase in house prices on the number of households that cannot afford to buy on the open market and who therefore require accommodation that is provided at a price below the market level, i.e. affordable housing. The effect of the growth in property values is compounded by the sale of affordable homes, with the social rented sector in Calderdale still losing around 200 properties each year through the Right to Buy mechanism.

- 4.18 **It is fair to say that the key issue highlighted by the research is that very substantial parts of the local population will struggle to access the property market at all without some intervention by public service providers, and, hence, there is a significant need for more affordable homes in the Borough.**
- 4.19 These findings are backed up by day to day experience in the Housing Service, with increasing pressure from homeless applicants and some temporary accommodation outside the Borough having to be used over the past couple of years to supplement temporary accommodation in Calderdale. Nationally, it is estimated that around 100,000 households are now living in temporary accommodation. Moreover, a recent report by HBoS has revealed that homes in nearly 90% of Britain's towns are now too expensive for key public services staff, such as nurses and firefighters. In Yorkshire 92% of towns are beyond the means of nurses on an average salary, compared to just 21% three years ago. According to the bank, the average house price in Yorkshire has more than doubled over the past 5 years from £55,000 in 1999 to £121,000 in 2004 (Calderdale £119,000). This means a typical nurse or firefighter would have to borrow five times their annual salary, and teachers and police officers up to four times, in order to purchase such a property.

### **Affordable Housing Policy**

- 4.20 On the basis of the above, the procurement of affordable housing wherever possible has to be a priority for the Council if it is to avoid the situation where local people are priced out of their communities and key public sector workers are unable to access the local housing market.
- 4.21 A few key facts show the national context in terms of housing supply and demand:
- In England 155,000 new households are projected to form each year, while the net housing stock is only growing by 120,000 per year;
  - Over the ten years to 2002, the construction of new houses fell to its lowest level since the second world war;
  - 21,000 social homes were built in the UK during 2002/03, yet 19,535 were lost within just the first quarter of 2002/03 through Right to Buy.
- 4.22 In fact, the Barker Review of housing needs and housing supply (ODPM 2004) concluded that the shortfall of housing that has been sustained over a period of time has contributed greatly to the rise in house prices at levels well above the European average, leading to an affordability crisis. The national charity Shelter's Roof Affordability Index claims that the average first home is nearly 60% less affordable in 2004 than a decade ago.
- 4.23 There have been a number of recent national initiatives designed to address affordability issues and to increase levels of home ownership. These include shared ownership schemes, market renewal projects, help for tenants to buy on the open market and attempts to free up public sector land for low cost property construction.

- 4.24 However, local authorities have two specific ways in which they can influence the supply of affordable housing in their locality. The first is to work in an enabling capacity with local housing providers to help them develop affordable housing using funding from the Housing Corporation (Social Housing Grant) as part of their Approved Development Programmes. However, Housing Associations in Calderdale are struggling to find development sites that are within their means as private speculators drive land and property prices upwards. This makes the second, potentially more powerful, tool even more relevant - to identify sites or parts of sites which can be used for affordable housing, either from its own stock of land or by using powers under the 1990 Town and Country Planning Act.
- 4.25 Section 106 of the Town and Country Planning Act 1990 allows the Council to place an obligation, as part of planning consent, upon any private development of 25 units or more for the developer to build a proportion of affordable units.
- 4.26 At present, the Calderdale Unitary Development Plan identifies 20% of all larger sites (25 units and above, or more than one hectare in size) to be allocated for affordable housing. In rural settlements of 3,000 or less population the figure is 15 or more dwellings or a site of 0.5 or more hectares.
- 4.27 However, in a context of high land and property prices, Registered Social Landlords (RSLs) are unable to guarantee affordable rents at this level of provision, due to the high level of borrowing they would have to undertake to purchase the units from the developer. So, in practice, in order to ensure affordable rents, the Council is achieving, at best, 10% of units on relevant sites, which are provided at 50% discount to the nominated RSL.
- 4.28 In 2004/05, 11 units of affordable housing were handed over to Housing Associations as a result of section 106 agreements, and the figure was 5 in the previous year. This does not take into account some 100 units of affordable housing 'in the pipeline', but it still needs to be seen in the context of an average annual dwelling completion figure in Calderdale of 654 between 1998 and 2004. It should also be noted that in some exceptional cases commuted sums to provide affordable housing off site are agreed in lieu of affordable homes on the development itself. The threshold of 25 units also limits the number of affordable homes that can be negotiated.
- 4.29 Clearly, this level of provision is not going to contribute greatly to meeting the extent of affordable housing need revealed by the Housing Requirements Study. Therefore, it would seem appropriate to review, and consult on the way the Council uses the powers available under the 1990 Act, with a view to securing a higher level of affordable housing contributions from private developments.

- 4.30 The Housing Requirements Study will provide the information base for a review of the Council's policy, for example by providing details of levels of housing need in different areas of the Borough. It is proposed that a new Supplementary Planning Document be prepared, guided by the Housing Requirement Study data, to ensure that an appropriate level of affordable housing is provided as part of new housing developments and renovation projects.
- 4.31 The draft Housing Strategy points out that Calderdale is currently running ahead of the current Regional Spatial Strategy housing target of providing 450 dwellings a year in Calderdale. This interest in residential investment in the Borough can be very beneficial if it is channeled increasingly to meet local housing needs and regeneration and other agendas outlined in the draft Housing Strategy.

### **Calderdale Housing Strategy 2005 - 2010**

- 4.32 Calderdale Council, in common with other local authorities, has a duty to evaluate local housing requirements and then set out policies and programmes to help address these in a formal housing strategy statement. Calderdale has produced a housing strategy (or update) on an annual basis for a number of years. The 2003 Local Government Act made the production of such strategies mandatory, but if the strategy is deemed by the Government to be 'Fit For Purpose' a new one will not be required for 3 - 5 years. The Government will however check progress made in delivering the Housing Strategy Action Plans. Evidence that the Housing Strategy is 'Fit For Purpose' assists in the CPA evaluation process, by demonstrating that the Council understands its local housing markets, has established ambitions and priorities for them and is taking action to achieve those ambitions and priorities.
- 4.33 The draft Housing Strategy 2005 - 2010 is the Council's principal vehicle for providing direction for both private sector and social housing activity within the Borough for the next five years. The strategy demonstrates the links between housing and health, social care, community safety, social inclusion, energy efficiency, sustainability and employment and highlights the need to adopt a 'joined up' approach to these and other issues. It incorporates key issues identified by other linked local strategies and demonstrates how national, regional and sub-regional agendas for housing are being taken forward in Calderdale.
- 4.34 Evidence to support the identification of key objectives, determination of strategic priorities and the development of the Action Plans has been obtained from the Calderdale Housing Requirements Study, the Stock Condition Survey 2000, the Calderdale Crime Audit and various consultation exercises undertaken in the Borough over the past few years.
- 4.35 The vision underpinning the strategy is:

***To enable everyone in Calderdale to have access to a decent and affordable home in a safe and sustainable neighbourhood.***

4.36 The six objectives within the strategy identify the different issues that will need to be addressed if this vision is to be realised. They are:

- **To meet the community's need for a choice of affordable properties based upon a good understanding of the housing market in the Borough.**
- **To reduce the amount of poor quality housing and increase the number of decent homes**
- **To ensure an effective housing contribution to the regeneration of the Borough**
- **To meet diverse housing needs, foster community cohesion and support vulnerable people**
- **To help residents feel safe and free from fear in their homes and neighbourhoods**
- **To reduce fuel poverty and contribute to tackling health inequalities.**

4.37 The draft Housing Strategy is attached at Appendix 2. It contains action plans designed to address the above objectives, including specific actions and targets for affordable housing provision, as well as an explanation of why each objective has been identified.

## **5. OPTIONS CONSIDERED**

5.1 As the Housing Requirements Study is a statistically robust piece of research, it would not be sensible to ignore its findings, though this of course remains an option.

5.2 In order to achieve 'fit for purpose' accreditation from the regional Government Office, the Housing Strategy needs to reflect the input of a range of organisations and individuals.

5.3 The Council could continue to seek the same level of affordable housing within private housing developments using section 106 powers. However, it is considered that this would not address the extent of need revealed in the Housing Requirements Study, and would result in a failure to achieve the targets contained within the Housing Strategy. Hence, there is a need to prepare a new Supplementary Planning Document, in line with the prescribed statutory process, to underpin the Council's approach to the procurement of affordable housing through the planning system, and a basis for such a document is attached at Appendix 3.

## **6. CONSULTATION**

- 6.1 The Housing Requirements Study was overseen by a Steering Group comprising officers from Housing, Planning, Environmental Health, Chief Executive's Office and Pennine Housing 2000.
- 6.2 A draft Supplementary Planning Document on affordable housing would have to follow a prescribed process, including extensive consultation with interested parties.
- 6.3 Some consultation has already been undertaken as part of the process of drawing up the draft Housing Strategy, mostly with Registered Social Landlords, and Government Office, and other services within the Council, but this report seeks approval for a formal consultation process to begin.
- 6.4 It is suggested that the consultation should include a Members' seminar and specific consultation with the Authority's Planning Committee.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 The cost of the Housing Requirements Study has been met by the Council with substantial contribution from registered social landlords, and any further analysis required will be carried out by Community Services' staff.
- 7.2 The cost of producing the Housing Strategy, including future consultation, will be met from within Community Services' budgets.
- 7.3 The draft Housing Strategy contains a section outlining finance issues. Whilst substantial sums are detailed it is made clear that no firm commitment to availability can be made at this stage. The availability of resources will increasingly depend on decisions made by the Regional Housing Board.

## **8. CORPORATE IMPLICATIONS**

- 8.1 The Council's Corporate Plan contains actions and targets aimed at addressing housing needs, including the securing of affordable housing through planning mechanisms.
- 8.2 The Housing Requirements Study and the Housing Strategy both seek to address the housing requirements of all members of the community, and recognise that some individuals and communities will have different needs. The Housing Strategy's objectives are organized to support broader Council priorities including addressing regeneration, helping vulnerable groups and crime and disorder agendas.

## **9. CONCLUSION**

- 9.1 The Housing Requirements Study has provided a range of up to date information about housing markets and housing need in Calderdale. It has concluded that there is a considerable need for affordable housing in the Borough, over and above that already provided or planned.

- 9.2 Whilst the Council will continue to work with Registered Social Landlords to help them increase their stock within the Borough using their own resources and funding from the Housing Corporation, the Council is also in a position to use its planning powers to secure additional affordable housing within private sector housing developments. Hence, this report suggests the development of a new Supplementary Planning Document, which recognises the high level of need.
- 9.3 The draft Housing Strategy reflects and aims to contribute to the achievement of a wide range of policy objectives which are shared by the Council and its partners, including improvements to health and community safety, fostering community cohesion and contributing to physical and community regeneration.
- 9.4 As its potential impact is so wide-ranging, it is important that extensive consultation is undertaken, particularly on the objectives and specific actions proposed. Therefore, this report invites the comments of Cabinet as the first stage in this process, and seeks approval for the draft to go out to formal consultation with key partners, stakeholders and members of the public.

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**Documents used in the preparation of this report:**

Calderdale Council Housing Requirements Study 2005, Outside Research & Development  
Calderdale Council Draft Housing Strategy 2005 - 2010  
Yorkshire Post 21<sup>st</sup> May 2005  
Halifax Evening Courier 15<sup>th</sup> January 2005  
Affordable Housing Issues, Northern Housing Consortium, 2005

**Documents are available for inspection at:**

Northgate House, Halifax

**CALDERDALE HOUSING REQUIREMENTS STUDY - KEY POINTS**

□ **Methodology**

- 14,400 postal questionnaires were sent out and 2,476 received back (19.1%)
- 1,204 face to face interviews were conducted
- 2 focus groups were held (BME community and young people)
- Secondary data was used e.g. Census, Land Registry information
- Calderdale was divided into 12 housing sub areas and a similar sample sought from each

□ **Statistical validity**

- Confidence interval for district = +/- 1.59%
- No higher than +/- 6% for any of the 12 sub areas
- Representative by type and reasonably for tenure (though under-representation of private rented sector).

□ **Housing need**

- Defined as households that are unable to enter the general housing market without some sort of intervention by public service providers.

□ **Affordability**

- Defined by the relationship between local incomes and the local general housing market. So, affordable housing is that provided with subsidy for people who would otherwise be excluded from the general housing market due to the relationship between local housing costs and local incomes. It is defined on a 'tenure neutral' basis by government.

□ **Population change**

- Calderdale is experiencing a growth in households due to inward migration.
- Even in 2001 when Calderdale experienced a net outflow of 541 people, this resulted in an increase of 54 households (due to inward migration in smaller household units). In 2003 there was a net increase of 600 people and in 2004 a further 400 people (the only other West Yorkshire authority with a positive net migration balance was Wakefield).
- In 2002 and 2003 Calderdale received population from other West Yorkshire districts and from Yorkshire and Humber as a whole, and had a positive net flow from London and the South East.

□ **Tenure, type and prices**

- Social rented tenure is lower in Calderdale than regional and national levels.
- Average overall property prices have risen 77.6% over the period 2001/2004, slightly above the regional figure of 75.2%.
- Between 2003 and 2004 all property types experienced price changes above the national average - this was most marked for flats and terraces. The disparities between postal areas have increased : from HX1 at minus 3.9% to OL14 at 48%, to HD2 at 50% and BD19 at 61%.
- There is a suggestion that the social housing stock in Calderdale may be less marketable than other West Yorkshire areas.
- The Calderdale Housing Register has recorded a steady increase since 2001. Most demand is for two bedroom properties.

#### □ **Households**

- A mean household size of 3.83 was calculated from the survey for Asian/Asian British households, compared to a district mean of 2.26
- The age distribution of the white population exemplifies an ageing population, whereas the distribution of the BME populations shows younger growing populations.
- 21% of respondents have a limiting long-standing illness (there is considerable variation between the 12 areas).
- 13% of households include someone who has difficulty moving around their home.
- There is quite a lot of variation across the 12 areas in employment status and the financial support/benefits received by households.
- 70.4% of households had a net monthly income of less than £1,756 which is the amount required to secure a 95% mortgage on an entry-level property costing £90,100 (assumes 30% of income devoted to housing costs). 98% of RSL tenants and 79% of private tenants have monthly net incomes below this level.
- £4,500 deposit would be required on an entry-level property (assuming a 95% mortgage) and only 33.1% of households had this amount in savings to use for a deposit on a new home (92% of those renting have less than £4,500 available for a deposit, though 94.5% of owner-occupiers have more than £5,000 equity). There are wide variations across the 12 areas - in Park, 22% of owner-occupiers have less than £5,000 equity, and only 80% of renters in Elland/Greetland have less than £4,500 available for a deposit.
- Fuel poverty - 17.2% of households pay more than 10% of their annual net income towards fuel costs.

## □ Dwellings

- The largest tenure group is owner-occupation and terrace houses are the modal dwelling within Calderdale. There is a wide variation of housing type by area, e.g. 76% are terraces in Park and the area contains less than 1% of the district's detached housing. The private rentals market shows the greatest variation across the 12 housing areas, but there is also quite wide variation in social renting (over 30% in Illingworth/Mixenden but less than 4% in Northowram/Hipperholme).
- The majority of housing in the district consists of 2 and 3 bedroom terraces and 3 bedroom semi-detached properties.
- 8% of households felt that their accommodation was not suitable for their needs (the 3 main reasons were that it was too small, that major repairs were needed or that someone in the household had special needs). Households where the respondent was aged 16 - 44 had lower levels of satisfaction, and unsuitability was highest in Park and Boothtown/Siddal/Southowram.
- The modal household size is 2 person (39%) and the second most frequent is single person households (29%).
- 88% of householders are paying less than £501 per month in rent/mortgage payments, which is below the costs for the average entry-level home of £526 per month. Almost all households (99.2%) in social renting are paying less than £501 per month, which is below the affordability criteria in the housing needs model (£526).

## □ Housing moves

- Backlog of need is calculated as 8.1% of households whose current accommodation is unsuitable, of which 46.8% plan to move within next 2 years = 3,080 households. 67.1% of these have an income level below that required for an entry-level property (terrace house or flat).
- 16,343 households moved to their present address in the last 2 years, and of these 4,208 were in-migrants. Of the 12,135 who moved internally within the district, 13.4% were first home new households and 12.1% were new households formed as a result of divorce or separation. Assuming only half of a newly split household represents a newly arising need, this means that 19.4% of moves within the last 2 years involved newly formed households within the district (2,355). The annual rate of internal new household formation is thus 1,177.
- Moves to current address from outside the district in the last 2 years were 4,208 households. The number of in-migrants as a proportion of moves has been steadily increasing over the last 10 years (23% to 28%). This ranges from 36% in Hebden Royd to 18% in Boothtown and Sowerby Bridge.

- Of the 2,355 newly forming households over the last 2 years (excluding in-migrant households) 16% moved into social rented accommodation.
- 15.6% of households who moved in the last 2 years within the district (1,408 households) changed their tenure from private to social housing.
- Of in-migrant households over the last 2 years, 15% moved into the social rented sector and 0.5% into shared ownership.
- 52% of the households who moved within the last 2 years into social housing (4,548 households) were previously in the private sector (2,363 households) and so are new to the social housing sector in Calderdale. The majority moved into 1 or 2 bedroom properties. The proportion of single people aged over 60 moving from the private sector is high. Nearly half of all new social housing tenants over the last 2 years were single and reflect an older age profile than that of the social housing sector as a whole.
- Interest in shared ownership/shared equity is quite high from respondents - 13% of existing household movers and 26% of new forming households.
- The majority of existing households that plan to move within Calderdale in the next 2 years are looking for 1 or 2 bedroom flats/apartments and bungalows.

#### □ **Housing Needs**

- *Affordability* : assuming households will allocate no more than 30% of net household income towards housing costs, and using Land Registry data to calculate the price of an entry-level dwelling at £90,123, then a 95% capital and interest mortgage will require a monthly net income of £1,756 (together with savings/equity of £4,506) to service the debt.
- *Needs assessment model* : Using Government guidance, this is based on a calculation of the backlog of housing need, to which is added newly arising need, and then when the supply available to meet that need is subtracted the overall shortfall or surplus housing need is identified. (The model is based on some interpretation and assumption - there are a number of possible data sources for each stage of the model - and should be considered alongside actual experience of housing need evidenced through housing register data etc.) The model is a dynamic tool for predicting housing need in a district, and it should be updated periodically or when key information is known to have changed.
- **Backlog of existing need** : The first step is to quantify those who say their home is not adequate for their needs (= 6,587 households from the survey) and then exclude those who say they are not intending to move in next 2 years (assume they will seek an in-situ solution). This leaves 3,080 households. But, of these, 67.1% have a net household income insufficient to purchase an entry level property (assuming they will spend no more than 30% of net income on housing costs), equivalent to 2,067

households. To this is added households in temporary accommodation (177), which gives a total of 2,244 households. Assuming this backlog is to be tackled over 5 years (i.e. 20% per year), the annual **backlog of existing need is calculated as 449 households.**

- **Newly arising need** : From the data collected on housing history in the survey, the total annual figure for newly forming households (from existing or following family breakdown) can be calculated as 1,177. Of these 69.9% cannot afford an entry-level property (= 823). Then the number of households falling into priority need during a year is assumed to be any moving from owner occupation or private renting to social housing = 704. Finally, the number of in-migrants who in theory should not have been able to afford suitable private sector housing is added (314) to give a total for **newly arising need of 1,841.**
- **Supply of affordable units** : The first step is to calculate the supply of social re-lets per annum, net of household moves within the same tenure (as this does not release a property) which gives a figure of 1,577, and then subtract from this the number of dwellings taken out of the supply of affordable housing by demolition, remodelling and Right to Buy sales which would have been available for letting if they had not been sold. The figure used in the calculation is the 2005/6 PH2K planned demolitions of 120, giving a net supply of 1,457. Then the number of planned affordable housing completions needs to be added (113) to give an **affordable supply of 1,570 units.**

\* **Hence, the model suggests an overall annual shortfall of 720**  
**[(449+1,841) – 1,570]**