

Leicester  
City Council

All Wards

**HOUSING SCRUTINY**  
**STRATEGIC PLANNING AND REGENERATION SCRUTINY**

**10 OCTOBER 2002**  
**17 OCTOBER 2002**

**CABINET**

**27 JANUARY 2003**

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## **2002 ASSESSMENT OF LEICESTER'S HOUSING NEEDS**

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### **Report of the Corporate Director of Housing**

#### **1. Purpose of Report**

This report outlines the findings of a survey of Leicester's Housing Needs.

#### **2. Summary**

- 2.1 The survey shows a shortfall of affordable housing of 635 homes each year. This is based on an assessment of housing need – both backlog need and newly arising need - for those households who cannot afford to market housing and need to move to solve their problems. In addition to this a further 7514 households are inadequately housed requiring an 'in-situ' solution, mostly due to overcrowding or the need for adaptations or repairs. The survey will continue, for some time, to highlight areas for further research on specific issues and itself, a source of information for the formulation of housing policy.

#### **3. Recommendations**

- 3.1 Cabinet is recommended to note the findings of the 2002 Housing Needs Survey.

#### **4. Financial & Legal Implications**

- 4.1 None arising directly from this report.

#### **5. Author of report**

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**DECISION STATUS**

<b>Key Decision</b>	<b>Yes</b>
<b>Reason</b>	<b>City wide impact on communities</b>
<b>Appeared in Forward Plan</b>	<b>Yes</b>
<b>Executive or Council Decision</b>	<b>Executive (Cabinet)</b>

**HOUSING SCRUTINY  
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**2002 ASSESSMENT OF LEICESTER'S HOUSING NEED**

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**Report from the Corporate Director of Housing**

**SUPPORTING INFORMATION**

1. **Report**

1.1 **Summary Background**

- 1.1.1 A key aim of Leicester's Community Plan is to achieve "A decent home within the reach of every citizen in Leicester". When a household does not have a home, or more commonly, have one that is deficient in some way, they are often described as being in "housing need". Housing needs surveys define the deficiencies in terms of mobility within the home, overcrowding, disrepair, cost, etc. The effect of housing need on the household can manifest itself in mental and physical illness, poor educational attainment, enhanced inequalities and social exclusion.

Housing Authorities have a duty to assess housing conditions and hence 'need' in their areas. In July 2000 the Government published detailed guidance on how this could be done in a standard way by all Local Authorities, and the City Council now has a Housing Needs Survey compiled by Consultants in line with Government guidance.

Once 'need' or 'deficiencies' are quantified the Local Authority can consider how the issues can be tackled. There are two variables:

- will the problem be resolved "in-situ" (e.g. repairing or extending the home etc.) or will they move house?
- can the household afford to solve the problem itself?

This report highlights the issue of those households whose having problems can be resolved by moving but whose income is too low for them to do it by renting or buying in the open market.

1.1.2 The Housing Department undertakes a large scale assessment of housing needs approximately once every 4 years. The present study carried out by consultants – Fordham Associates – on behalf of the Department is the most comprehensive to date. The survey cost £60,000. The survey employed a hybrid approach with 500 completed personal interviews and 3600 returned postal questionnaires (18.8% return). Students households were excluded from the analysis. This represents a significant amount of data, sufficient to provide a robust and reliable analysis of housing need in accordance with ODPM guidance.

1.1.3 It is intended that this research be used as the basis for wider consultation on appropriate policies for the provision of future ‘affordable housing’, and to feed into other policy review, such as ‘Replacement Leicester Local Plan’.

## 1.2 Compilation of Housing Needs Survey

1.2.1 The research looks at three main elements:

- Assessment of affordability
- Assessment of the need for social housing units (using the ODPM model)
- Assessment of households requiring an ‘in-situ’ solution to a housing need problem.

1.2.2 The following sections give an explanation of how the assessments are arrived at. Essentially the survey establishes housing need, distinguishing between that which requires a house move and that which requires an in-situ solution. It then qualifies which of this need is social housing need through the application of affordability criteria.

## 1.3 The need for units of social housing - The ODPM Model

1.3.1 In July 2000 the then DTLR published Local Housing Needs Assessment: A guide to Good Practice. This guide established a standard approach and framework to carrying out such assessments. Basically the model establishes housing need in terms of two categories - backlog need and newly arising need. Where existing households are living in unsuitable housing, for whatever reason, and a house move is the most appropriate solution, this constitutes the backlog element. Also non-households such as homeless and potential households are included in the backlog calculation. The newly arising need is made up of new households that are likely to form, ex-institutional population moving into the community, existing households falling into need and in-migrant households. From this information the model calculates an annual level of need for social housing units.

1.3.2 In order to ascertain the overall position it is necessary to set the calculated level of need against the existing supply. The calculation for this is based entirely on the number of social housing relets that are available in a year based on what has happened historically in the City.

1.3.3 The application of the model ends up with a net figure which represents the net shortfall (or oversupply) of social housing in the City

## 1.4 Affordability

- 1.4.1 The need for social housing in the City is defined by the levels of affordability of housing in the City. Affordability is a function of the price of housing and peoples income/savings – their ability to purchase. Where a household can afford to purchase a house on the ‘open market’ it does not need social housing regardless of any housing related need. Where a household cannot afford a mortgage for the house that meets its needs, nor rent in the private sector, then social housing is its only option. Effectively the information from the surveys allows us to identify the thresholds for affordable housing.

The Housing Needs Assessment establishes what affordability means in the context of the City of Leicester. Minimum and average house prices were established through a survey of estate agents and examination of land registry data. Differential prices were established for each of the different categories of house size (from one bedroom to 4+ bedrooms).

Also, as part of the survey, an accurate estimate of household income and savings was obtained. Taking average levels, this allows a calculation of the amount of mortgage or private rent a household would be able to afford.

To afford to rent a property a household would have to have a net income a maximum of 30 % of which would go to paying the rent. To afford to purchase a property a household would have to have gross income of 1/3 its mortgage requirement.

- 1.4.2 In calculating the overall need/demand for social housing from all households defined as ‘in need’ above, the income and house price data are used to identify those households who fall below the affordability threshold.

## 1.5 In Situ solutions

- 1.5.1 The survey found some households to be unsuitably housed but showed that the most appropriate solution was an ‘in-situ’ one. In other words their housing problem could be solved by doing something with their current home. Such households are distinguished from those included in the model calculations above by virtue of their expressed intention not to seek a house move.

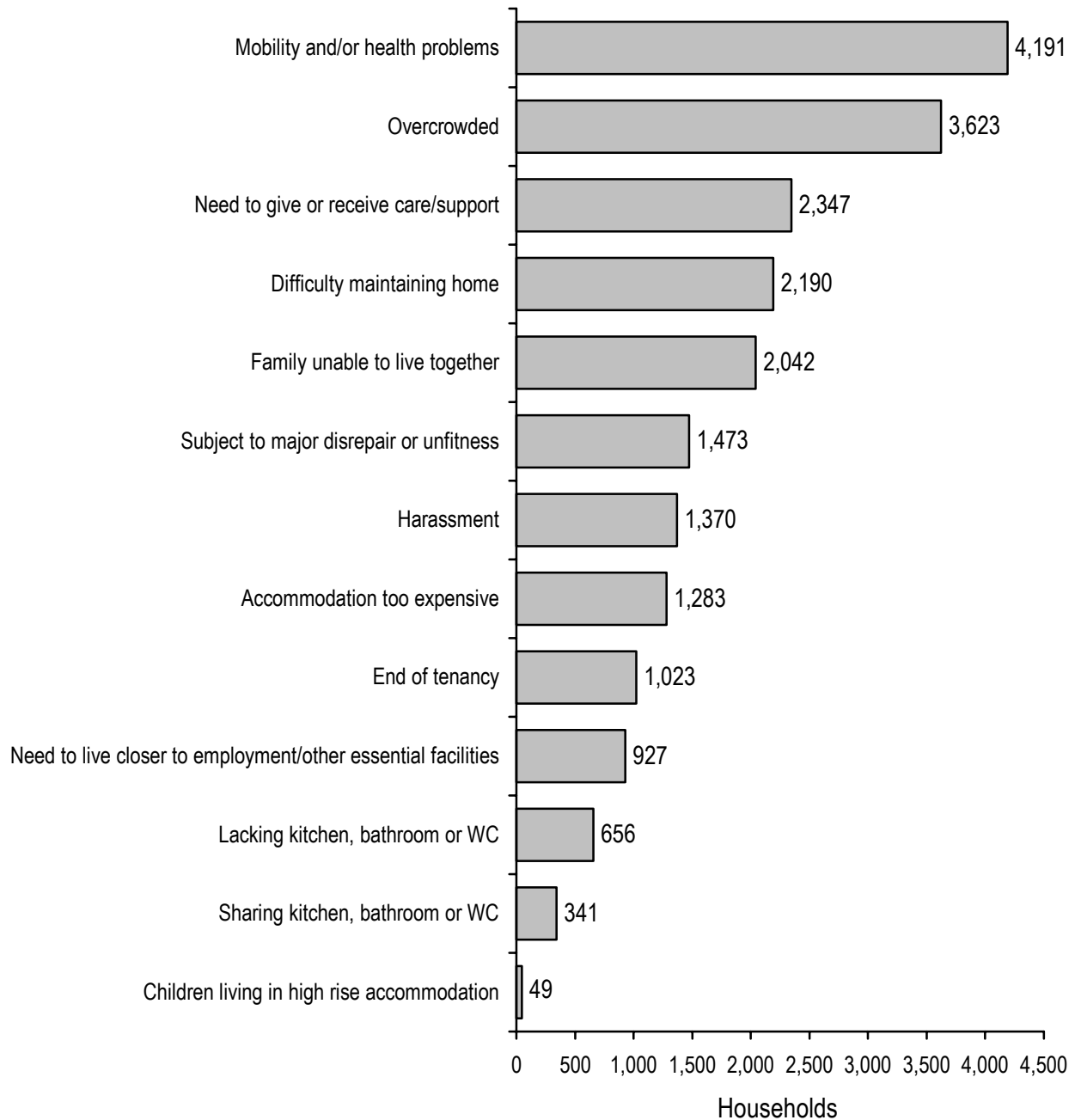
Consideration of the in situ element of housing need is of equal importance to that need that requires a house move. The fact that it does not feature as part of the Government’s needs assessment model should be considered a significant omission.

## 1.6 Findings of the Housing Needs Assessment

### The need for social housing units

- 1.6.1 The survey found a total of 13,982 households across the City to be currently unsuitably housed. Of these an in situ solution was deemed to be appropriate for 7514 households and an ‘out of the City move’ for 1241. Of the 5228 needing to move within the City 1374 were shown to be unable to

afford market housing. When non-households (680) are added in here the total backlog of social housing need equates to 2,054. If as the government model suggests we tackle this backlog over a five-year period then on an annual basis the need amounts to 411 units (i.e. 20% of 2,054). The reasons for unsuitable housing are presented in the following graph:



The survey also gave an analysis of what proportion of ethnic groups were unsuitably housed with the following findings:

Households unsuitably housed	No	% of households in that ethnic group
Black	747	25.4
Asian	4528	23.4
White	8746	9.8

Further research and analysis is planned to ascertain reasons for unsuitability within each group.

In estimating the newly arising need 1792 new households are anticipated to be formed of which some 562 will not be able to afford market housing. With households that will fall into need (1158) and households moving into the City who are unable to afford market housing (1301) the total newly arising need will be 3021 households.

Putting the backlog and newly arising need together the application of the ODPM model showed an annual demand for 3432 units of social housing.

- 1.6.2 Set against the annual supply estimated at 2797 social housing relets each year this leaves an annual shortfall of some 635 units. In terms of dwelling size the breakdown of this figure is as follows:

Dwelling size	Affordable Units Shortfall(Surplus)
1 bed	131
2 bed	249
3 bed	63
4+ bed	192
Total	635

- 1.6.3 The above calculations looked at housing need identified by the categories outlined in the above graph. However the survey also collected information on peoples aspirations about what tenure of dwelling they would choose to occupy. This showed marked preference for owner occupation and social rented above private rented. Taking account of supply in each of these groupings this shows, in theory at least, that there is a shortfall of both owner occupied and social housing and a surplus of private rented.

## 1.7 In situ need

- 1.7.1 It is clear from the above that some 7514 households in need are discounted from the final analysis due to their requiring an in situ solution to their housing problem. In effect 12.7% of City households are unsuitably housed but have stated no intention to move.

The main reasons for the in-situ need are - the need for repairs and/or adaptations, or overcrowding.

More work is planned to look at the in-situ need situation and whether the Housing Strategy is geared up to tackling it. The reasons as to why a house move is not sought to solve housing problems will be investigated further. What is available and at what price is a significant factor as well as preference for location – accepting whatever housing problems there may be – over a move away from a particular community for example.

## 1.8 Affordability Findings

1.8.1 The table below presents the minimum and average property prices and rents as identified from the survey work.

Minimum and average property prices/rents in Leicester (as of April 2002)		
Property size	Minimum price	Average price
1 bedroom	£42,500	£51,500
2 bedrooms	£59,500	£71,500
3 bedrooms	£82,000	£100,500
4 bedrooms	£134,000	£172,500
Property size	Minimum rent (£, pcm)	Average rent (£, pcm)
1 bedroom	£291	£342
2 bedrooms	£351	£393
3 bedrooms	£420	£459
4 bedrooms	£540	£585

1.8.2 The research also estimated corresponding prices for new build in the City.

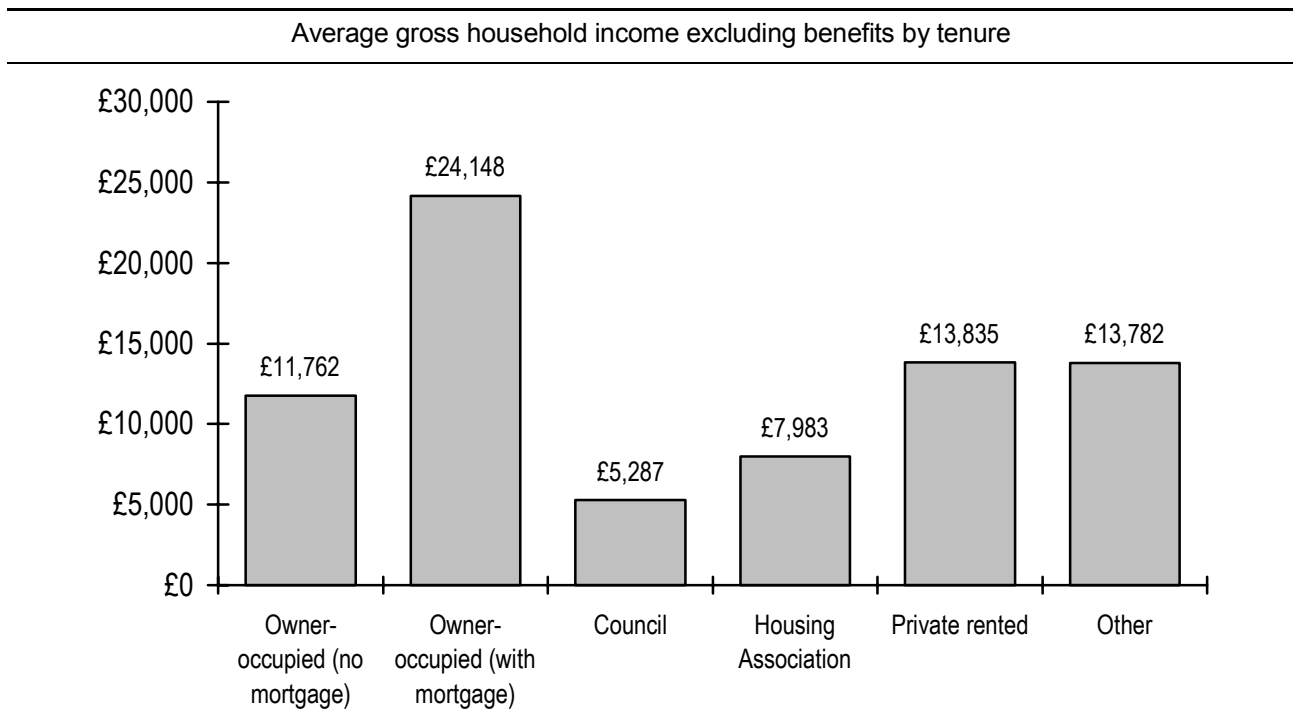
Newbuild prices in Leicester	
Property size	Estimated new build prices
1 bedroom	£63,000
2 bedrooms	£89,000
3 bedrooms	£105,500
4 bedrooms	£202,500

1.8.3 In terms of incomes the survey determined the following levels:

Household income and savings by household type			
Household type	Average gross household income excluding benefits	Average gross household income including non housing benefits	Average level of savings
Single pensioner	£4,205	£7,121	£2,302
2 or more pensioners	£7,089	£11,733	£2,993
Single non-pensioner	£12,552	£13,503	£2,461
2 or more adults, no children	£20,586	£21,907	£1,903
Lone parent	£7,111	£9,336	£588
2+ adults, 1 child	£21,898	£23,204	£2,921
2+ adults, 2+ children	£20,836	£22,558	£1,467
ALL HOUSEHOLDS	£14,515	£16,426	£2,122



#### 1.8.4 The following graph gives average income by tenure



Where individuals or households are in housing need and are unable to afford suitable 'market housing' at the minimum values shown above, then this defines the level of demand for affordable housing. The figures presented here were used to arrive at the final need figures above.

The income figures above serve as a guide to indicate where Leicester stands. In terms of the overall average of £14,515 Leicester's relatively poor status is illustrated. The national average household income level is considerably higher at £21,750. For those housed in Council properties incomes are the lowest of all. When income is looked at alongside house prices, it is here that the information is more meaningful.

As an example if we take a family – a couple with one child –they would need, as a minimum, a 2 bedroom property. In Leicester the minimum cost of such a property is estimated at £59,500. If the family had for instance savings of £4000, then their gross income would have to be £18,500 (i.e. one third of the mortgage requirement) to support a mortgage of £55,500. The survey analysis shows the households with 2 adults and 1 child to have an average income of £21,898 and savings of £2921. Therefore the average family would be able to afford a minimum priced 2 bedroom house. **However a substantial proportion of families earn below the average and will have no option but to rely on social housing.** If these families were to grow then they would need considerably more income to afford a three bedroom house.

The findings clearly demonstrate that as the lowest priced new build market housing is so much more expensive than minimum second hand market values, it is by definition beyond the affordability threshold.

House prices in Leicester are on the increase in line with national trends. This means that as they continue to grow above the rate of increases in income levels, then the number of households who are able to afford market housing will decrease, and the demand for social housing will increase. It will become increasingly important to maintain a vigil on house prices and incomes to continue to understand the demand for social housing.

1.8.4 The need for Wheelchair and Access Housing

1.8.5 The housing needs survey identified some 13.7% of households where one or more persons have additional needs. These are categorised as follows:

- Frail elderly
- Physical disability
- Learning disability
- Mental health problem
- Severe sensory disability
- Other

1.8.6 This sets out the level of need in principle for wheelchair and access housing which will assist in meeting some of the above need. Work is currently in progress to clarify which and how the two standards for the above can meet these needs.

**2. Recommendations**

2.1.2 Cabinet is recommended to note the findings of the 2002 Housing Needs Survey.

**3 Links to Business Plan and other Strategies**

3.1.2 The Housing Needs Survey and its findings is one of the key sources of information for the HIP Housing Strategy.

**4 Other Implications**

4.1 Other implications of this report are as follows:

<b>Other Implications</b>	<b>Yes / No</b>	<b>Paragraph reference within supporting papers</b>
Equal Opportunities	Yes	Whole report
Policy	No	
Sustainable & Environmental	No	
Crime & Disorder		
Elderly people		
People on low incomes	Yes	Whole report
Human Rights Act	No	

**5 Details of Consultation**

5.1 None

## **6 Local Government (Access to Information) Act 1985**

Leicester City Council Housing Needs Survey 2002 (Draft)

## **7 Housing Department Aims And Objectives**

- To Improve The Condition Of All Leicester's Housing Stock And Resolve Unfitness In All Sectors.
- To Encourage Provision Of New Housing To Meet The Needs Of Leicester's Citizens.
- To Reduce The Number Of Empty Homes In Leicester.
- To Enable All The Citizens Of Leicester To Find A Home Which Suits Their Needs.
- To Offer Citizens Housing Choices And Full Mobility Between Tenures, Locations And Type Of Home.
- To Enable All Citizens To Have Access To Affordable Warmth And A Healthy Living Environment.

## **8 Author of report**

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