

Leicester
City Council

WARDS AFFECTED
All wards

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

**Housing Scrutiny
Cabinet**

**6th April 2006
24th April 2006**

UPDATE OF THE 2003 HOUSING NEEDS ASSESSMENT

Report of the Corporate Director of Housing

1. Purpose of Report

- 1.1 To advise Cabinet of the increased shortage of affordable housing based on an update of the 2003 Housing Needs Survey.
- 1.1.2 The recent update of the Housing Needs Survey shows a growth in the annual shortage of affordable homes from 272 to 1,181.
- 1.1.3 This justifies the council position with regards to creating more affordable housing through Homecome as well as its planning policies regarding the affordable housing provision required in new residential developments.
- 1.1.4 The worsening situation strengthens the Council's position with the provision of Housing Corporation funding for new housing association properties.
- 1.1.5 The increased shortage has arisen mainly from a lower turnover of council houses as well as sales through Right to Buy. The lower turnover is welcome as it means communities are becoming more stable, and this arises partly from investment in council houses, but also from community initiatives such as SRB and New Deal as well as individual services such as STAR and Sure Start.

2. Recommendations

- 2.1 The Housing Scrutiny and Cabinet are recommended to:
 - Recognise the decrease in the supply of affordable housing in Leicester due to a marked downturn in the number of local authority and RSL lets.
 - Recognise the increase in the annual net affordable housing requirement for Leicester, from 272 in 2003 to 1,181 in 2006.

- Accept 1,181 as Leicester’s annual net affordable housing requirement.

3. Legal Implications – Joanna Bunting x6450

3.1 The Council is under a duty to consider the needs of its area with respect to the provision of further housing accommodation. The Council is also under a duty to formulate a homelessness strategy which, although primarily focussed on levels of homelessness, also involves a review of the means of securing that accommodation is or will be available for people in Leicester who are or may become homeless.

4. Financial Implications – Rod Pearson x7108

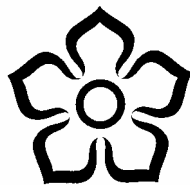
4.1 There are no financial implications arising from the recommendations of the report, however, worsening shortage of affordable housing strengthens the case for more affordable housing as set out at paragraphs 1.1.3 and 1.1.4 above.

5. Report Author

Russell Taylor, Housing Strategy & Performance, Ext 8799

DECISION STATUS

Key Decision	Yes
Reason	Significant effect on one or more wards
Appeared in Forward Plan	Yes
Executive or Council Decision	Executive (Cabinet)



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**6th April 2006
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UPDATE OF THE 2003 HOUSING NEEDS ASSESSMENT

SUPPORTING INFORMATION

1. Report

- 1.1.1 The 2003 Housing Needs Assessment update was completed by Fordham Research Ltd, and the 2006 update has been completed by L.C.C. Housing Department, following the guidelines set down by Fordham Research/the ODPM.
- 1.1.1 The initial research upon which the assessment is based, included a survey of 4,000 households in Leicester and a survey of house prices and market rents. The survey of house prices and rents and data on the supply of affordable housing was updated in 2003, and now the supply of affordable housing information has been updated for 2006.

- 1.1.2 This report shows that the requirement for additional affordable housing has increased from 272 units per year in 2003 to 1,181 units per year (over the next 5 years) in 2006.
- 1.1.3 The shortfall has greatly increased because of the decline in the number of Council and Housing Association houses that have become available for re-letting. This is part of a continuing trend over the last ten years (see Appendix D).

2. **Summary of the Assessment**

- 2.1 The affordable housing requirement needs to be updated on a regular basis to take account of fluctuations in the supply of affordable housing, and to provide an up-to-date accurate tool for the procurement of affordable housing in the City (see Appendix C).
- 2.2.1 The first affordable housing assessment was carried out by Fordham Research Ltd according to the ODPM guidelines in 2002. This assessment involved a residents' survey of Leicester to establish housing needs, aspirations and migration levels. This produces a Gross Affordable Housing Requirement – the total number of households in the City in need of affordable housing.
- 2.2.2 For the purposes of the 2003 and 2006 updates, these needs/aspiration/migration levels are taken to be constant – updating them will require a new residents survey of Leicester.
- 2.2.3 The one element of the gross affordable housing requirement which can be updated without a detailed residents and house market survey is the number of homeless households in the City. This has been updated by using this year's P1E form (homelessness ODPM returns form).
- 2.2.4 The 2006 update has taken account of changes in the supply of affordable housing, representing the financial year 2005/2006. As data wasn't available for the whole year, data has been taken for the first nine/ten months of the year and assumed (pro-rata) to represent the whole year. The likely effect of this is to underestimate the reduction in the supply of affordable housing as the supply is currently decreasing.
- 2.2.5 The supply of affordable housing is taken to be the number of Local Authority lettings, all RSL lettings (including LA and other nominations) and the number of additional RSL dwellings made available over the financial year.
- 2.2.6 In the 18 months between April 2004 and December 2005, 319 additional affordable homes were procured. There are another 562 due to be available in the next 18 months.
- 2.2.7 The need for affordable housing produced by the survey/P.1.E returns (the Gross Affordable Housing Requirement) is then measured against the supply of affordable housing, with the difference being the Net Affordable Housing Requirement (or Surplus, if the supply should exceed the demand).
- 2.2.7 Leicester's Annual Net Affordable Housing Requirement

The annual net affordable housing requirement is the gross affordable housing requirement less the supply of affordable units.

<i>Net affordable housing requirement</i>		
① Gross affordable housing requirement	2003 = 3,312	2006 = 3,306
② Supply of affordable units	2003 = 3,040	2006 = 2,125
Net affordable housing requirement (①-②)	2003 = 272 units (per annum)	2006 = 1,181 units (per annum)

3. The Detailed Assessment

- 3.1 The following analysis shows in detail the process through which the net affordable housing requirement has been achieved, illustrating the changes which have taken place between 2003 and 2006. To achieve this, a statement of the Gross Affordable Housing Requirement (need) and the Supply of Affordable Units is required in order to measure the gap between the two.
- 3.2. An update of the net affordable housing requirement is achieved by updating the data relating to social housing lets (the supply of affordable housing). In addition, the backlog of existing need can also be reassessed in the light of current homeless data. The rest of the data is taken from the 2002 city-wide social survey and the 2003 market survey, and is assumed to remain the same.

4. The supply of affordable housing

- 4.1 Presented below is a table summarising the key components contributing to the supply of social relets in the City. Information is presented for the last year and is derived from information in the Council's 2003 H.I.P. form and from allocation records for 2006.

Table: Analysis of past housing supply – 2002-03 & 2005-06

<i>Source of supply</i>	<i>2002-2003</i>	<i>2005-2006</i>
<i>Local Authority</i>		
<i>LA lettings through mobility arrangements</i>	20	3
<i>LA lettings to new tenants on introductory/secure tenancy & other</i>	2,271	1,553
<i>(Exclude transfers to RSL)</i>	(61)	(64)
① LA Sub-total excluding transfers	2,230	1,492
<i>Registered Social Landlords</i>		

<i>Total RSL lettings (including those from LA & other nominations exc. Transfers)</i>	961	707
<i>(Exclude transfers to LA)</i>	(76)	(16)
② RSL Sub-total excluding transfers	885	691
TOTAL (①+ ②)	3,115	2,183
<i>Number of additional RSL – rented dwellings</i>		
③ Number of additional RSL rented dwellings	75	58
TOTAL (①+ ②- ③)	3,040	2,125

Source: Leicester City Council – H.I.P. return 2003 & 2006 Allocations Data

5 The Gross Affordable Housing Requirement

- 5.1. Most elements of the gross affordable housing requirement are taken to remain the same as they are a product of the residents survey – the exception is the number homeless households. Homeless households are a snapshot taken for a relevant quarter from the P.1.E form, section E6.

<i>Home households accommodated by the authority</i>	
Homeless households at 31 st March 2003	75
Homeless households at 31 st Dec 2006	46

- 5.2 The reduction in the number of homeless households from 75 to 46 reduces the backlog of existing need from 2,393 to 2,364. Taking a 20% quota of this figure to progressively reduce the backlog over 5 years, the annual backlog of existing need is 473. This means that the gross affordable housing requirement for 2006 is 3,306 units, compared with 3,312 units for 2003.

6. Net Affordable Housing Requirement

The annual net affordable housing requirement is the gross affordable housing requirement less the supply of affordable units.

<i>Net affordable housing requirement</i>		
① Gross affordable housing requirement	2003 = 3,312	2006 = 3,306
② Supply of affordable units	2003 = 3,040	2006 = 2,125

Net affordable housing requirement (1-2)	2003 = 272 units (per annum)	2006 = 1,181 units (per annum)
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6.1 See Appendices A & B for tables illustrating the Needs Assessment model for 2003 and 2006.

7. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

7.1.1 Financial Implications – Rod Pearson x7108

There are no financial implications arising from the recommendations of the report, however, worsening shortage of affordable housing strengthens the case for more affordable housing.

7.1.2 Legal Implications – Joanna Bunting x6450

The Council is under a duty to consider the needs of its area with respect to the provision of further housing accommodation. The Council is also under a duty to formulate a homelessness strategy which, although primarily focussed on levels of homelessness, also involves a review of the means of securing that accommodation is or will be available for people in Leicester who are or may become homeless.

8. Other Implications

OTHER IMPLICATIONS	YES/NO	
Equal Opportunities	YES	A decent home within the reach of every citizen in Leicester
Policy	YES	Impacts on negotiations between LCC, Private Developers and Housing Associations.
Sustainable and Environmental	Yes	To enable citizens of Leicester to find and stay in homes that meet their needs, offering choice of tenure, location and type.
Crime and Disorder	No	
Human Rights Act	NO	
Elderly/People on Low Income	YES	A decent home within the reach of every citizen in Leicester

9. **Background Papers** – ODPM Housing Needs Assessment Guidance 2000, Leicester Housing Needs Assessment, Fordhams Research Ltd 2002,

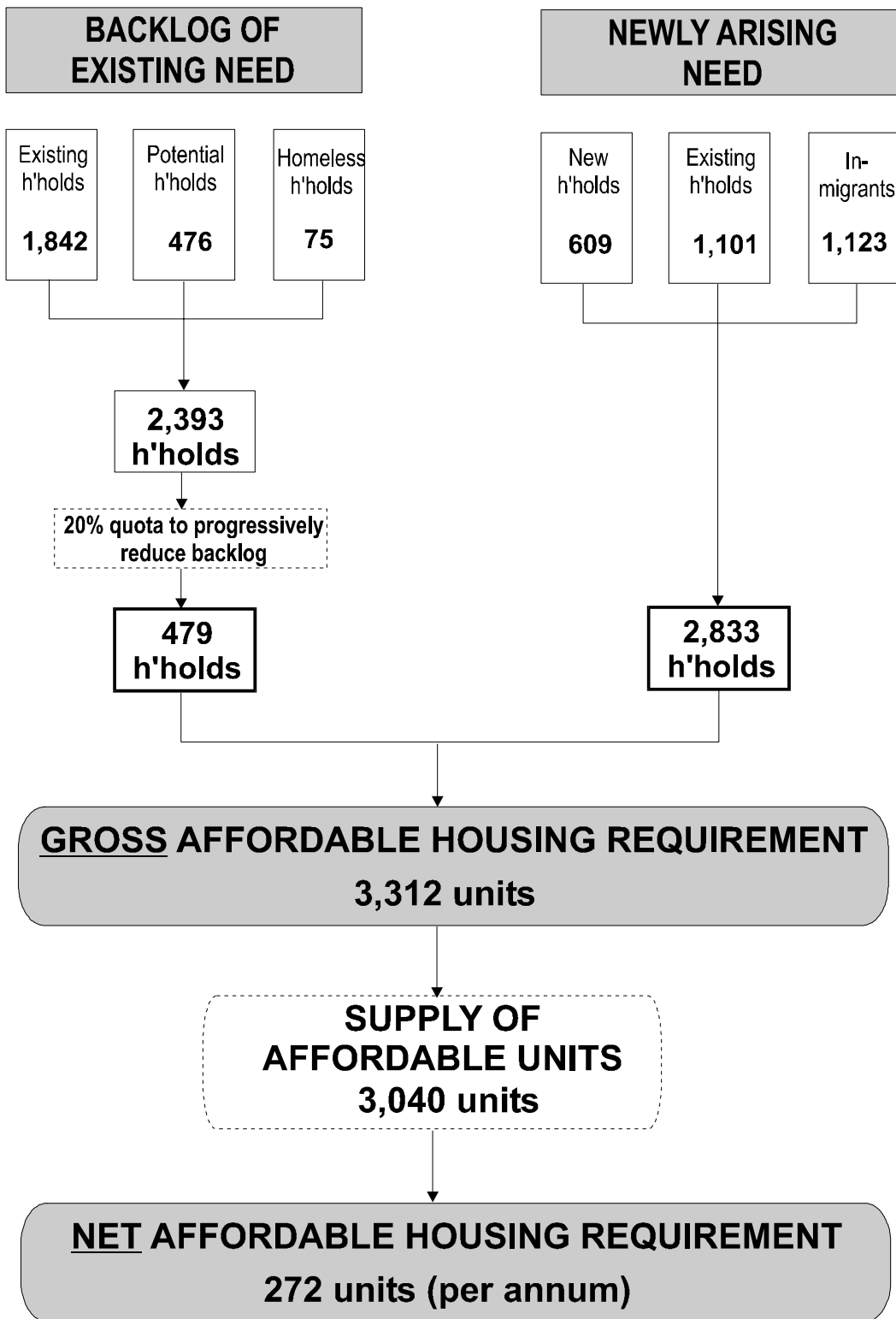
10. Consultations

10.1 None.

11. Report Author

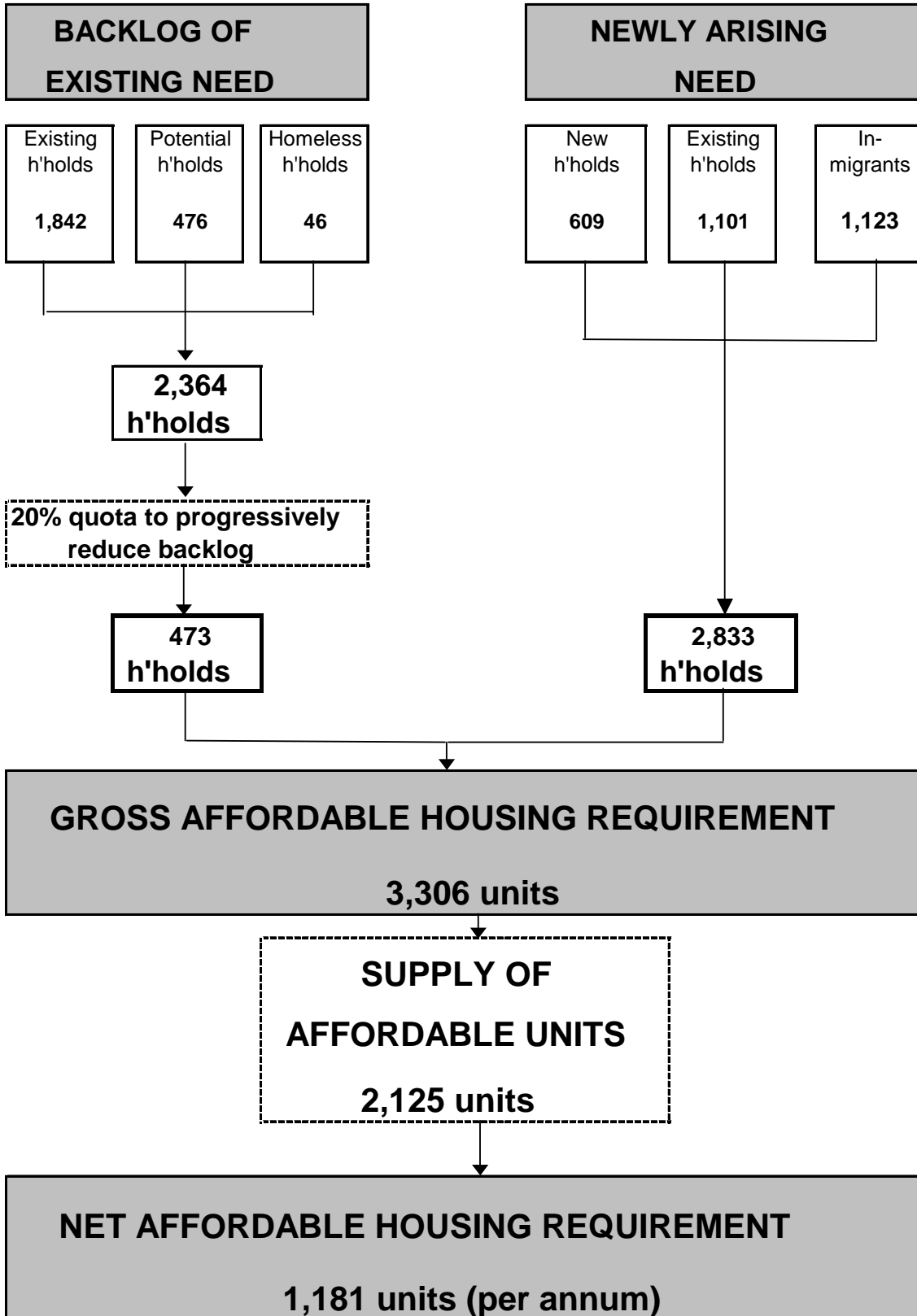
11.1 Russell Taylor, Housing Strategy & Performance, Ext 8799

APPENDIX A



APPENDIX B

Basic Needs Assessment Model - Summary 2006



APPENDIX C

How do we procure affordable housing in Leicester?

Affordable housing is provided through partnership working between Housing Associations, the Council, the Housing Corporation, landowners and private developers. This chart shows the achievement over the last 18 months and the 'pipeline' schemes (i.e. planned schemes with both planning permission and secured funding).

It is categorised to show the "initial catalyst". In reality schemes will come about because stakeholders are working together. The Housing Corporation paid grant on nearly all the schemes. However, it is useful to see what the 'initial starting point' is.

For this purpose a Housing Association is shown as the 'catalyst' if they bought the land privately (e.g. Sanvey Gate). The 'planning system' is shown as the catalyst where the initial proposal came from a private proposal e.g. Marconi site, Blackbird Road. If the Housing Department or other department sold the land this is shown as the initial catalyst. Home Come is a council funded initiative.

Who makes schemes happen?

	April ' 04 – Dec' 05	Pipeline*
Housing Associations led	77	339
Planning System/H.A' s	80	129
Home Come	56	50
Sale of Housing Land	0	44
Sale of other council land/buildings	2	0
Sale of council houses	11	Can' t be calculated at this time
Braunstone New Deal	93	0
Total:	319	562

Pipeline schemes are those with planning permission and secured finance.

Source: Housing Development Records

13th February 2006

No. of LCC Housing Department lets* and RSL nominations* 1996-2006

