

**ST ALBANS  
CITY & DISTRICT**

**HOUSING NEEDS SURVEY  
UPDATE**

**2006**



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# 1 INTRODUCTION

## 1.1 Government Guidance

1.1.1 Government Guidance in Circular 6/98 and the Good Practice Guidance for Local Housing Needs Assessment require that local authorities have robust and up to date assessments of the housing needs in their area. These are required to support the Housing Strategy and bids for resources and Local Plan policies for affordable housing provision.

## 1.2 The 2002 Study

1.2.1 DCA conducted a wide ranging needs assessment study in the District between July 2002 and December 2002. This study examined housing requirements in both market and social sectors.

## 1.3 2001 Census

1.3.1 The 2001 Census results were not available during the 2002 Housing Needs Survey; therefore the tenure balance of the 2002 data has been examined and the data has been re-weighted in accordance with 2005 household numbers and Census Data. A copy of the weighting factors applied to the update report is provided in the appendices.

## 1.4 The Update Study Objectives

1.4.1 The objectives of this update study were to:-

- ◆ analyse the change in the housing market locally to provide current house prices and private sector rental costs to be able to re-assess income thresholds for access to market housing;
- ◆ re-analyse the housing survey database and utilise the information into the Assessment Model recommended in the Good Practice Guidance issued in March 2000;
- ◆ re-analyse the short, medium and longer term population forecasts for the District;
- ◆ prepare a report to provide an affordable need forecast to 2011;
- ◆ inform on-going Housing Strategy and support Local Plan policies for affordable housing and for negotiation in accordance with Circular 6/98 and PPG3.

## 1.5 Definitions

1.5.1 DCA work to a definition of housing requirements that encompasses demand, need and preferences. Households that can enter the general market without intervention of any sort can be defined as demand, whereas those households unable to enter the general market without some form of intervention can be defined as having a housing need. Our methodology enables us to identify this distinction by asking for both a household's characteristics in terms of size, current property condition and income and a household's view on suitability of current housing and preferences for moving or modification.

1.5.2 Affordability in our view is defined by the relationship between local incomes and the local general housing market. Our definition of affordable housing is as follows:-

*“Affordable housing is that provided with subsidy, both for rent and intermediate market housing, for people who are unable to resolve their housing requirements in the general housing market because of the relationship between local housing costs and incomes. This definition covers housing for social rent, shared ownership, shared equity and sub-market rent.”*

1.5.3 The types of affordable housing which comply with our definition are as follows:-

**Social Rent**

- ◆ RSL units for rent, the major requirement;

**Intermediate Housing**

- ◆ shared ownership with subsidy;
- ◆ shared equity where land value is retained to provide housing for sale at below market levels and where control of the ‘equity discount’ can be retained as long as they are needed;
- ◆ discounted market rented housing.

1.5.4 The issue of affordability is central to our approach. Within the project, a range of data is captured on actual incomes and costs of housing and the likely level of incomes and the accessible costs of housing for moving or newly forming households. Secondary data is also examined on incomes, house prices and rent levels. Thus a reliable indicator of affordability is derived that leads towards the identification of real options for meeting housing need.

## **1.6 Methodology**

1.6.1 The study consisted of the following elements:-

- i. Analysis of the existing base of primary data gathered in 2002 which gathered information on housing needs to 2005 and is still currently valid;
- ii. A housing market survey utilising the Land Registry and Halifax databases and a telephone survey of estate agents on the cost of access level property and on the supply and cost of private rented housing;
- iii. Secondary data analysis drawing upon Housing Strategy Statistical Appendix (HSSA) and Housing Register data on the flow of social stock and need, 2001 Census, household and population projections and other national research.

1.6.2 As a database therefore the achieved sample of 5,003 achieved in 2002 is robust and is over four times the 1,250 minimum level identified as a normal sample in the ODPM Guidance.

## 2 THE ST ALBANS HOUSING MARKET

### 2.1 Introduction

- 2.1.1 This report was commissioned by St Albans District Council to provide an update on house prices in the District. It has been conducted on the same structure as that in the 2002 Housing Needs Survey. Comparisons in prices over the period and the available data on income change have also been analysed.
- 2.1.2 Three data searches were commissioned to provide information on house price and sales volumes across St Albans:-
- ◆ from the Halifax, as the largest mortgage lender, analysing lending in the Region;
  - ◆ from the Land Registry, providing data on all sales in the area for the past year;
  - ◆ Estate Agency survey to assess access prices in each sub-area.
- 2.1.3 The records include house price information by categories of dwellings, also included in the analysis is information about the volumes of sales of each type of dwelling.
- 2.1.4 As explained in 2.1.2 above, these indices are not absolutely comparable. Land Registry increase levels tend to be lower because they include cash transactions but they are less reliable on a quarterly basis because they only calculate actual transactions and the figures are affected by changes in the mix of properties between the current and the previous periods. Halifax data measures a constant mix of properties by type and size which removes the changing mix factor but does not of course include lower price cash transactions.
- 2.1.5 This information sets the context for the key issue of the affordability of housing in the area, and in particular the analysis can be related to the problems of low income evaluated through the household postal survey.

### 2.2 National Picture

- 2.2.1 House price inflation in the fourth quarter of 2005 has increased by 2.1% compared to the third quarter where a change of 1.8% was reported. The overall sound UK economic background and the lowest mortgage rates since the 1950s have boosted housing demand for a sustained period but turnover has reduced substantially, prices have stabilised and some property types have reduced in the first, second and third quarters of 2005.
- 2.2.2 UK house price inflation for the year ending 31<sup>st</sup> December 2005 was recorded by the Halifax Index at 5.1% and Land Registry at 4.3%.

### 2.3 Regional Picture

- 2.3.1 St Albans is located in the East of England Region for Planning Policy & Housing Strategy purposes, however neither Land Registry nor Halifax recognise East as a region and so for the purposes of this data, St Albans is felt to be closer in house prices and markets to the South East Region.

**Table 2-1 House Price Inflation**

	Change over year to 31 <sup>st</sup> December 2005 %	Change over quarter to 31 <sup>st</sup> December 2005 %
South East <sup>1</sup>	+ 2.7	+ 2.2
Hertfordshire <sup>2</sup>	+ 5.8	- 1.4

Source: <sup>1</sup> Halifax House Price Index, © Copyright HBOS plc.

<sup>2</sup> Land Registry, © Crown Copyright (Land Registry)

- 2.3.2 The annual rate of house price inflation in the Halifax Index in the South East Region at 31<sup>st</sup> December 2005 was 2.7%, lower than the UK average of 5.1%.
- 2.3.3 House prices in the South East Region show a rise, increasing by 2.2% during the fourth quarter of 2005.
- 2.3.4 House prices in Hertfordshire rose over the last year by 5.8% as calculated by Land Registry.

## 2.4 The Housing Market

- 2.4.1 The Regional Market is shown in Table 2-2 below, which details the prices paid for the main categories of house types for the whole of the South East Region with comparisons against a different source of house price index data.

**Table 2-2 Average Region & County House Prices - All Buyers 2006**

Property Type	South East Region		Hertfordshire	
	Land Registry Average Price (£)	Halifax Average Price (£)	Land Registry Average Price (£)	Land Registry % of sales
Terraced	178,187	184,582	205,379	33.2
Semi-detached	215,336	226,340	264,795	25.2
Detached	368,609	392,921	480,608	17.8
Bungalows	*	237,818	*	*
Flats & maisonettes	150,713	152,312	162,972	23.8
<b>All properties</b>	<b>229,083</b>	<b>238,794</b>	<b>259,282</b>	<b>100.0</b>

Source: *Halifax House Price Index, 4th Quarter 2005.*  
*Land Registry Residential Property Price Report, 4<sup>th</sup> Quarter 2005.*  
 \* Land Registry figures do not identify bungalows separately.

- 2.4.2 The Halifax data is based on actual sales of mortgaged properties and the information is a real indication of actual prices prevailing in the purchases being made in the South East Region. The Land Registry data incorporates all sales transactions in the Region and more specifically in the St Albans District.
- 2.4.3 Prices vary between the different data sources and the Land Registry figures would be expected to be lower in all cases given that these figures include non-mortgaged sales.

- 2.4.4 The table below examines average house prices for the St Albans area as recorded by the latest Land Registry data which utilises the fourth quarter 2005 prices, against house prices for St Albans at the time of the previous Housing Needs Survey in 2002

**Table 2-3 Average House Prices for the District - All Buyers 2006 and 2002**

Property Type	St Albans District		
	Land Registry Average Price (£)		Change 2002 - 2006 %
	2006	2002	
Terraced	259,450	210,818	+ 23.0
Semi-detached	341,905	247,409	+ 38.2
Detached	549,929	396,269	+ 38.8
Flats & maisonettes	196,375	131,538	+ 49.3
<b>All properties</b>	<b>326,522</b>	<b>243,377</b>	<b>+ 34.2</b>

Source: Land Registry Residential Property Price Report, 4<sup>th</sup> Quarter 2005 / 2<sup>nd</sup> Quarter 2002.

- 2.4.5 The overall house price increase in the District is 34.2%. Over the last four years from 2002, the price of terraced houses and flats, the entry level stock, have increased by 23.0% and 49.3% respectively.

**Table 2-4 Average Sales Levels for the District – 2006 and 2002**

Property Type	Land Registry % of Sales	
	2006	2002
Terraced	28.9	30.4
Semi-detached	26.2	26.5
Detached	20.9	21.5
Flats & maisonettes	24.0	21.6
<b>All properties</b>	<b>100.0</b>	<b>100.0</b>

- 2.4.6 The largest volume of sales in St Albans District in 2006 were for terraced houses (28.9%) selling at an average price of £259,450. Semi-detached houses average £341,905 and are 26.2% of sales. Flats and Maisonettes average £196,375 and are 24.0% of sales. Detached properties sell at an average price of £549,929 and account for 20.9% of sales. Due to the average price and volume of sales of flats and maisonettes, flats and maisonettes are assessed to be the main entry property for first time buyers.
- 2.4.7 The sales levels of semi-detached properties and detached properties in 2006, 26.2% and 20.9% respectively are similar to 2002 levels (26.5% and 21.5% respectively). Sales levels of flats and maisonettes are higher in 2006 at 24.0% than in 2002 where they make up 21.6% of sales in the District. Sales levels of terraced houses in 2006 at 28.9% are lower than in 2002 where they make up 30.4% of sales.

## 2.5 Sub-Area Structure

2.5.1 In order to further analyse house prices in the area, the District has been divided into six sub-areas as used in the 2002 Housing Needs Survey. These consist of St Albans, Harpenden, London Colney, Redbourn, Park Street / Bricket Wood and Wheathampstead / Sandridge.

## 2.6 Entry Sales Levels in the District

2.6.1 Entry to the market is clearly dependent on availability, a factor which is particularly critical for low income households who can only enter the market in any numbers where there is an adequate supply of affordable dwellings.

2.6.2 First-time buyers as new entrants to the Housing Market do not purchase properties at average prices as they do not have average incomes. Although average prices are useful for comparisons in general they are not the purchase levels used in assessing the ability of households to access local markets.

2.6.3 In broad terms new purchasers of either flats or terraced properties buy in the lowest quartile of prices i.e. the bottom 25%. We have therefore made the only comparison available from Land Registry data which is at District wide level. In St Albans this is £208,000, 63.7% lower than the all property price of £326,522 in Table 2-3.

2.6.4 DCA have therefore undertaken a survey of the local estate agents to ascertain the cost of the cheapest units available both for private rent and for sale in each of the six sub-areas.

**Table 2-5 Entry Sales Levels (£) in the District – January 2006.**

Property Type	St Albans	Harpenden	London Colney	Redbourn
1-Bed Flat	114,991	132,725	124,950*	-nd-
2-Bed Flat	138,790	164,950	141,617	162,950
2-Bed Terraced	188,883	193,633	205,950	195,000
3-Bed Terraced	195,450	206,980	211,641	199,950

Property Type	Park Steet / Bricket Wood	Wheathampstead / Sandridge	District-Wide
1-Bed Flat	134,950	143,725	122,130
2-Bed Flat	149,000	-nd-	142,803
2-Bed Terraced	-nd-	214,950*	192,735
3-Bed Terraced	209,838	237,475	198,338

Source: DCA House Price Survey January 2006

nd: no data

\* low level of data

2.6.5 Although the average price of flats / maisonettes according to the Land Registry survey is £196,375 entry sales levels vary across the St Albans District with the lowest entry prices for a 1-bed property starting at around £114,991 in St Albans, rising to £143,725 in the Wheathampstead / Sandridge area. 2-bed flats cost from £138,790 in St Albans, rising to £164,950 in Harpenden. London Colney has traditionally been an area of cheaper housing and the data in early 2006 may be impacted by the new development at Napsbury.



- 2.6.6 Terraced properties cost from £188,883 for a 2-bed property in St Albans rising to £214,950 in the Wheathampstead / Sandridge area. 3-bed terraces start at £195,450 in St Albans, rising to £237,475 in Wheathampstead / Sandridge.

## 2.7 The Private Rented Sector

- 2.7.1 Some of the main private renting agencies operating in the District were approached to assess rental costs and stock availability. Estate agents comments on the private rented sector are also provided but the evidence available is largely empirical.
- 2.7.2 The prevailing private sector rent levels at both the average and lower quartile (entry-level) of cost by type, size and location from the estate agency sources approached.

**Table 2-6 Average and Entry Level Rents (£/month) – January 2006**

Property Type	St Albans		Harpenden		London Colney		Redbourn	
	Average	Entry	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	675	<b>532</b>	594	<b>525</b>	657	<b>590</b>	610	<b>525</b>
2-Bed Flat	815	<b>651</b>	807	<b>690</b>	797	<b>607</b>	775	<b>675</b>
2-Bed Terraced	905	<b>768</b>	886	<b>792</b>	917	<b>825</b>	863	<b>750</b>
3-Bed Terraced	974	<b>823</b>	1,025	<b>925</b>	975	<b>850</b>	950	<b>873</b>
2-Bed Semi	962	<b>792</b>	998	<b>875</b>	864	<b>763</b>	865	<b>762</b>
3-Bed Semi	1,033	<b>843</b>	1,134	<b>913</b>	1,167	<b>938</b>	998	<b>875</b>

Property Type	Park Street / Bricket Wood		Wheathampstead / Sandridge		District Wide	
	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	599	<b>560</b>	635	<b>525</b>	636	<b>543</b>
2-Bed Flat	691	<b>650</b>	817	<b>700</b>	787	<b>662</b>
2-Bed Terraced	815	<b>762</b>	905	<b>788</b>	884	<b>781</b>
3-Bed Terraced	903	<b>862</b>	1,040	<b>875</b>	980	<b>868</b>
2-Bed Semi	803	<b>762</b>	905	<b>788</b>	902	<b>790</b>
3-Bed Semi	914	<b>841</b>	1,040	<b>875</b>	1,053	<b>881</b>

Source: - DCA House Price Survey January 2006

- 2.7.3 Entry rental costs in the private rented sector vary by location within the District. Entry rent levels in the private rented sector for 1-bed flats, the smallest units, start from £525 a month in Harpenden, Redbourn and Wheathampstead / Sandridge, rising to £590 a month in London Colney (see Table 2-6 above). For a 2-bed flat, entry level rents range from £607 per month in London Colney to £700 in Harpenden.
- 2.7.4 In the case of 2-bed terraced houses, we found that the entry rent levels are £750 p.m. in Redbourn, rising to £825 p.m in London Colney. For a 3-bed terraced property the private rented sector can be accessed from £823 in St Albans rising to £925 in Harpenden.
- 2.7.5 Semi-detached properties can be rented from £762 p.m. in Redbourn and Park Street / Bricket Wood rising to £875 in Harpenden for a 2 bed semi. For a 3 bed semi detached property, rents range from £841 in Park Street / Bricket Wood rising to £938 in London Colney.

## 2.8 Conclusions

- 2.8.1 The annual rate of house price inflation in the Halifax Index in the South East Region at 31<sup>st</sup> December 2005 was 2.7%, lower than the UK average of 5.1%.
- 2.8.2 The Land Registry average price for all dwellings in St Albans District during the year was £326,522.
- 2.8.3 The largest volume of sales in the St Albans District in 2006 were for terraced houses (28.9%) selling at an average price of £259,450. Semi-detached houses average £341,905 and are 26.2% of sales. Flats and Maisonettes average £196,375 and are 24.0% of sales. Detached properties sell at an average price of £549,929 and account for 20.9% of sales. Due to the average price and volume of sales of flats and maisonettes, flats and maisonettes are assessed to be the main entry property for first time buyers.
- 2.8.4 The increase in the price of flats / maisonettes (49.3%) (but not terraced houses; 23.0%) is in excess of wage inflation in the four year period. Incomes in the Hertfordshire Region are assessed independently to have increased by 26.7% for the year, to April 2005 and to 37.4% by March 2006.
- 2.8.5 House prices have increased in the last four years by 49.3% for flats/maisonettes and 23.0% for terraced properties. An income of around £36,400 is needed to buy a one bedroom flat in St Albans rising to £45,500 in Wheathampstead / Sandridge and a two bedroom would require an income of £44,000 in St Albans rising to £52,200 in Harpenden.
- 2.8.6 Similar cost variation applies in the private rented sector across the St Albans District. Based on rent at 25% of gross income a one bed flat in Harpenden, Redbourn and Wheathampstead / Sandridge requires £25,200 per annum rising to £28,300 in London Colney. A 2-bed flat requires an income of £29,100 in London Colney rising to £33,100 in Harpenden. To rent a 2-bed terraced an annual income of £36,000 in Redbourn is required, rising to £39,600 in London Colney.
- 2.8.7 Mortgage interest rates are at their lowest level for over 40 years and people who cannot enter the market under these circumstances may never be able to do so, short of some collapse in the market or a significant change in their income level. Further house price increases above wage inflation in 2005 would make access to market housing more difficult to achieve and would impact on households with marginal incomes significantly.
- 2.8.8 Entry to market housing has therefore become more difficult for new households than it was in 2002, increasing the need for subsidised housing.

### 3 HOUSING COSTS AND INCOME

#### 3.1 Introduction

3.1.1 The ability of a household to satisfy its own housing requirement is fundamentally a factor of the relationship between local house prices and household income. This section of the report assesses the income levels required to access the cheapest units available in reasonable supply from the research detailed in Section 2, and the change in incomes from the previous survey utilising national secondary data.

#### 3.2 Purchase Income Thresholds

3.2.1 This section of the report assesses the income levels required to enter the market through the lowest quartile stock, (flats and terraced houses) available in reasonable supply from the research detailed in Section 2 and the change in incomes from the 2002 survey utilising national secondary data.

3.2.2 The cheapest entry level prices were assessed to enable threshold income levels to be calculated. These are based on 95% mortgage availability and a 3x gross income lending ratio the levels recommended in the Good Practice Guidance (2000). Emerging Guidance is suggesting the use of higher ratios but is silent on deposits Table 3-1 below outlines the income ranges needed to enter the market in the main settlements in the District.

**Table 3-1 Purchase Income Thresholds 2006**

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
St Albans	36,400	44,000	59,800
Harpenden	42,000	52,200	61,300
London Colney	39,600*	44,800	65,200
Redbourn	-nd-	51,600*	61,800*
Park Street / Bricket Wood	42,700	47,200*	-nd-
Wheathampstead / Sandridge	45,500	-nd-	68,100*

\* - Caution Low Sample, nd - no data

3.2.3 The increase in average prices has a direct and significant impact on the income requirement to access owner occupation. The change in the average income requirement to access the average house price across the District from June 2002 to December 2005 is shown below in Table 3-2, this data is taken from Land Registry reflecting average property prices since the previous survey.

**Table 3-2 Average Income Requirements 2002 – 2006 (£)**

Property Type	2002	2006	Change %
Terraced	66,800	82,200	+ 23.1
Flats	41,700	62,200	+ 49.2

2002 requirements relate to Land Registry price report, 2<sup>nd</sup> Quarter 2002

2005 requirements relate to Land Registry price report, 4<sup>th</sup> Quarter 2005

3.2.4 Table 3-2 above shows that the District-wide level incomes at which the Housing Market can be accessed have increased since 2002. The income needed to access terraced properties has increased to £82,200 (23.1%) and access to flats /

maisonettes requires an income of £62,200 compared to £41,700 in 2002, an increase of 49.2%.

### 3.3 Rental Income Thresholds

3.3.1 The lowest quartile rental prices of the smallest units have been assessed in order to calculate the rental income threshold levels. These are based on rent at 25% of gross income (equivalent to 30% of net income). Table 3-3 below shows the income levels needed to enter the private rented market in the District.

**Table 3-3 Rental Income Thresholds 2006**

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terraced
St Albans	25,500	31,300	36,800
Harpenden	25,200	33,100	38,000
London Colney	28,300	29,100	39,600
Redbourn	25,200	32,400	36,000
Park Street / Bricket Wood	26,900	31,200	36,600
Wheathampstead / Sandridge	25,200	33,600	37,800

3.3.2 The income thresholds for each property type range across the District. Based on rent at 25% of gross income a one bed flat in St Albans requires an income of £25,500 per annum, rising to £28,300 in London Colney. A 2-bed flat requires an income of £29,100 in London Colney rising to £33,600 in Wheathampstead / Sandridge. To rent a 2-bed terraced house would require an annual income of £36,800 in Redbourn, rising to £39,600 in London Colney.

### 3.4 Secondary Research

3.4.1 The Joseph Rowntree Foundation published the results of a study undertaken across the Country examining the ability of working households, both existing and newly forming, to become homeowners. The study entitled '*Can Work – Can't Buy*' conducted by Professor Steve Wilcox uses the Halifax database for House Prices of the lowest quartile prices for 4/5 room dwellings and calculates affordability ratios based on working household incomes from the New Earnings Survey. This study was updated in 2004 and, based on local prices for 2 and 3-bedroom dwellings and drawing on a range of data sources, provided a range of analyses of the difficulties of working households aged 20 to 39 in accessing home ownership in all areas at the end of 2003.

3.4.2 In 2005 the survey has been further updated to take account of local prices and increase in incomes, it broadly follows but refines the earlier analyses. This study named "Affordability and the Intermediate Housing Market" was conducted for the Joseph Rowntree Foundation and provides an analysis at local authority level of the capacity of younger working households to buy in their local housing market in 2004.

3.4.3 The Joseph Rowntree Foundation Study shows in the 2005 Report that St Albans has the 5<sup>th</sup> highest house price-to-income ratio out of the 10 local authority areas in Hertfordshire at 4.49 to 1. The report highlights that outside London, access to home ownership is problematic throughout the East of England, where average house price to gross earned income ratios average 4.26 to 1.

- 3.4.4 It should be noted that in reaching these figures an income ratio higher than what usually applies has been taken into account, as the analysis assumes a maximum mortgage of 3.75 times household income for working households with one earner, and 3.25 times household income for households with two (or more) earners.
- 3.4.5 This is compared with the previous 2002 update which stated, "All ratios should be considered in relation to the ratio of mortgage advance to household gross earned income, which rarely exceeds 3.5 to 1". This ratio would only apply to professionals and it is more likely that the majority of local households would achieve mortgage ratios below 3.5 to 1 and closer to the average of the Council of Mortgage Lenders for first time buyers in 2004 of 3.03 to 1.
- 3.4.6 Table 3-4 highlights the data and house price to income ratio for St Albans and the East Region.

**Table 3-4 Purchase Income Thresholds**

Area	Working Households		
	2004 Prices for 2-3 bedroom dwellings (£)	Income (£)	Ratio
St Albans	252,043	56,185	4.49
East of England	165,798	38,943	4.26

Source: Joseph Rowntree Foundation 2005 Update

- 3.4.7 House prices to income ratios across the 10 Hertfordshire authorities range from 4.28 to 1 in East Hertfordshire to 5.21 to 1 in Watford.
- 3.4.8 CORE (COntinuous REcording) is a system developed jointly by the National Housing Federation (NHF) and the Housing Corporation. CORE is used to record information on both Registered Social Landlords (RSL) lettings and sales in England. The CORE data for St Albans shows the combined household incomes of new tenants in the social sector in 2004. The median income was £10,400 and 75% earned below £17,784.
- 3.4.9 The updated 2005 Joseph Rowntree Foundation "Affordability and the Intermediate Housing Market" also relates to the ability of the intermediate market to assist younger working households to buy in their local housing market.

**Table 3-5 Working Households Unable to Buy**

Area	Working Households	
	Broad Band * (%)	Narrow Band ** (%)
St Albans	55.6	34.0
East of England	47.2	28.6
London	59.6	35.0

\* The proportion of working households who cannot afford to buy at the lower quartile of house prices for two- and three-bedroom homes.

\*\* The proportion of working households who can afford social housing rent without housing benefit but cannot afford to buy at the lowest decile point of house prices for two- and three-bedroom dwellings.

Source: Joseph Rowntree Foundation 2005

- 3.4.10 The data shows that for St Albans, 55.6% of working households cannot afford to buy at the lower quartile point of house prices, and 34.0% cannot afford in the lowest decile. This is higher than the regional average for the East of England (47.2% and 28.6% respectively).

### 3.5 Annual Survey of Hours and Earnings

- 3.5.1 Income data is always difficult to gather at local level. Most data is regionally based and we have used the 2005 Annual Survey of Hours and Earnings (ASHE) prepared by the Office for National Statistics (formerly known as the New Earnings Survey). This provides data at County and District-wide level of full time employees on adult rates who have been in the same job for more than a year.
- 3.5.2 Although the ASHE does provide useful data on personal income distribution related to area of residence, there are indications within the new ASHE of unreliable and unavailable data within certain areas. Where this applies to data that affects the Local Authority, the County wide level data has been used as a more reliable source. In this case, the Hertfordshire County level ASHE data has been used due to the stated unreliability within the 2005 ASHE of the St Albans data.
- 3.5.3 The ASHE 2005 shows an average income of £38,124 for the County of Hertfordshire, a 26.7% (8.9% per annum, 2.2% per quarter) increase on the 2002 figure of £30,162 which was the timing of our previous Housing Needs Survey.
- 3.5.4 It is particularly important to examine the distribution of income rather than the average figure, especially in relation to the proportion of households with the capacity to access the private sector market for rent or sale.
- 3.5.5 There is a wide distribution of earnings illustrated from the ASHE. Analysis of the data for the County shows that: -
- 10% earned less than £14,182;
  - 25% earned less than £19,576;
  - 50% earned less than £28,170;
  - 75% earned less than £41,266;
- \* Data used has been termed as 'acceptable' and 'reasonably precise' by ASHE.*
- 3.5.6 The ASHE data on the spread of incomes, important in any area, with diverse house prices and markets, shows that for the County at April 2005, 10% of people earned less than £14,182; 50% less than £28,170 and 75% of people earned less than £41,266.
- 3.5.7 The increases in house prices over the last four years have excluded a large proportion of 'first-time buyers' from the owner occupied market. We believe therefore that the proportion of affordable housing provided on new sites should encompass more subsidised intermediate market housing than would have been the case four years ago when it was a more marginal element of affordable need.
- 3.5.8 Access to the market has been based on the updated house price information detailed in Section 2. Analysis has also been undertaken of the income levels of local households, to be able to assess the proportion of people now able enter market housing.

- 3.5.9 Table 3-6 highlights the 2002 incomes of existing households from the 2002 Housing Needs Survey and current 2006 incomes. The average incomes for Hertfordshire have increased by 26.7% between the years 2002 and 2005 as highlighted by the ASHE (2.2% per quarter). Assuming a consistent increase over the time period, the 2002 annual income boundaries taken from the 2002 HNS Survey (Q1 2002) have an income inflation of 37.4% (2.2% times 17 quarters) applied to determine the 2006 (Q1 2006) annual income boundaries for the St Albans District.

**Table 3-6 Incomes of Existing Households 2002 & 2006**

Annual Income 2002	Annual Income 2006	%
Below £10,000	Below £13,740	12.6
£10,000 - £20,000	£13,740 - £27,480	17.1
£20,001 - £30,000	£27,481 - £41,220	14.2
£30,001 - £40,000	£41,221 - £54,960	12.7
£40,001 - £50,000	£54,961 - £68,700	10.7
£50,001 - £60,000	£68,701 - £82,440	9.1
£60,001 - £75,000	£82,441 - £103,050	8.1
£75,001 - £100,000	£103,051 - £137,400	7.5
Above £100,000	Above £137,401	8.0
<b>Total</b>		<b>100.0</b>

- 3.5.10 Table 3-7 below highlights the 2002 and 2006 incomes of concealed households from the 2002 Housing Needs Survey. The 2002 annual income boundaries taken from the 2002 HNS have an income inflation of 37.4% applied to determine the 2006 annual income boundaries.

**Table 3-7 Incomes of Concealed Households 2002 & 2006**

Annual Income 2002	Annual Income 2006	%
Below £15,000	Below £20,610	40.2
£15,000 - £20,000	£20,611 - £27,480	23.1
£20,001 - £25,000	£27,481 - £34,350	17.1
£25,001 - £27,500	£34,351 - £37,785	3.4
£27,501 - £30,000	£37,786 - £41,220	4.7
£30,001 - £32,500	£41,221 - £44,655	1.0
£32,501 - £35,000	£44,656 - £48,090	1.6
£35,001 - £40,000	£48,091 - £54,960	3.6
£40,001 - £50,000	£54,961 - £68,700	3.9
Above £50,000	Above £68,700	1.4
<b>Total</b>		<b>100.0</b>

- 3.5.11 Table 3-8 concealed households to access owner occupation based on the lowest and highest purchase income thresholds across the District for 1 and 2-bed flats and 2-bed terraced properties, as illustrated in Table 3-1.

**Table 3-8 Concealed Households – Incomes Needed to Access the Market through Owner Occupation and % Unable to Buy**

Type of Property	Area	(£) Income Required	% of concealed households unable to purchase
1-bed Flat	St Albans (cheapest)	36,400	82.4
2-bed Flat	Harpenden (most expensive)	52,200	93.2
2-bed Terraced	St Albans (cheapest)	59,800	96.1
2-bed Terraced	Wheathampstead / Sandridge (most expensive)	68,100	98.4

3.5.12 Using the income requirements for entry-level properties Table 3-8, shows that 82.4% of concealed households are unable to buy a 1-bed flat in St Albans and 93.2% cannot afford a 2-bed flat in Harpenden. In St Albans, 96.1% of concealed households cannot afford to buy a 2-bed terraced property, rising up to 98.4% of concealed households in Wheathampstead / Sandridge. The majority of concealed households are effectively excluded from entering the owner occupied market through both flats / maisonettes and terraced houses, the main entry level stock types available.

3.5.13 Table 3-9 below outlines the income required by concealed households to access the private rented accommodation based on the lowest and highest entry-level rental income thresholds across the District for 1 and 2-bed flats and 2-bed terraced properties.

**Table 3-9 Concealed Households – Incomes Needed to Access the Private Rented Market and % Unable to Afford to Rent**

Type of Property	Area	(£) Income Required	% of concealed households unable to Rent
1-bed Flat	Harpenden (cheapest)	25,200	55.6
2-bed Flat	Harpenden and Wheathampstead / Sandridge (most expensive)	33,600	78.5
2-bed Terraced	Redbourn (cheapest)	36,000	82.0
2-bed Terraced	London Colney (most expensive)	39,600	86.3

3.5.14 Table 3-9 above shows that 55.6% of concealed households cannot afford to rent a 1-bed flat in the cheapest area of the District. 78.5% are excluded from renting more expensive 2-bed flats in the Harpenden and Wheathampstead / Sandridge. 82.0% of concealed households are excluded from the cheapest 2-bed terraces in Redbourn, whilst 86.3% cannot afford to rent a 2-bed terraced property in London Colney.



### 3.6 Intermediate Housing to Buy

- 3.6.1 Shared ownership supply is very low relative to current need of 82 units per year created by high house price inflation. There are estimated to be only 157 units (see 6.6.5) which generate re-sales of only around 6 units per annum (i.e. 1 every two months).
- 3.6.2 To assess the scale of viability of the shared ownership, a recent example of a new build RSL shared ownership scheme comprising 18 flatted units in the District was studied.
- 3.6.3 Table 3-10 below shows the approximate range of incomes required for 1 and 2-bed shared ownership units in a recent scheme (December 2005) in St Albans.

**Table 3-10 Shared Ownership Scheme Example and Income Requirements**

Property Type	Full Sale Price	50% share price	Monthly Cost				Income Required
			Rent	Mortgage *	Service Charge	Total	
1-bed flat (cheapest)	£170,000	£85,000	£230	£520	£65	£815	<b>£29,500</b>
1-bed (most expensive)	£180,000	£90,000	£245	£550	£65	£860	<b>£31,000</b>
2-bed flat (cheapest)	£205,000	£102,500	£280	£630	£65	£975	<b>£35,500</b>
2-bed flat (most expensive)	£235,000	£117,500	£320	£720	£65	£1,105	<b>£40,000</b>

\* Based on a typical mortgage of 5.5% over 25 years

- 3.6.4 Generally purchases need to be at a 50% share to be viable for the majority of new forming households. The required income for 1-bed units ranged from £29,500 to £31,000 while 2-bed units require £35,500 rising to £40,000.
- 3.6.5 17.2% of concealed households forming each year have incomes between £30,000 and £40,000, around 150 households annually who could be assisted through shared ownership for 1 and 2-bed flats.

### 3.7 Income Summary

- 3.7.1 An income of around £36,400 is needed to buy a one bedroom flat in St Albans, rising to £45,500 in Wheathampstead / Sandridge. A two bedroom flat requires an income of £44,000 in St Albans, rising to £52,200 in Harpenden. A 2-bed terraced house requires an income of £59,800 in St Albans, up to £68,100 in Wheathampstead / Sandridge. On average the incomes needed to access flats and terraced properties have increased by 49.3% and 23.0% respectively between 2002 and 2006.
- 3.7.2 Similar cost variation applies in the private rented sector across the St Albans District. Based on rent at 25% of gross income a one bed flat in Harpenden, Redbourn and Wheathampstead / Sandridge requires £25,200 per annum rising to £28,300 in London Colney. A 2-bed flat requires an income of £29,100 in London Colney rising to £33,100 in Harpenden. To rent a 2-bed terraced an annual income of £36,000 in Redbourn is required, rising to £39,600 in London Colney.

- 3.7.3 The Annual Survey of Hours and Earnings (ASHE) 2005 show an average income of £38,124 for the County of Hertfordshire, a 26.7% increase on the 2002 figure of £30,162. The ASHE data on the spread of incomes, important in any District with diverse house prices and markets, shows that for Hertfordshire at April 2005, 10% of people earned less than £14,182, 50% less than £28,170 and 75% less than £41,266 per annum.
- 3.7.4 The Joseph Rowntree Foundation Study shows in the 2005 Report that St Albans has the 5<sup>th</sup> highest house price-to-income ratio out of the 10 local authority areas in Hertfordshire at 4.49 to 1. The report highlights that outside London, access to home ownership is problematic throughout the South East, where average house price to gross earned income ratios average 4.26 to 1.
- 3.7.5 The implication of incomes having risen by 8.9% a year since 2002 directly impacts on concealed household's ability to access the market through owner occupation. Overall the calculation of the proportion of concealed households unable to access the private sector takes account of those who need one, two and, for some with children, three bedroom housing in the lowest quartile cost stock across the District.
- 3.7.6 Based on a calculation of property prices and rental costs against incomes at localised level, 82.4% of concealed households are unable to buy a 1-bed flat in St Albans and 93.2% cannot afford a 2-bed flat in Harpenden. In St Albans, 96.1% of concealed households cannot afford to buy a 2-bed terraced property, rising up to 98.4% of concealed households in Wheathampstead / Sandridge. The majority of concealed households are effectively excluded from entering the owner occupied market through both flats / maisonettes and terraced houses, the main entry level stock types available.
- 3.7.7 A similar pattern is found when looking at concealed household's ability to access the market through rented accommodation. 55.6% of concealed households cannot afford to rent a 1-bed flat in the cheapest area of the District. 78.5% are excluded from renting more expensive 2-bed flats in the Harpenden and Wheathampstead / Sandridge. 82.0% of concealed households are excluded from the cheapest 2-bed terraces in Redbourn, whilst 86.3% cannot afford to rent a 2-bed terraced property in London Colney.

## 4 POPULATION GROWTH AND HOUSEHOLD FORMATION PROJECTIONS

### 4.1 Introduction

- 4.1.1 In this section of the report a short background commentary is provided to the demographic element in housing demand in St Albans District. The purpose is two-fold. First, to provide a context in which the results of the postal questionnaire can be interpreted. Secondly, to give a more specific focus on the demand for affordable housing provision and to make projections for five and ten year periods.
- 4.1.2 Modelling housing needs is a very complex procedure and it is only very recently that attempts have been made to model local housing needs. Most of the established procedures are aimed at the provision of national level estimates of housing need, including:-
- ◆ simple estimates such as those provided by the ODPM, which measured the crude dwelling to household surplus (and concluded no additional building was necessary to meet need);
  - ◆ a second approach by the Audit Commission measured household growth minus expected private sector output;
  - ◆ Glen Bramley's work focused on local supply and demand to calculate for a particular point in time the proportion of new households unable to buy in the market (minus social sector re-lets);
  - ◆ Steve Wilcox described a 'Net Stock' approach which calculates net household increase and adds a factor for concealed households before deducting new private sector output to arrive at estimates of need in the social sector.
- 4.1.3 Kleinman and Whitehead have devised a so-called 'Gross Flows' approach which looks at gross household formation, tenure choice, demand from in-migrants and deducts these from new social output and re-lets to yield a measure of social housing requirements.
- 4.1.4 How these national models translate to the local level is not at all clear. Kleinman and Whitehead have attempted a 'Gross Flows' analysis for Cambridge but relied entirely on secondary data for their estimates. This is a problem in the model particularly for the incorporation of measures of concealed households and factors relating to affordability are not considered directly but by modelling the tenure propensities of new households.
- 4.1.5 Our method emphasises the affordability issue and gives much greater weight to the issue of concealment of households than most of the 'national' level studies.
- 4.1.6 The affordability measure is derived from primary data collected in the household's surveys and from access to the Land Registry database on house prices and the concealment issue is also addressed through the survey findings. Since our study is targeted at St Albans District, there are inevitable limitations because local housing markets encompass much wider areas than a single Local Authority area.

## 4.2 Demographic Analysis

4.2.1 There are four basic components to changes in the number and composition of households. The aim of this section of the report is to highlight the issues which are relevant to the evaluation of housing needs in St Albans District particularly the changes in:-

- ◆ the age distribution of the population arising from births, deaths and ageing of the indigenous population;
- ◆ family units such as marriage, divorce and child bearing patterns;
- ◆ the number and composition of households arising from migration, particularly due to employment opportunities in the area;
- ◆ the probabilities that family units form a separate household, particularly in response to changes in incomes in the labour market area.

4.2.2 In local area forecasting new household formation is mainly due to responses to income and employment opportunities. New household formation is also affected by life cycle patterns. This purely demographic influence on the number of households contributes to about 40% of the growth in the number of new households at any one time (Dicks, 1988; Ermisch, 1985).

4.2.3 The general demographic projections in the tables in this section have been provided by Hertfordshire County Council and are the Chelmer 2004 based projections (RSS – submitted led). The 2001 Census data has been taken into consideration in the production of these projections.

4.2.4 The factors which combine to produce the population and household forecasts are:- population age-sex structures, headship rates, survival factors, infant mortality, fertility rates, base numbers of dwellings, vacancy rates, building / demolition programmes and the age-sex structure of migrants. The summary of this data is provided in the following tables with the population changes for a 5 year interval 2001 - 2021.

4.2.5 These projections are produced periodically by the Government and use the 2001 mid year estimate as their starting point. They assume the continuation of current trends in fertility and mortality and migration moves into and out of the area. They do not reflect change due to future housing development in the area.

## 4.3 Chelmer Model Population Projections

4.3.1 The projections in Table 4-1 are based on the Chelmer predictions prepared by the Population and Housing research group at Anglia Polytechnic University for Hertfordshire County Council (2004-based). The Chelmer Model has been used to construct a 2001 based set of projections. This set of projections uses RSS-submitted led 2001-based projections of mortality and fertility rates.

**Table 4-1 Population Change in St Albans District, 2001 - 2021**

	2001	2006	2011	2016	2021	Change
Total Population	129,100	130,984	132,974	133,903	135,382	
Change		+ 1,884	+ 1,990	+ 929	+ 1,479	+ 6,282
% Change		+ 1.5	+ 1.5	+ 0.7	+ 1.1	+ 4.9

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4.3.2 The table shows an increase in the population of St Albans District of 6,282 people over the forecast period. A steady increase is seen across the forecast period, with the main increase occurring between 2006 and 2011 (1,990;1.5%).

### 4.4 Age Structure Forecast 2001 - 2021

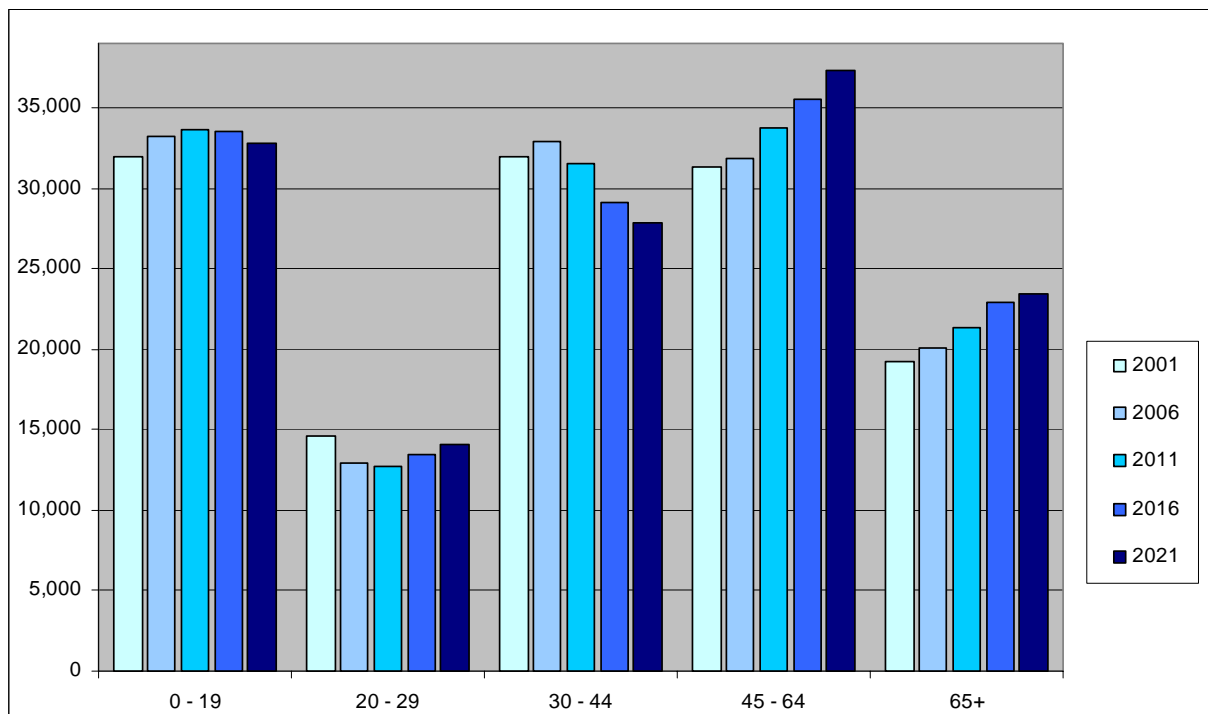
4.4.1 The next stage in the forecast is to disaggregate the population data into age bands because there may be changes in the population structure with significant housing implications. Table 4-2 is based on the net migration model and for this purpose best represents the position.

**Table 4-2 Population Age Band Forecast, St Albans District 2001 – 2021**

	2001	2006	2011	2016	2021	Change
0 - 19	32,000	33,215	33,662	33,483	32,815	+ 815
20 – 29	14,600	12,937	12,738	13,425	14,035	- 565
30 - 44	32,000	32,902	31,531	29,091	27,850	- 4,150
45 - 64	31,300	31,879	33,729	35,539	37,276	+ 5,976
65 +	19,200	20,051	21,314	22,905	23,406	+ 4,206
<b>Total</b>	<b>129,100</b>	<b>130,984</b>	<b>132,974</b>	<b>133,903</b>	<b>135,382</b>	<b>+ 6,282</b>
% Change		+ 1.5	+ 1.5	+ 0.7	+ 1.1	+ 4.9

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**Figure 4-1 Population Age Band Forecast, St Albans District, 2001 - 2021**



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4.4.2 Percentage change is measured between year bands, not the base population. This is a better representation of the incremental change.

- 4.4.3 As we show above there will be an average rise in the population of St Albans of approximately 0.2% per annum over the forecast period according to the forecast model. There is projected to be around 6,282 more people in the District in 2021 than in 2001.
- 4.4.4 The 0-19 age range shows an increase overall (815; 2.5%). Numbers fluctuate throughout the forecast period with the largest increase of 1,215 people seen between 2001 and 2006 (3.8%).
- 4.4.5 The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows a fall (565; 3.9%). Numbers fluctuate throughout the forecast period with the a large decrease seen between 2001 and 2006 (1,663; 11.3%).
- 4.4.6 The 30-44 age group, the main economically active and household forming and moving group shows a decline overall (4,150:13.0%). Numbers fall throughout the forecast period, with the largest fall between 2011 and 2016 (2,440; 7.7%).
- 4.4.7 The 45-64 age group shows a large increase in numbers with an increase of 5,976 people (19.1%). The main increase occurs between 2006 and 2011 (1,850; 5.8%).
- 4.4.8 The most significant feature here is the growth of the population in the over 65 age group with an increase of 4,206 people (21.9%) seen over the forecast period. Numbers rise throughout the forecast period, with the largest rise of 1,591 (7.5%) occurring between 2011 and 2016.
- 4.4.9 Numbers in the 80+ age group increase by 2,839 (56.8%) up to 2021. Numbers increase steadily to 2021, but with the greatest rise in percentage terms occurring between 2001 and 2006 (807; 16.1%). Given the resource demands often associated with very elderly people, these are significant figures.

**Table 4-3 Numbers of 80+ in St Albans District, 2001 - 2021**

	2001	2006	2011	2016	2021	Change
80+	5,000	5,807	6,486	7,154	7,839	
Change		+ 807	+ 679	+ 668	+ 685	+ 2,839
% Change		+ 16.1	+ 11.7	+ 10.3	+ 9.6	+ 56.8

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## 4.5 Forecast Change in Households 2001 - 2021

- 4.5.1 Table 4-4 outlines the household formation forecasts for the St Albans District in the 20-year period from 2001 to 2021. It is based on the statistics provided by Hertfordshire County Council, using the Chelmer 2004 based population projections and is considered the best available forecast on currently available data of household change in St Albans District.

**Table 4-4 Forecast Change in Households in St Albans District, 2001 - 2021**

	2001	2006	2011	2016	2021	Change
Households	52,741	54,454	56,170	57,884	59,597	
Household change		+ 1,713	+ 1,716	+ 1,714	+ 1,713	+ 6,856
% change		+ 3.2	+ 3.2	+ 3.1	+ 3.0	+ 12.1

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4.5.2 There have been significant changes in household formation over the last decade which result in much higher household numbers compared to population growth and average household size. There is a large increase in single person households through elderly people living longer, separation and divorce and young people forming single person households.

## 4.6 Summary

- ◆ The forecasts to 2021 are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.3 regarding mortality, fertility and migration etc, and are contained in population projections for St Albans Borough for the period 2001 - 2021 provided by Hertfordshire County Council using Chelmer model population projections.
- ◆ The population is projected to increase by 6,282 people, increasing over the 20 years to 2021.
- ◆ The 0-19 age range shows an increase overall (815; 2.5%). Throughout the forecast period there is an overall rise with the largest increase of 1,215 people seen between 2001 and 2006 (3.8%).
- ◆ The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows a fall (565; 3.9%). Numbers fluctuate throughout the forecast period with the largest decrease seen between 2001 and 2006 (1,663; 11.3%).
- ◆ The 30-44 age group, the main economically active and household forming and moving group shows a decline overall (4,150; 13.0%). Numbers fall steadily throughout the forecast period, with the largest fall between 2011 and 2016 (2,440; 7.7%).
- ◆ The 45-64 age group shows a large increase in numbers with an increase of 5,976 people (19.1%). The main increase occurs between 2006 and 2011 (1,850; 5.8%).
- ◆ The most significant feature here is the growth of the population in the over 65 age group with an increase of 4,206 people (21.9%) seen over the forecast period. Numbers rise throughout the forecast period, with the largest rise of 1,591 (7.5%) occurring between 2011 and 2016.
- ◆ Numbers in the 80+ age group increase by 2,839 (56.8%) up to 2021. Numbers increase steadily to 2021, but with the greatest rise in percentage terms occurring between 2001 and 2006 (807; 16.1%). Given the resource demands often associated with very elderly people, these are significant figures.
- ◆ Alongside significant change in total population, household formation is forecast to rise by around 12.1% over the period to 2021 due to a large increase in single person households, through elderly people living longer, separation and divorce and young people forming single person households.

## 5 HOUSING NEEDS ASSESSMENT

### 5.1 Survey Weighting

5.1.1 In undertaking this update the data file has been re-weighted using 2006 revised household numbers and social stock by sub-area and 2001 Census tenure proportions (adjusted by five years new dwellings) to draw key data used in the Model. The social sector stock has been weighted to the actual figures in the 2005 HSSA return.

5.1.2 Table 5-1 below shows the resultant weighted tenure proportions in the data file, providing a very close match to the 2001 Census. Table 5-2 shows the weighted house type proportions in the data file compared with the 2001 Census, which is sufficiently similar not to require additional weighting, particularly since tenure provides the main validation of the representativeness of the sample.

**Table 5-1 Tenure of Present Households**

Question 1

Tenure	2005 %	N <sup>os</sup> implied	Local Area Census 2001 *
Social rented	12.9	7,194	12.8
Private rented	10.0	5,610	10.0
Other / tied to employment	0.4	213	0.4
Owner occupier - mortgage	44.5	24,865	44.4
Owner occupier - outright	32.2	17,975	32.4
<b>Total</b>	<b>100.0</b>	<b>55,857</b>	<b>100.0</b>

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**Table 5-2 House Type of Present Households**

Question 2

Type	2005 %	N <sup>os</sup> implied	Local Area Census 2001 *
Semi-detached	82.2	45,769	80.0
Detached			
Terraced			
Bungalow			
Flat / Maisonette	17.5	9,735	19.4
Bedsit / Studio / Room only			
Caravan / Mobile home	0.3	162	0.6
<b>Total</b>	<b>100.0</b>	<b>55,666</b>	<b>100.0</b>

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## **5.2 Model Structure**

- 5.2.1 The model is structured on a 'flows' basis, taking account of recent experience over the previous three years and examining projections over the next two years. It has to be assumed that this 'annualised' data will occur each year to 2011. The primary data gathering will of course be undertaken again before 2011, but unless there are major changes in house prices and incomes it is unlikely that there will be much variation in the overall situation.

## 6 ODPM NEEDS ASSESSMENT MODEL

### 6.1 Affordable Housing Needs Assessment Model

- 6.1.1 The overall assessment of housing need is calculated using the ODPM Basic Needs Assessment Model, which is structured from the survey data to take account of the key demand sources, households requiring subsidised housing, homeless households not assessed in the survey, households living in unsuitable housing whose needs can only be resolved in a different dwelling and concealed household formation emanating from demographic change.
- 6.1.2 Although a model is provided in Guidance the data within it can come from a varying number of sources and calculations made in a number of different ways. Essentially assessment is a process which is commonly followed and the method of calculation in this update takes account of a number of changes to the format used in the original study.

### 6.2 Income Requirement Assumptions

- 6.2.1 Each category has been adjusted to ensure that proper account is taken of households who can buy the lowest quartile stock in the owner occupied market without assistance (income > £36,400 / £52,200) subject to location. The private rent sector costs are estimated at an access cost of £495 / £675 per month for the vast majority of households in this sector, requiring an annual income of at least £23,800 / £32,400 per annum, subject to location.

### 6.3 Basic Model Structure

- 6.3.1 There are a total of 18 'stages' in the needs assessment model, combined into three distinct sections assessing:-
- ◆ B - The Backlog of Existing Housing Need
  - ◆ N - Newly Arising Need
  - ◆ S - Supply of Affordable Units
- 6.3.2  $(B + N) - S =$  Overall annual net shortfall (or surplus) of affordable housing.

### 6.4 B – The Backlog of Existing Housing Need

- 6.4.1 The first stage of the backlog calculation identifies existing households in living accommodation unsuitable for their needs who need to move to resolve their difficulty. **Stage 1** identifies the number of households who specified one or more reasons why their accommodation was inadequate. There were a total of 10,219 reasons for inadequacy given, relating either to property size, condition, heating, affecting health, cost or insecurity of tenure.
- 6.4.2 Households who stated their accommodation was too small, without specifying any other reason, were tested against the ODPM 'Bedroom Standard' to determine whether they are actually overcrowded and only those households who are overcrowded are assessed to be in inadequate housing.
- 6.4.3 4,746 households gave "Too Small" as one of their reasons but 1,591 also have other reasons and the net group who need to be tested as to actual overcrowding is 3,155 households. 1,004 households are overcrowded by the Bedroom Standard but 19 of them are moving to a new home outside the District. This leaves a figure of 985 overcrowded households, of whom 380 have other reasons than "Too Small" and are overcrowded and are already included in the total household number.

**Table 6-1 Inadequate Households Test**

Households specifying unsuitability issues		7,091
MINUS Reason "Too Small" <u>only</u>	3,155	3,936
PLUS Technically 'overcrowded'	985	4,921
MINUS Duplication	380	4,541
<b>Assessed in inadequate housing</b>		<b>4,541</b>

- 6.4.4 The net figure of 4,541 is used in **Stage 1** of the model.
- 6.4.5 The second stage of the unsuitability assessment removes RSL Rented tenants and shared ownership households from the calculation of those in inadequate housing, because any move would release a unit of affordable housing, and it is therefore assumed that there would be no overall net effect on the annual flow model.
- 6.4.6 There are 1,044 RSL rented households living in unsuitable accommodation. Of these there are only 387 who are technically overcrowded by the 'bedroom standard'. 79 households contain a new household about to form which will resolve the overcrowding situation.

**Table 6-2 RSL Rented Inadequacy**

RSL Rented Unsuitable & Overcrowded	387
MINUS – New Forming Solution	79
MINUS – Moving & Overcrowding Resolved by Stock Flow	226
<b>Net unresolved need (4 / 5 bedroom)</b>	<b>82</b>

- 6.4.7 Only 1.7% of the RSL rented stock of 7,194 units are 4+ bedroom i.e. 121 units, and in the year to 2005 it is estimated that less than 5 re-lets of these units became available and therefore there is a need to develop further 4+ bedroom stock to address the needs of these households.
- 6.4.8 Only 962 (1,044 – 82) need to be removed from the total of households with an unsuitability, and this figure is applied in the model at **Stage 2**.
- 6.4.9 The next stage of the unsuitability assessment removes from the total those households whose unsuitability can be resolved 'in situ' (i.e. in their current accommodation). This is derived from HNS data testing the reason for inadequacy of those households who stated their accommodation was inadequate, mainly relating to repairs or improvements to the home.
- 6.4.10 We assess that households who stated their accommodation was too small, those whose rent / mortgage was too expensive, housing was affecting their health, whose tenancy was insecure or whose home was too large all require a move.
- 6.4.11 The calculation results in a total of 1,895 cases where an 'in situ' solution is most appropriate and this figure is also applied at **Stage 2**, giving a total of 2,857 households who need to be removed from the unsuitability calculation at this stage, leaving a net figure of 1,684 households who need to move to resolve their difficulty.
- 6.4.12 The final stage of the unsuitability assessment takes the sub-total calculated above (**Stage 1 MINUS Stage 2**) and applies to this total the proportion of households unable to afford to buy or rent a home of a suitable size in order to resolve their difficulty.
- 6.4.13 The 2000 Guidance states that "for existing owner occupiers in unsuitable housing it is important to take account of the existing equity owned" as this would assist a move to suitable accommodation.

- 6.4.14 The 2004 SEERA Guidance however acknowledges that this is extremely complex and the data gathered might not be very accurate and suggests that best practice is to ask the specific question asked in this survey that if the household needs to move to resolve their difficulty, could they afford a home of a suitable size within the District.
- 6.4.15 We did not apply this question in 2002 but have done so recently and the table below shows the results of a range of Districts not dissimilar to St Albans, one of which is significantly cheaper. Levels of 69% to 78% have been found in these areas, reflecting that equity is only one aspect of moving to alternative accommodation and the problem affects a high proportion of households.

**Table 6-3 Households Unable to Afford to Move**

Local Authority	% Unable to Afford
Elmbridge	77.6
Berwick-upon-Tweed	74.2
Tandridge	71.1
Tunbridge Wells	70.9
Southampton	69.9
Reigate & Banstead	69.7
Ashford	69.2
Maidstone	69.0

- 6.4.16 Although the 2002 questionnaire did not attempt to identify equity we do take account of it by totally excluding owner occupiers with no mortgage and those with a mortgage who have lived in their existing home for more than five years. Of 833 owner occupiers we have assessed only 188 as to their ability to move. Other survey experience shows that even quite high proportions of those with no mortgage are not able to afford a home of a suitable size and our figure is almost certainly an underestimate.
- 6.4.17 Of the 1,684 households, 226 (13.4%) cannot afford to move, 163 private tenants, 53 RSL rented households and 10 of the owner occupiers. This figure of 13.4% (applied at **Stage 3**) may therefore be a low estimate of the proportion unable to afford to buy or rent in the District, compared with our recent national experience since we began asking the SEERA Guidance question.
- 6.4.18 Homeless households are counted in the Backlog of Need although we ensure that they are not double counted from any other source. Council records at March 2005 show that 93 households are in temporary accommodation. None of these were living in Bed & Breakfast accommodation, however analysis of the 2005 P1(E) homelessness returns shows that on average 37 households live in hostel accommodation. Those "homeless at home" or in other general stock would be captured in the survey. 37 is therefore the figure applied at **Stage 4**.
- 6.4.19 The total resultant calculated backlog having taken into account unsuitability, homeless and potential households is then multiplied by a 20% quota at **Stage 6** to progressively eliminate the backlog calculated over a five year period, in accordance with Government Guidance, although the Council can make a Policy decision to eliminate the backlog over a longer period (e.g. 10 years or years to the end of the Local Plan period).

**Table 6-4 Backlog of Need – Basic Needs Assessment Model**

<b>B - BACKLOG OF NEED</b>		
1.	Households in unsuitable housing	4,541
2.	MINUS – RSL tenants	962
	MINUS – in-situ solution most appropriate or leaving District	1,895
		2,857
	<i>Households in unsuitable housing and need to move</i>	<u>1,684</u>
3.	TIMES - Proportion unable to afford to buy or rent	13.4%
4.	PLUS - Backlog - homeless households	37
<b>5.</b>	<b>TOTAL BACKLOG NEED</b>	<b>263</b>
6.	TIMES - Quota to progressively reduce backlog *	(20%)
<b>7.</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>	<b>53</b>

## 6.5 N – Newly Arising Need

6.5.1 The first calculation involved in assessing newly arising need is to establish how many new households intend to form each year, then determine how many of these households have insufficient income to buy or rent in the market and therefore fall into need.

6.5.2 Good Practice Guidance recommends that the total of concealed households identified in the survey is annualised at the average level of those forming in the next two years.

**Table 6-5 Time of Move – New Forming Households**

<b>Time of Move</b>	<b>N<sup>os</sup> implied</b>	<b>Annual Average</b>
Within 1 year	828	<b>947</b>
1 - 2 years	1,066	

6.5.3 The table shows that the annual average new household formation level is 947 households per annum.

6.5.4 In order to avoid double counting due to two-person household formation, duplication is removed. We found that 22.7% of new forming couple households were with a partner who lived separately elsewhere in the District, which would cause a double count.

**Table 6-6 Double Counting Removal**

New household formation (gross p.a.)	947
MINUS - Two person formation (22.7%) x 0.5	108
<b>Total</b>	<b>839</b>

6.5.5 This results in an annual average formation level of 839 households per annum, used at **Stage 8** of the model.

- 6.5.6 The income requirements for private rental are much lower than those to purchase and have therefore been used to test future new forming households ability to both purchase in the lower quartile stock and access private rental of 1, 2 and 3 bedroom units suitable for their requirements. Based on the income of newly forming households 68.3% are considered to be unable to rent in the market and this proportion is used in **Stage 9** of the Model.
- 6.5.7 The Council data on ex-institutional population moving into community is 2 households over the year. This figure is used in **Stage 10** of the Model.
- 6.5.8 The calculation of Existing Households falling into priority need is based on net new registrations on the waiting list.

**Table 6-7 Existing Households falling into need**

Waiting List 31/03/2006	1,737
Waiting List 31/03/2005	1,515
Increase 2005 / 2006	222
PLUS lettings + RSL nominations 2005	399
<b>Total annual increase</b>	<b>621</b>
<b>Number in Priority Need (60%)</b>	<b>373</b>
MINUS 20% of 37 homeless households ( <b>Stage 4</b> )	7
MINUS Ex-institutional population ( <b>Stage 10</b> )	2
<b>Net Number in Priority Need</b>	<b>364</b>

- 6.5.9 The net annual increase in the housing register is 621 households. The Council assess that 60% of waiting list applicants are in priority need, reducing the annual change to 373 households.
- 6.5.10 Some groups, homeless and ex-institutional potentially double count as they are already included at separate stages in the model. This duplication is removed in the table above, resulting in a net number in priority need of 364 per annum, used at **Stage 11**.
- 6.5.11 The survey data identified 488 in-migrant households in the last five years who live in social rented accommodation (98 per annum). Additionally there were 2,905 in-migrant households living in the private rented sector over the last five years (581 per annum), of which 94 were in receipt of housing benefit (19 per annum). An average annual figure of 117 households (98 + 19) unable to afford market housing is used at **Stage 12**. None of these households were in priority need.

**Table 6-8 Newly Arising Need – Basic Needs Assessment Model**

<b>N - NEWLY ARISING NEED</b>		
8.	New household formation	839
9.	TIMES Proportion unable to buy or rent in market	68.3% 573
10.	PLUS - Ex-institutional population moving into community	2
11.	Existing households falling into priority need	364
12.	In-migrant households unable to afford market housing	<u>117</u>
<b>13.</b>	<b>TOTAL NEWLY ARISING NEED</b>	<b>1,056</b>

## 6.6 S – Supply of Affordable Units

6.6.1 The annual supply of affordable units over the last three years is used in the model as a prediction for future annual affordable housing supply which is likely to arise.

6.6.2 It is important firstly to establish the average stock re-let level and we have studied data from both the HSSA returns and CORE for the three years to 31/03/2005, which shows the following:-

**Table 6-9 2003 to 2005 Affordable Council Housing Supply (HSSA)**

Council Re-lets	2002 / 03	2003 / 04	2004 / 05	Average
HSSA Return	251	176	224	<b>217</b>

6.6.3 The overall average re-let figure for the Council stock for the three year period in the HSSA return is 217 units per annum.

**Table 6-10 2003 to 2005 Affordable Housing Supply (HSSA & CORE)**

RSL Re-lets	2002 / 03	2003 / 04	2004 / 05	Average
HSSA Return	50	24	35	36
CORE Data *	60	68	72	67
<b>Average</b>	<b>55</b>	<b>46</b>	<b>54</b>	<b>52</b>

\* © CORE, Housing Corporation

6.6.4 The CORE data for the three year period has been used as it provides a more consistent figure in relation to RSL re-lets. The average of 67 per annum is added to the 217 Council units totalling 284 social re-lets at **Stage 14** of the needs model.

6.6.5 Shared ownership units are estimated at 157, based on the 2001 Census total of 121 with 36 units built between April 2001 and March 2005. Assuming a resale rate the same as social stock re-lets at 3.9% (annual re-let turnover divided by total social stock), 6 units would become available each year. This number is also incorporated at **Stage 14**.

6.6.6 **Stage 15** of the needs model involves assessing how increased vacancies and units taken out of management will have an effect on the annual flow of affordable housing. The calculation takes the average annual right to buy level, multiplied by the average re-let rate of the stock. The table below shows the right to buy levels from Council data for the three years to 31/03/2005.

**Table 6-11 2003 to 2005 Right to Buy**

	2002 / 03	2003 / 04	2004 / 05	Average
Right to Buy	61	95	52	<b>69</b>

6.6.7 The average annual right to buy level is 69 units per annum. With an average stock re-let rate of 3.9% per annum, this leads to a total of 3 units per annum applied at **Stage 15**.

- 6.6.8 **Stage 16** of the needs model takes account of the predicted annual new affordable housing supply. The HSSA returns for the three years to 31/03/2005 show the following trends:-

**Table 6-12 2003 to 2005 New Affordable Housing Supply (HSSA)**

Supply	2002 / 03	2003 / 04	2004 / 05	Average
New RSL Supply	45	46	239	110
Other New Supply	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b><u>45</u></b>	<b><u>46</u></b>	<b><u>239</u></b>	<b><u>110</u></b>

- 6.6.9 The average annual new supply total is 110 units per annum, however both past delivery and future planned delivery levels vary very significantly, ranging from 32 in 2005 / 06 to 239 in 2004 / 05. Although past supply levels have been inconsistent, the average of 110 is close to the Housing Department's target, an average of 100 per year given current building targets. A figure of 100 is therefore used at **Stage 17** in the model calculation. It will be important to monitor actual delivery levels in future years to assess progress in meeting the overall scale of affordable need.

**Table 6-13 Supply of Affordable Units – Basic Needs Assessment Model**

<b>S - SUPPLY OF AFFORDABLE UNITS</b>		
14.	Supply of social re-lets (284) and Shared Ownership re-sales (6)	290
15.	MINUS Increased vacancies (if applicable) and units taken out of management. Right to Buy	(69 x 3.9%) <u>3</u>
	<i>Net social re-lets</i>	287
16.	PLUS - Committed units of new affordable supply	<u>100</u>
<b>17.</b>	<b>AFFORDABLE SUPPLY</b>	<b>387</b>



## 6.7 Affordable Housing Needs Assessment Model

<b>B - BACKLOG OF NEED</b>		
1.	Households in unsuitable housing	4,541
2.	MINUS – RSL tenants	962
	MINUS – in-situ solution most appropriate or leaving District	1,895
		2,857
	<i>Households in unsuitable housing and need to move</i>	<u>1,684</u>
3.	TIMES - Proportion unable to afford to buy or rent	13.4%
4.	PLUS - Backlog - homeless households	37
<b>5.</b>	<b>TOTAL BACKLOG NEED</b>	<b>263</b>
6.	TIMES - Quota to progressively reduce backlog *	(20%)
<b>7.</b>	<b>ANNUAL NEED TO REDUCE BACKLOG</b>	<b>53</b>
<b>N - NEWLY ARISING NEED</b>		
8.	New household formation	839
9.	TIMES Proportion unable to buy or rent in market	68.3%
10.	PLUS - Ex-institutional population moving into community	2
11.	Existing households falling into priority need	364
12.	In-migrant households unable to afford market housing	<u>117</u>
<b>13.</b>	<b>TOTAL NEWLY ARISING NEED</b>	<b>1,056</b>
<b>S - SUPPLY OF AFFORDABLE UNITS</b>		
14.	Supply of social re-lets (284) and Shared Ownership re-sales (6)	290
15.	MINUS Increased vacancies (if applicable) and units taken out of management. Right to Buy	(69 x 3.9%)
	<i>Net social re-lets</i>	287
16.	PLUS - Committed units of new affordable supply	<u>100</u>
<b>17.</b>	<b>AFFORDABLE SUPPLY</b>	<b>387</b>
	Annual need to reduce backlog (B)	53
	Newly arising need (N)	<u>1,056</u>
	<b>TOTAL AFFORDABLE NEED (B + N)</b>	<b>1,109</b>
	Affordable supply (S)	<u>387</u>
<b>18.</b>	<b>OVERALL ANNUAL SHORTFALL (B + N) - S</b>	<b><u>722</u></b>

\* Elimination over a five year period is recommended in the Guidance for model purposes but the Council can make a Policy decision to do so over a longer period (e.g. 10 years or years to the end of the Local Plan period)

## 7 KEY FINDINGS

### 7.1 The Housing Market, Costs and Incomes

- 7.1.1 The house price inflation increase for the District over the last four years is 34.2% across all property types.
- 7.1.2 The entry level stock, (flats / maisonettes) has increased by 49.3% and average terraced house prices have increased by 23.0% in the last four years.
- 7.1.3 In terms of the entry level stock, flats / maisonettes are assessed to be the main access property for first time buyers, due to sales levels, 24.0% of all sales in the District and the average price at £196,375.
- 7.1.4 The increase in the price of flats / maisonettes (49.3%) is in excess of wage inflation in the three year period from 2002. Incomes in Hertfordshire County are assessed independently to have increased by 26.7% to April 2005.
- 7.1.5 Access to market housing has therefore become more difficult for new households than it was in 2002, increasing the need for subsidised housing of some form.

### 7.2 Population and Household Changes

- 7.2.1 The most significant feature in terms of population change is the growth in the population of the over 65 age group with an increase of 4,206 people (21.9%) seen over the forecast period. Numbers rise throughout the forecast period, with the largest rise of 1,591 (7.5%) occurring between 2011 and 2016.
- 7.2.2 Another prominent feature is the fall in the 30-44 age group. This main economically active group and household forming and moving group shows a decline overall (4,150; 13.0%). Numbers fall steadily to throughout the forecast period. The largest decrease is seen between 2011 and 2016 (2,440; 7.7%).
- 7.2.3 The "older" retirement group, those 80 and over grows by 56.8%, 2,839 more people by 2021. This group represents 7,839 people in the area by 2021 who are much more likely to have care and support needs which should now be assessed in detail.

### 7.3 Affordable Housing Needs Requirement

- 7.3.1 The total affordable housing need annually is for 1,109 units. Net re-lets of the existing social stock, after RTB impact, average 287 units, based on the average of recent years.
- 7.3.2 Even after allowing for this level of supply, there will still be an annual affordable housing shortfall of 822 units a year (722 shortfall + 100 assumed new units). These units will need to come from new sites, conversions and market purchase by RSL's to reduce the shortfall figure each year.
- 7.3.3 Additionally, 1,966 existing households and 1,234 concealed households intend to leave the District over the next five years because of a lack of affordable housing. These households have not been included in our assessment of affordable housing need, though we could be justified in doing so.
- 7.3.4 Essentially planning should be providing for balanced communities, which acknowledge the need for social compatibility if the problems of housing in the past are not to be repeated. The increases in average flat prices of 49% over the last four years have excluded a large proportion of 'first-time buyers' from the owner occupied market.

- 7.3.5 We believe therefore that the proportion of affordable housing provided on new sites should encompass more subsidised intermediate market housing than would have been the case four years ago when it was a more marginal element of affordable need.
- 7.3.6 New Planning Guidance is due in 2006 following many consultation documents on affordable housing and sustainable development and balancing housing markets. This guidance will also contain the review of the 2000 Good Practice Guidance on Local Housing Needs Assessment and 2006 / 2007 will be a key period for a full update of the 2002 Housing Needs Survey.

## **7.4 Targets**

- 7.4.1 Despite relatively high levels of affordable delivery compared to other authorities, the scale of outstanding affordable need is such that the maximum level of affordable housing which is deliverable and sustainable should be set as a District-wide target.
- 7.4.2 We recommended in the 2002 Report that this should be 35% from the total of all suitable sites.
- 7.4.3 Over the three years to 2005, 89% of new affordable delivery was social rented units and 11% intermediate housing. The proportion of intermediate housing from 2005 / 06 to 2006 / 07 is planned at 42%, a significant change from the actual delivery balance over the last three years.
- 7.4.4 If the Local Plan was to be reviewed now we would be recommending a target of 40% overall with a tenure balance of broadly 2:1 rented units to intermediate housing. Clearly targets will vary on individual sites to address local need having taken account of social unit turnover in the area.

## APPENDIX I

### LAND REGISTRY

## LAND REGISTRY HOUSE PRICE DATA

### House Price Inflation England & Wales

% change in prices for the period Oct - Dec 2004 to Oct - Dec 2005 inclusive

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Oct - Dec 2004	£281,669	+ 4.1%	£168,826	+ 3.5%	£140,423	+ 6.8%	£170,798	+ 1.8%	£183,450	+ 4.3%
Oct - Dec 2005	£293,098		£174,744		£149,905		£173,914		£191,326	

Source: Land Registry, © Crown Copyright

### House Price Inflation South East

% change in prices for the period Oct - Dec 2004 to Oct - Dec 2005 inclusive

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Oct - Dec 2004	£362,531	+ 1.7%	£212,769	+ 1.2%	£177,629	+ 0.3%	£149,097	+ 1.1%	£223,465	+ 2.5%
Oct - Dec 2005	£368,609		£215,336		£178,187		£150,713		£229,084	

Source: Land Registry, © Crown Copyright

### House Price Inflation Hertfordshire

% change in prices for the period Oct - Dec 2004 to Oct - Dec 2005 inclusive

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Oct - Dec 2004	£435,278	+ 10.4%	£257,054	+ 3.0%	£207,209	-0.9%	£162,236	+ 0.5%	£245,052	+ 5.8%
Oct - Dec 2005	£480,608		£264,795		£205,379		£162,972		£259,283	

Source: Land Registry, © Crown Copyright

### House Price Inflation St Albans

% change in prices for the period Oct - Dec 2004 to Oct - Dec 2005 inclusive

	Detached Price		Semi Detached Price		Terraced Price		Flat/Maisonette Price		Overall Price	
Oct - Dec 2004	£466,078	+ 18.0%	£305,193	+ 12.0%	£264,242	-1.8%	£176,646	+ 11.2%	£295,626	+ 10.5%
Oct - Dec 2005	£549,929		£341,905		£259,450		£196,375		£326,522	

**Average House Prices by Property Type****South East**

Oct - Dec 2005

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£368,609	15,054	£215,336	16,626	£178,187	17,197	£150,713	12,716	£229,084	61,593

Source: Land Reigstry, © Crown Copyright

**Average House Prices by Property Type****Hertfordshire**

Oct - Dec 2005

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£480,608	975	£264,795	1,381	£205,379	1,820	£162,972	1,301	£259,283	5,477

Source: Land Reigstry, © Crown Copyright

**Average House Prices by Property Type****St Albans**

Oct - Dec 2005

Detached		Semi Detached		Terraced		Flat/Maisonette		Overall	
Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales	Av. Price	Sales
£549,929	160	£341,905	201	£259,450	222	£196,375	184	£326,522	767

Source: Land Reigstry, © Crown Copyright

## APPENDIX II

### **GLOSSARY OF TERMS**

## GLOSSARY

<b>ADP – Approved Development Programme</b>	This is the Housing Corporation’s total capital programme in any one year. It is normally broken down into rented housing, shared ownership and other home ownership initiatives. This is now called the National Affordable Housing Programme.
<b>Affordability</b>	<p>A measure of whether households can access and sustain the costs of private sector housing. DCA use two types of affordability: mortgage and rental.</p> <p><u>Mortgage affordability</u> measures whether households can afford a deposit and a mortgage; <u>rental affordability</u> measures whether a household can afford a private rental.</p> <p>Mortgage affordability is based on conditions set by mortgage lenders - a minimum level of household income and savings. We use a 3 times multiple of gross income. Rental affordability is defined as the rent being less than a proportion of a household’s income. We use a 25% level of rental affordability.</p>
<b>Affordable Housing</b>	Affordable housing is that provided, with subsidy <sup>1</sup> , for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes. This definition covers housing for social rent, shared ownership, low cost home ownership and sub-market rent.
<b>Bedroom Standard<sup>2</sup></b>	<p>The standard number of bedrooms allocated to each household in accordance with its age/sex/marital status composition and the relationship of the members to one another.</p> <p>A separate bedroom is allocated to each married couple, any person aged 21 or over, each pair of adolescents aged 10 – 20 of the same sex, and each pair of children under 10. Any unpaired person aged 10 – 20 is paired, if possible with a child under 10 of the same sex, or, if that is not possible, he or she is given a separate bedroom, as is any unpaired child under 10. This standard is then compared with the actual number of bedrooms available for the sole use of the household and the differences are tabulated.</p>
<b>Concealed Household</b>	A Concealed Household is someone living within a household wanting to move to their own accommodation and form a separate household (e.g. adult children living with their parents).

<sup>1</sup> This subsidy is not always public subsidy.

<sup>2</sup> This definition is taken from the Survey of English Housing, ODPM.



<b>Cost rented housing</b>	Housing let at rents which are set to cover development and management costs only, i.e. not for profit. Cost rents are above the Housing Corporation's rent caps but below market rents.
<b>Data Entry Checks</b>	Checks on errors in keying survey data into computer systems.
<b>Data Processing and Analysis</b>	The process by which the responses on a questionnaire are converted into numbers or categories. These are then used to produce outputs such as tables and charts.
<b>Housing Demand</b>	Is the quantity and type / quality of housing which households wish to buy or rent and are able to afford. It therefore takes account of preferences and ability to pay.
<b>Discounted Market Rented Housing</b>	New Units utilising the equity from the discounted or free land from the planning process where Housing Associations could build at only development cost and provide, without grant, units which would be available at lower than private rented market cost but above Housing Corporation rent caps.
<b>Existing Household</b>	An existing household encompasses the household in its entirety.
<b>Existing Household In Unsuitable Accommodation</b>	Refers to all circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition, security or cost.
<b>Focus Group</b>	A type of <b>qualitative research</b> in which the views of <b>respondents</b> are sought and recorded in a group setting. Also known as a 'group discussion'.
<b>Homeless Household</b>	A household is accepted as statutorily homeless by the authority if it meets the criteria set out in the Housing Act 1996.
<b>Household</b>	The Census definition of a household is:- <i>"A household comprises either one person living alone or a group of people (not necessarily related) living at the same address with common housekeeping - that is, sharing at least one meal a day or sharing a living room or sitting room."</i>
<b>Households In Unregistered Need</b>	Households in unregistered need are those households that are in need but not registered on the Council's Waiting or Transfer List.
<b>Housing Register</b>	A register of people waiting for affordable housing. It may have two components: a list for those not currently occupying affordable housing (more properly known as the Housing Register) and a Transfer List for those tenants who wish to move to another affordable home within the same District.

<b>Key Worker</b>	A Key Worker is “any person who directly provides services that are essential for the balanced and sustainable development of the local community and local economy, where recruitment or retention difficulties apply”, and includes teachers, nurses, other public sector workers and employees of businesses considered vital to sustaining the economy of an area.
<b>Inadequate Housing</b>	Housing which is inadequate or unsuitable in meeting the needs of the household, comprising a range of criteria on house condition, size, cost and security of tenure. These criteria are used to assess whether the unsuitability can be resolved by improvements to the dwelling, or whether the household has to move to another home.
<b>Intermediate Housing</b>	Housing at prices or rents above those of social rented but below market prices of rents. This includes shared ownership, shared equity, sub-market renting or low cost home ownership.
<b>Housing Need</b>	Refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the local housing market without some assistance.
<b>ODPM</b>	Office of the Deputy Prime Minister has responsibility for local and regional government, housing, planning, fire, regeneration, social exclusion and neighbourhood renewal with the ambition to create sustainable communities for all.
<b>ONS</b>	Office for National Statistics.
<b>Over Occupation</b>	Over occupation occurs when, using the <b>bedroom standard</b> , there are insufficient bedrooms in the property based on the number of residents and their age/sex/marital status composition. Over occupation is more common in the public sector than the private sector.
<b>Qualitative Research</b>	A type of research designed to reveal a full range of views and circumstances of the population under study, giving an in-depth picture. Examples of this approach are <b>depth interviews</b> and <b>focus groups</b> . It differs from <b>quantitative research</b> in not providing statistically reliable numerical data.
<b>Quantitative Research</b>	Research designed to provide numerical information about a topic which is statistically reliable. If carried out using adequate methodology, quantitative data from a sample of the population can be extrapolated to assume that the results apply to the population as a whole, to greater or lesser degrees of reliability. Data is usually collected by post, telephone or by face-to face interview.

<b>Random Sample</b>	A sample where no member of the target population has a greater chance of being chosen than any other. Also known as <b>Simple Random Sampling</b> .
<b>Relets</b>	Local Authority or RSL rented accommodation that becomes vacant due to the departure of a previous tenant; therefore the accommodation can be re-let to another tenant or new applicant on the Housing Register.
<b>Rent caps / Target rents</b>	Rent limits provided by the Housing Corporation specified by Total Cost Indicators <sup>3</sup> and by floor area, for all new affordable housing schemes.
<b>RSL – Registered Social Landlords</b>	A Housing Association or a not-for-profit company, registered by the Housing Corporation, providing social housing. SHG can only be paid to an RSL.
<b>SO – Shared Ownership</b>	Housing produced by an RSL, either new or existing properties purchased by an RSL, which the RSL then sells on a part rent / part buy basis. The shared owner buys a percentage of the property, funded by mortgage and/or savings. The remaining percentage is still owned by the RSL who charges a rent on it.
<b>SDS – Scheme Development Standards</b>	A set of standards published by the Housing Corporation setting out the essential and desirable standards for SHG-funded property acquired or developed an RSL.
<b>SHG – Social Housing Grant</b>	Capital provided by the Housing Corporation, or Local Authority, to fully or partially fund RSLs when developing social housing. SHG is paid under s18 of the Housing Act 1996.
<b>Section 106 sites (S106 of the Town and County Planning Act 1990)</b>	A general term to describe a housing site which is large enough to require a developer to contribute affordable housing as part of a development scheme. S106 of the Act allows Planning Authorities to negotiate planning obligations as part of a development and could include, among other things, a proportion of affordable housing.
<b>Transfer List</b>	A list of Local Authority and RSL tenants that have applied for alternative Local Authority housing. Housing Associations may keep their own Transfer Lists.
<b>Under Occupation</b>	A household is under-occupying if more than one spare bedroom is available, using the <b>bedroom standard</b> as a test. Under-occupation is common in the private sector.

<sup>3</sup> TCI are costs the Housing Corporation publish annually which show the maximum allowable costs for new development to be funded by SHG.