Chapter Four – Summary of Affordable Housing Need and Supply

4.1 Introduction

4.1.1 This chapter gives an overview of housing need and supply. More detailed discussion of the information, including sources, assumptions and sensitivities, is included in chapters 5, 6,7 and 8. This chapter sets the scene to make it easier to digest the information in the following chapters.

4.1.2 The chapter follows the methodology set out in the CLG Guidance. It therefore illustrates the way in which the guidance has been applied. The process set out in Chapter 5 and on page 60 of the Guidance has been used to structure this Chapter.

4.2 Current backlog of affordable housing need *(see Chapter 6 for further details)*

4.2.1 Current housing need has been derived from three main sources: numbers on the housing register, with appropriate filters to ensure only those households whose need is consistent with definitions within the Guidance are counted, numbers on the zone agent waiting list for intermediate housing, also appropriately filtered, and data taken from the Survey of English Housing. The Guidance recognises that housing register data alone can underestimate housing need, and our findings confirm this. Therefore data from the Survey of English Housing which identifies households who are in need of social rented housing, even if they are not currently registered, is also used. These estimates are significantly higher so for prudence an average of the two figures has been used.

4.2.2 The Guidance explicitly refers to homeless and overcrowded households; these are included in the figures shown below. Homelessness figures are therefore not shown separately; while the number of households accepted as statutorily homeless is reducing, a number of these are being re-housed from the register through different routes, as part of the prevention agenda. Overall need from this group is not reducing. There is also some additional information on overcrowded households in chapter 6.

Table 4.1 Backlog of need for affordable housing

Current need **As at 2007**	**B&NES**	**Bristol**	**North Som**	**South Glos**	**Mendip**	**West Wilts**	**WoE total**
1)Backlog of need for social rented housing (Table 6.2 minus 6.8)	2,608	7,430	3,286	2,635	1,363	2,238	19,560
2) Backlog of need for intermediate housing (Table 6.8)	179	935	333	287	115	92	1,941
3) Total Backlog need total of 1 and 2 above	**2,787**	**8,365**	**3,619**	**2,922**	**1,478**	**2,330**	**21,501**

4.3 Future housing need *(see Chapter 7 for further details)*

4.3.1 All projected future needs shown below are annual figures, taken as the average for the period 2009 – 2021.

New households

4.3.2 The table below shows newly forming households who cannot afford to rent or buy in the market. Household projections are discussed in chapter two, and again in chapter 7. The forecasts used by the model draw on information about economic forecasts and housing supply, compared against official CLG projections. The figures for gross household formation in the table below are averages of the figures in Table 7.4.

4.3.3 This table also shows the proportion and number unable to buy or rent in the market. This calculation uses predicted house prices and incomes, which again are drawn from a variety of sources as set out in Chapter 7.

Table 4.2 Annual Need for affordable housing arising from newly forming households

Annual Average 2009-2021	**B&NES**	**Bristol**	**North Som**	**South Glos**	**Mendip**	**West Wilts**	**WoE total**
1) Gross new household formation per year (Table 7.2, sub-table 1)	1,434	3,343	1,686	2,190	726	998	10,376
2) Proportion unable to buy or rent in market (Table 7.5)	54%	59.4%	42.5%	45.7%	43.3%	42.4%	50.4%
3) Number unable to buy or rent in market (calculated from above)	774	1,999	716	1,000	314	423	5,226
Of Which:							
4) Households able to afford Intermediate Housing (Table 7.15)	57	320	162	161	63	65	826
5) Residual In need of social rented Row 3) above less row 4) above	717	1,680	555	839	252	358	4,400

In-migrants unable to afford market housing

4.3.4 The table below shows the net new migrants coming in to the WoE area (whether from other areas of the UK or abroad) who cannot afford to rent or buy in the market. There is discussion of migration patterns and characteristics in chapter 2 and in chapter 8. (Migrant households who can afford intermediate housing are captured in table 4.2 (row 4).

Table 4.3 Need for social rented housing arising from in-migrants

Annual Average 2009-2021	**B&NES**	**Bristol**	**North Som**	**South Glos**	**Mendip**	**West Wilts**	**WoE**
In-migrants unable to afford to buy or rent in market (net)	140	500	191	58	92	43	1,023

Source: Table 7.6

Annual Existing Owner Occupiers falling into need

4.3.5 The table below shows existing owner occupiers living in the private sector who will need to move into social rented housing in the future. The majority of these are older owner-occupiers who can no longer live independently in their own home. There is additional information about older people's housing needs in chapter 8.

Table 4.4 Need for social rented housing arising from existing owner occupiers falling into need

Annual Average 2009-2021	B&NES	Bristol	North Som	South Glos	Mendip	West Wilts	WoE
Existing owner occupiers falling into need	108	210	143	159	74	84	778

Source: Table 7.7

Social rented tenants moving into intermediate housing

4.3.6 Page 60 of the Guidance identifies that the provision of additional intermediate housing might enable existing higher earning tenants in social rented accommodation to move from affordable rented into intermediate housing, freeing up social rented dwellings for lower income households. An estimate is given in Table 4.5 and this is discussed further in Chapter 7.

Table 4.5 Social rented tenants who might move into intermediate housing

Estimated Annual Forecast (2009-2021)	B&NES	Bristol	North Som	South Glos	Mendip	West Wilts	WoE
Social rented tenants moving into intermediate housing	1	16	3	5	3	2	31

Source: Table 7.17

Total Future housing Need

4.3.7 The table below shows the total of future housing need as set out in Tables 4.2 to 4.5 above.

Table 4.6 Total newly arising need

Annual Average 2009-2021	**B&NES**	**Bristol**	**North Som**	**South Glos**	**Mendip**	**West Wilts**	**WoE**
1)Newly forming households in need of social rented housing (Table 4.2 (5)) PLUS	717	1,680	555	839	252	358	4,400
2)In-migrants unable to afford to buy or rent in market (net) (table 4.3) PLUS	140	500	191	58	92	43	1,023
3)Existing owner occupiers falling into need (Table 4.4) EQUALS	108	210	143	159	74	84	778
4)Total newly arising need for social rented housing	**965**	**2,390**	**888**	**1,055**	**417**	**486**	**6,201**
5)Newly forming household need – intermediate (Table 4.2 (4))	57	320	162	161	63	65	826
7)Total newly arising need for intermediate	**57**	**320**	**162**	**161**	**63**	**65**	**826**
8)Total newly arising need	**1,022**	**2,710**	**1,050**	**1,216**	**480**	**551**	**7,027**

Source: see tables above, figures may not sum due to rounding.

4.4 Future supply

Committed new supply

4.4.1 The future supply figures set out below reflect reasonable estimates of committed new supply based on current pipeline supply indicated in HSSA returns forecast for the years 2007 – 2009[1]. These were estimates as at April 2007. Clearly the market has slowed somewhat since and some of these schemes will not be delivered within this timescale, thus this represents a prudent position by not underestimating future supply.

[1] HSSA Housing Strategy Statistical Appendix – CLG Annual

Table 4.7 – committed new supply of affordable housing

2007-2009	B&NES	Bristol	North Som	South Glos	Mendip	West Wilts	WoE
1) Committed new supply – rented	133	525	254	322	160	332	1,726
2) Committed new supply – intermediate	82	465	149	97	105	16	914
Total	**215**	**990**	**403**	**419**	**265**	**348**	**2,640**

Source: HSSA forecasts as at April 2007

Relets of affordable housing

4.4.2 The social rented sector relet figures are predicted by the model, using current and historic average 3 year relet rates (2004 – 2007) projected forward within the context of the market overall. There is an assumption that if house prices become more affordable more people will leave the social rented sector and therefore relet rates will increase. Conversely, when house price to income ratios are high, fewer relets arise.

4.4.3 Table 4.8 includes relets arising from social rented tenants moving into intermediate housing, as discussed above.

4.4.4 Intermediate relets/resales do contribute an increasing proportion of intermediate supply. In actual numbers, however, relets are still very small. 2006 supply figures have been used in the table below. If the programme does increase significantly in the future this would increase the number of social relets, this will be closely monitored.

Table 4.8 Future supply of affordable housing – relets and resales

Annual Average 2009 – 2021	B&NES	Bristol	North Som	South Glos	Mendip	West Wilts	WoE
1)Supply of social relets (Table 7.8 minus row 4 below)	425	1888	453	554	263	358	3,939
2)additional relets arising from tenants moving into intermediate hsg (Table 4.5)	1	16	3	5	3	2	31
3)Total social rented relets 1) plus 2) above	426	1,904	456	559	266	360	3,970
4)Supply of resales from intermediate stock. (Core data – average 2004-2007**)**	6	16	11	4	10	3	50

4.5 Bringing it all together

4.5.1 The backlog need identified above is added to newly arising need to give a total needs figure for affordable rented housing.

4.5.2 In calculating future housing need we have assumed that each year about 10% of the backlog need will be met. The guidance allows local authorities to assume a higher rate of 20% i.e. clearing the existing backlog need within a 5 year period. Our view is that using 20% gives rise to unfeasibly high demand for social rented housing, which could not be met. There is also evidence in chapter 7 of the report that backlog need has not been met over the previous 7 years and indeed has been rising in that time. Planning to meet backlog need over a 10 year period is therefore an improvement on the existing position and an assumption that we feel is more cautious than the guidance would allow, and therefore robust and defensible.

Table 4.9 Average Annual Net need for social rented housing

2009-2021	**B&NES**	**Bristol**	**North Som**	**South Glos**	**Mendip**	**West Wilts**	**WoE**
1)Total current backlog need Table 4.1(1)	2,608	7,430	3,286	2,635	1,363	2,238	19,560
2)Less Committed new supply Table 4.7(1)	133	525	254	322	160	332	1,726
3)Equals Net backlog need	2,475	6,905	3,032	2,313	1,203	1,906	17,834
4)Annual flow @ 10%	**248**	**691**	**303**	**231**	**120**	**191**	**1,783**
5)Annual average newly arising need Table 4.6(4)	965	2,390	888	1,055	417	486	6,201
6) Plus annual flow (4 above)	248	691	303	231	120	191	1,783
7) Equals Annual need (5 plus 6)	**1,213**	**3,081**	**1,191**	**1,286**	**538**	**677**	**7,984**
Less							
8)Annual supply Table 4.8 (3)	426	1904	456	559	266	360	3970
9)Total net annual need 2009-2021 i.e. annual need (7) minus annual supply (8)	**786**	**1176**	**735**	**727**	**271**	**317**	**4014**

Notes: Figures may not sum due to rounding

Table 4.10 Average Annual Net need for affordable intermediate housing

2009-2021	B&NES	Bristol	North Som	South Glos	Mendip	West Wilts	WoE
1) Total current backlog need Table 4.1(2)	179	935	333	287	115	92	1,941
2) Less Committed new supply Table 4.7(2)	82	465	149	97	105	16	914
3) Equals Net backlog need	97	470	184	190	10	76	1027
4) Annual flow @ 10%	**10**	**47**	**18**	**19**	**1**	**8**	**103**
5)Annual average newly arising need Table 4.6 (7)	57	320	162	161	63	65	826
6) Plus annual flow (4 above)	10	47	18	19	1	8	103
7) Equals Annual need (5 plus 6)	**67**	**367**	**180**	**180**	**64**	**73**	**929**
8)Annual supply Table 4.8 (3)	6	16	11	4	10	3	50
9)Total net annual need 2009-2021 i.e. annual need (7) minus annual supply (8)	**61**	**351**	**169**	**176**	**54**	**69**	**879**

4.6 Total housing requirements of households in need

4.6.1 Tables 4.9 and 4.10 above set out the net need figures for social rented and affordable intermediate housing, calculated in accordance with the Guidance. These figures will form the evidence base for the local authorities when reviewing planning and housing policy.

4.6.2 It should be noted here that the total net need figure shown in Table 4.11 below (4,893) is lower than the net need figure quoted in later chapters in the report (5,327). The higher net need figure makes different assumptions about the treatment of the backlog, and on new supply. In many ways the higher net need figure may more closely reflect reality. It is extremely unlikely, for example, that the backlog figure which goes into the above calculation will be met year on year, but that is what the Guidance assumes. The net need figure of 4,893 is therefore the more cautious and robust figure.

4.6.3 The table below shows the split between affordable social rented housing need and affordable intermediate housing need, based on need, using the Guidance methodology in Chapter 5 and Page 60 of the Guidance to give a tenure split using the data from the modelling. This provides the evidence base for further policy development.

Table 4.11 Annual Total housing requirements of households in need

Average 2009 – 2021	B&NES	Bristol	North Som	South Glos	Mendip	West Wilts	WoE
1) Total annual net need social rented (Table 4.9)	786	1176	735	727	271	317	4014
2) Total annual net need intermediate (Table 4.10)	61	351	169	176	54	69	879
3) Total annual net need	847	1526	904	903	324	386	4893
4) % split social rented/intermediate	**93/7**	**77/23**	**81/19**	**80/20**	**83/17**	**82/18**	**82/18**

4.7 Implications for affordable housing requirements on new schemes

4.7.1 Table 4.12 illustrates the levels of Affordable housing provision that would have to be made on new schemes to meet the needs set out above. This is based on local authorities own estimates of projected total new build completions across all tenures.

4.7.2 Column one shows the Local Authorities own estimates of the likely level of new build completions as an annual average over the period 2006 to 2026. The second column shows the total annual net need, this is taken from Table 4.11 above. The third column illustrates the percentage of affordable housing which would be required on all schemes to meet the level of housing need. Given that many sites in the area are below planning thresholds and do not currently contribute to meeting housing need, actual levels set by the local authorities would have to be higher to meet the need. Of course, all this would be subject to viability tests, but it does illustrate the very high levels of housing need.

4.7.3 The table shows the very high level of demand for affordable housing, and also indicates a need to look at ways of increasing the supply of affordable housing in addition to new build e.g. through Open Market HomeBuy.

Table 4.12 Percentage of new supply that would have to be affordable to meet housing need

Local Authority	Annual average supply of new build 2006-2026	Annual average need 2009-2021	Affordable need as a share of new supply (%)
B&NES	732	847	116
Bristol	1,501	1,526	102
North Som	1,401	904	64
South Glos	1,112	903	81
Mendip	358	324	90
West Wilts	494	386	78
WoE	5,596	4,893	87

Source: Source: New build supply taken from Table 2.4, annual average net need taken from table 4.11.

4.8 Size mix of new housing

4.8.1 Tables 4.13 and 4.14 show the size mix required for new affordable housing, both social rented and intermediate. The social rented mix is taken from the zonal level affordability and needs model, as this has the most robust local information. The information is based on the net need after reletting and re-sales have been taken into account.

4.8.2 The model enables a split of need for 2 bedroom accommodation between family and non-family housing. In the table below 2 bedroom flats are assumed to be appropriate for non-family housing and 2 bedroom houses for family accommodation. In some local authorities, imbalances in the existing stock mean that many families will be housed in flats rather than houses, as flats represent the majority of the existing 2 bedroom stock. Much of this imbalance has been brought about because of the sale of houses under the Right to Buy. There is a high unmet demand for transfers from flats to houses. The modelling highlights a need for family-friendly 2 bedroom houses, as well as for larger accommodation and for some smaller accommodation.

4.8.3 The mix for intermediate housing is also taken from the model. The modelled data shows a higher level of one-bedroom need than is reflected on the zone agent waiting list, but it is noted in the report that those buying intermediate housing are likely to aspire to under-occupy by at least one bedroom and as such the level of 1 bed intermediate housing should be merged with the 2 bed for the purposes of indicated unit mix supply required. The zone agent data reflects this.

Table 4.13 Size mix for new social rented housing 2009-2021

Percentages	B&NES	Bristol	N Som	South Glos	Mendip	W Wilts	WoE
1 bed	37.9	48.0	37.9	23.6	40.6	53.9	41.5
2 bed flat	1.2	-	9.9	7.6	-	2.1	-
2 bed house	32.5	25.2	22.3	37.3	29.1	18.7	28.8
3 bed house	19.1	12.6	22.4	21.6	20.6	18.5	19.2
4 + bed house	9.3	14.2	7.4	9.9	9.7	6.8	10.5

Source: Zonal level affordability and needs model (Table 9.1)

Table 4.14 Size mix for intermediate housing 2009-2021

Percentages	B&NES	Bristol	N Som	South Glos	Mendip	W Wilts	WoE
1 bed flat	44.1	48.6	37	43.8	30.3	32.8	41.9
2 bed flat	18.5	13.4	18.1	16.7	20	17.5	16.5
2 bed house	13.9	19.1	20.9	18.9	24	23	19.6
3 bed house	21.7	16.9	22.5	19.4	23.9	25.2	20.3
4 bed+ house	1.8	2.0	1.6	1.2	1.8	1.4	1.7

Source: Zonal level affordability and needs model (Table 9.6)

4.9 Summary

4.9.1 This chapter provides an overview of housing need and supply. It shows an average yearly net need for affordable housing of 4,893 dwellings, over three quarters of which would need to be social rented dwellings. Such a total would form 87% of currently projected new dwelling completions in the West of England sub region. More detailed information is found in the following chapters.