

Executive**On 4th July 2006**Report Title: **Report on Managing the Housing Market**Report of: **Director of Social Services**Wards(s) affected: **All**Report for: **Non-key Decision****1. Purpose**

1.1 The report sets out the main characteristics of the general housing market, and provides a snapshot of the local Haringey market.

2. Introduction by Executive Member

2.1 The Council has to respond continuously to the workings of the housing market, in particular in terms of providing homes to meet need on a temporary and permanent basis and in the encouragement of supply through third parties such as housing associations. Whilst the Council is relatively powerless to influence the housing market, it needs to be reviewing and implementing policy and practice in the light of the best available information.

3. Recommendations

3.1 That the Executive notes this report and the need for a more detailed and consistent approach to market intelligence to guide future policy.

Report Authorised by: **Anne Bristow, Director of Social Services**

Contact Officer: Rupert Brandon, Head of Housing Supply

4. Executive Summary

4.1 This report sets out key features of the local housing market. It shows that the local market is distorted by a substantial shortage of property to meet demand. The Council is dealing with many of the consequences of this in terms of homelessness and temporary accommodation, but is rarely able to shape and influence the marketplace. Nonetheless, future policy needs to be based upon the best available information on the local and sub-regional market and this needs to be regularly updated.

5. Reasons for any change in policy or for new policy development (if applicable)

5.1 Not applicable.

6. Local Government (Access to Information) Act 1985

6.1 Haringey Strategy 2003-8 (updated December 2005)
Haringey Housing Needs Assessment, March 2006 (draft report)
Haringey Homelessness Review 2003
Haringey Empty Property Strategy 2005-8
Haringey Supplementary Planning Guidance (SPG10A), 2003

6.2 No confidential information.

7. Background

The housing market is like any other market - it consists of buyers and sellers who come together to agree a price for a transaction (in this case, to buy or rent property).

Uniquely, however, the housing market is a dynamic system comprising

- property (including houses and flats of different sizes, age, condition etc)
- people (large and smaller households, young and older, and of different cultures, beliefs and aspirations)
- economics (supply and demand for property and the inter-action of people with the means to pay the price to buy or rent).

The housing market is not confined to Borough or sub-regional boundaries. It is sensitive to change resulting from diverse forces or factors. Many of these are outside the control of individuals or organizations including the Council at local level (two examples being demographic and social trends, such as the increase in single people, divorce rates etc.).

The perpetual imbalance between housing demand and supply can result in unaffordable property prices, shortage of dwellings to meet ever-changing and complex housing needs, homelessness and an inability to house, for example, key workers with the risk of being unable to deliver local public services. Static or falling houses prices can reduce sales activity (impacting on job markets), and empty or unimproved property can lead to anti-social behaviour and deterioration in the environment and quality of life of residents.

High and low demand can occur at the same time in different places within the local sub-regional housing market. The supply of houses depends on several factors:

- the number of new homes being built
- the number of existing properties being held empty, or being converted or refurbished, and
- the number of existing owners willing to sell or rent their property.

In turn, each of these factors will be dependent and influenced by different things on a regular, perhaps daily basis. Examples of influences include current (and expected future) property prices, interest rates, planning regulations, Government policy and legislation, family circumstances, employment trends, and local neighbourhood perception and investment.

8. Description

The housing market in Haringey is made up of two key and inter-acting components: property and people.

(i) the “property component”

The 2001 census shows that property tenure in Haringey as follows:

- 45.8 per cent are owner occupiers (49.7 per cent in 1991 census)
- 20.1 per cent are renting privately (19 per cent in 1991 census)
- 19.7 per cent are Council tenants (24.9 per cent in 1991 census)
- 10.5 per cent are RSL tenants (6.4 per cent in 1991 census)

The level of owner-occupation is strikingly low compared to the national average (approximately 70%) with particular issues relating to affordability, fuel poverty, empty homes and under-occupation, and poor conditions. There are high levels of overcrowding and households lacking amenities. The 2001 census shows that:

- 20,400 households have an overcrowding indicator, which ranks us 12th in London
- 8,000 households have no central heating (11th highest in London)
- 2,000 households do not have their own bathroom/shower and toilet (3rd highest in England and Wales)

Our long-term neighbourhood renewal strategy 2002-2012, (Narrowing the Gap) sets out a transformative programme of local renewal. Complimentary to this, our Private Sector Housing Renewal Strategy is improving conditions and options for those who choose to rent privately or own their own home. Bringing empty properties into use also supports this agenda by linking to other regenerative initiatives in the locality.

Less than 20% of the stock in Haringey is in Council Ownership. We are working through Homes for Haringey to meet the Decent Homes standard for all Council homes by 2010. Housing associations, who are major landlords in the Borough, are working to the same deadline.

(ii) the “people component”

In mid-2003 Haringey’s population was estimated at 224,700 (compared to 216,800 in the 2001 census). This is a faster rate of growth than the increase of 9,500 between that 2001 census and the one in 1991. The number of households living in the borough has increased from 85,300 (1991 census) to 92,200 (2001 census).

The population and the number of households are expected to grow, with the Greater London Authority (GLA) predicting a higher than average for London increase in Haringey in households to 105,600 by 2016.

Haringey has a relatively young population, with the 2001 census indicating that just over 20 per cent of the population are aged 0 to 15, and 67.8 per cent aged 16 to 64 and the remaining 11.6 per cent are over retirement age. From these figures, two thirds of the total population may be classified as economically active. Many newly forming households will come from the 20-29 age groups which are declining as a proportion of the overall population. The most significant increase is projected in the most economically active 45-59 age group. There is also a large projected increase in the number of people aged 60 and over, with those who are likely to have some of the most acute care and support needs (those aged 85 and over) increasing significantly.

Table 1 below shows the household type breakdown in the Borough. Over a quarter of households contain children. The most common household type is two or more adults with no children.

Table 1 : Household type (as at March 2006)		
Household type	Number of households	% of households
Single pensioner	9,722	10.5%
2 or more pensioners	3,586	3.9%
Single non-pensioner	23,251	25.0%
2 or more adults, no children	30,598	32.9%
Lone parent	7,062	7.6%
2+ adults, 1 child	8,274	8.9%
2+ adults, 2+ children	10,416	11.2%
TOTAL	92,909	100.0%

Source: Fordham, March 2006

Table 2 below shows the length of time households in Haringey have lived in the Borough. Some 60.4% of households in the Haringey have lived in the Borough for more than ten years, indicating that for the majority of households Haringey is a long-term place of residence. Around a sixth of households have lived in the Borough for less than two years.

Table 2 Length of residency in Haringey	
How long lived in Haringey	% of households
Less than one year	9.1%
1 to 2 years	7.7%
2 to 5 years	11.1%
5 to 10 years	11.8%
Over 10 years	45.7%
Always lived here	14.7%
TOTAL	100.0%

Source: Fordham, March 2006

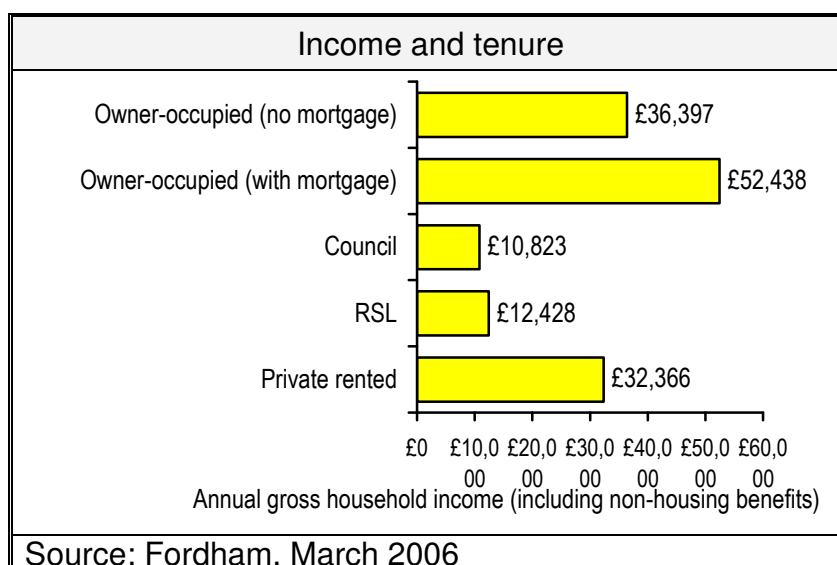
Most households that have moved in the last two years have only moved once. However, 3.8% of households have moved twice and an estimated 2.2% of households have moved three or more times. This indicates that, whilst the majority of households in Haringey do not move home on a regular basis, a subset of the population are highly transient.

Haringey will remain more socially dynamic than the rest of London – with a younger and more ethnically diverse population. This diverse community needs a variety of types of homes – for rent and sale, for single people and families with children.

(iii) The “economic component”

Haringey is a socially polarised borough, ranging from the relatively affluent areas in the west to more deprived areas, particularly in the east: 40 per cent of Haringey’s population live in wards that are amongst the 10 per cent most deprived in the UK.

The Fordham survey in March 2006 estimated average gross annual household income (including non-housing benefits) in Haringey is £33,301. There were, however, wide variations by tenure; with households living in social rented housing having particularly low income levels.



A survey in March 2006 of local estate and letting agents identified estimates of the minimum costs of housing to both buy and rent in the Borough. Overall, the survey suggested that prices started at around £130,000 for a one bedroom flat with private rental costs starting from around £620 per month.

Table 3: Minimum property prices/rent in Haringey		
Property size	Minimum price	Minimum rents (per month)
1 bedroom	£130,000	£620
2 bedrooms	£167,000	£785
3 bedrooms	£217,000	£950
4 bedrooms	£288,000	£1,165

Source: Fordham, March 2006.

In terms of affordability, for example, a couple with one child needing a mortgage on a 2 –bed property would require a minimum gross income of £54,138 if both adults were in employment and £44,897 if only one adult was in employment. For the private rented sector a couple with no children would need a gross income of £572 per week to pay a rent of £143 per week.

The figures above illustrate that for a high proportion of Haringey households owner occupation and intermediate housing is out of reach. The only affordable housing is in the social rented sector or the cheaper parts of the private rented sector. The latter is particularly affected by high levels of temporary accommodation which have led to a distortion of the private rented market.

What are the key issues in terms of demand and supply in Haringey?

(i) Demand

We have previously used housing needs information to gauge demand and to inform our development priorities and plans. This information is now greatly enhanced by the results of the recent Fordham survey. This shows that there is currently a shortfall of affordable housing in the Borough of 4,865 units per annum.

Table 4 below shows the estimated breakdown of additional affordable housing requirements by size and type of housing per annum. The figures are for gross need. The data suggests that there are shortfalls for all sizes of accommodation. The largest shortfall is for one and two bedroom units, however, the shortage relative to supply is greatest for four bedroom properties

Table 4: Amount of annual requirement for each type of affordable housing (all tenures)			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	844	2,052	2,896
2 bedrooms	105	1,720	1,825
3 bedrooms	86	669	755
4+ bedrooms	114	294	408
TOTAL	1,148	4,735	5,883

Source: Fordham, March 2006

In addition the survey showed that there is a requirement for additional affordable housing in all 19 wards in the Borough; this is most apparent in Haringey, Bruce Grove and Tottenham Green where the largest shortfalls are experienced.

Further analysis suggests that just under a quarter of this need could theoretically be met by 'intermediate' housing, available at outgoings between social rents and the minimum cost of (second hand) market housing.

Table 5 estimates the net requirements for each type of affordable housing by size.

Table 5 : Net annual need for affordable housing for each type of affordable housing (surplus)			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	828	1,602	2,431
2 bedrooms	93	1,373	1,466
3 bedrooms	81	519	600
4+ bedrooms	112	255	368
TOTAL	1,114	3,750	4,864

Source: Fordham, March 2006

This table shows that 22.9% of the net requirement is for intermediate housing. This varies according to dwelling size. It is estimated that 34.1% of the need for one bedroom properties could be met through intermediate housing, whereas only 6.3% of the need for two bedroom properties could be met in this way.

(ii) Supply

There are over 5,500 households living in temporary accommodation and many others living in poor or overcrowded conditions. We are, therefore, committed to maximising the supply of new homes through partner housing associations, and working with landlords to make private renting an option, bringing empty properties back into use and working on mobility schemes.

Table 6 shows that the annual supply of affordable housing is slightly more than 1000 properties:

Table 6: Annual supply for each type of affordable housing			
Dwelling size	Type of housing		
	Intermediate housing	Social rented	TOTAL
1 bedroom	16	450	465
2 bedrooms	12	347	359
3 bedrooms	5	149	155
4+ bedrooms	1	39	40
TOTAL	34	985	1,019

Source: Fordham, March 2006

Housing growth is a major driver in our programme to narrow the substantial gap between overall supply and demand, and within this, to improve the imbalance of the market places in the east and west of Haringey.

Our 2004/06 RSL development programme was the largest in North London, with 335 homes completed and a similar number under construction as at 31 March 2006. The new 2006/08 programme of ADP funding for Haringey is £88.5 million, providing an extensive programme of nearly 1200 new homes. Of these, 387 are for affordable rented homes with two thirds of the programme for intermediate rent and affordable home ownership.

It should be noted how this RSL programme contrasts with the need to deliver a higher percentage of affordable rent and the policy of the council in trying to obtain a split of 70-30% between the provision of affordable rent and intermediate housing. Despite this imbalance, delivery of the substantial programme through partner housing associations is vital in terms of meeting a proportion of the housing need of those with limited or no choice and the aspirations of economically active households whose decision to stay in the Borough is more closely related to affordability of rent and subsidised home ownership.

The supply of new housing is dependant upon meeting planning and other requirements in particular the Supplementary Planning Guidance (SPG 10a) on affordable housing, produced in 2003. This sets out our approach to delivering new affordable housing. Because of the intense pressures in Haringey, the SPG states that 'the Council will seek to negotiate an element of affordable housing on all housing sites capable of providing 10 or more units, with the aim of achieving a borough wide target of 50% affordable housing, in line with the Mayor's draft London Plan'.

Affordable housing is defined in our planning guidance, as "housing which is attainable to buy/rent, for those people whose incomes are insufficient to allow them to afford to buy/rent locally on the open market. This will include social rented and intermediate forms of housing (shared ownership, key worker and sub market schemes). Affordable housing should achieve weekly outgoings at levels appreciably below the minimum cost of market housing and should be available in perpetuity for those in housing need".

As well as influencing new supply of housing, we are also committed to make best use of the existing stock in the borough. At the end of March 2005, a total of 2939 properties in Haringey were empty – around seventy per cent for more than six months. Nearly two thirds of these had been empty for more than six months without any known plans to bring them back into use.

Within the Council stock now managed by the ALMO we are taking firm action on voids – to ensure that void turnaround times are improved and deliver efficiencies in the lettings process- and also tackling under occupation to free up larger size properties.

What, then, are the key areas of housing where the Council currently influences the housing market in Haringey? Whilst the housing market is affected by external and non-housing factors, such as crime, grime, and local education or employment issues, the key housing areas where the Council has an impact in housing terms are currently as follows:

- We have over 3,500 units on various forms of lease for homeless households and also rent 1000 private sector properties as annexes and short-term B&Bs
- We provide advice to owners about property usage through housing advisers, empty property officer and environmental health
- We provide grants e.g. empty property grant to bring properties back into use
- We make land available for development
- Through the planning process, we issue planning briefs, undertake development control and negotiate about affordable housing provision

9. Consultation

9.1 Not applicable.

10. Summary and Conclusions

It should be evident from this report that the housing market in Haringey is susceptible to a wide range of influences and changes on a regular basis. The current and future actions of the Council have a limited role on the overall housing market, but local initiatives can ease or exacerbate longstanding problems or local pressure-points.

We can see, for example, that the move to reduce Temporary Accommodation by 50% by 2010 will have a significant impact upon the private sector rented sector, in particular in Tottenham, as leasing schemes will be replaced by direct lettings between the landlord and tenants. Will landlords continue to rent direct to the homeless via Haringey or perhaps switch to house other Boroughs' homeless referrals, or will they remain as landlords with different client groups or sell in the open market? In the latter case, will property be purchased by first time buyers to live in, or re-emerge for investment under buy to let arrangements?

Any reduction in the total number of homes to meet the Council's priority housing needs, will place greater pressure upon delivery of the current pipeline of Corporation grant-assisted homes, and in the effectiveness of new initiatives, such as our Temporary to Permanent housing options. Elsewhere, for example, we need to consider if intervention is possible so that new homes intended for outright sale are not immediately used for buy to let or Temporary Accommodation with consequential implications for social inclusion.

The success or otherwise of such initiatives will be heavily dependant upon obtaining and sustaining a more sophisticated understanding of both the housing market in Haringey and the broader sub-region. Helpful information can be secured if we commission a detailed Housing Market Assessment: this is the logical next step to link in with the recent Fordham study on Housing Needs and to influence the next set of corporate and planning policies.

11. Recommendations

- 11.1 That the report be noted and that further work be undertaken on the local and sub-regional housing market to inform future policy.

12. Comments of the Director of Finance

- 12.1 The development of the strategy is funded within the Housing services budget. The financial implications of the strategy will need to be identified through the budget planning process as it will be key to the council's medium term financial strategy.

13. Comments of the Head of Legal Services

- 13.1 The Head of Legal Services has been consulted in the preparation of this report and only wishes to comment on the Councils statutory obligations with regards assistance with housing (paragraph 7.1.).

13.2 As a housing authority any allocation of housing accommodation must be made in accordance with Part VI of the Housing Act 1996. The Council also has a statutory obligation under Part VII of the same Act to secure that accommodation is made available (whether from their own stock or by securing that it is provided by someone else) for the homeless, in priority need of accommodation, who did not become homeless intentionally

14. Equalities Implications

14.1 The Council is committed to promoting equality of opportunity for everyone. We need to ensure that opportunities in the housing market (whether related to tenure or affordability) are made available to meet the needs of our diverse communities. Whilst the Council can only have a limited direct impact on the workings of the local and sub-regional housing market, it needs to ensure its policy and practice is based on reasonably up to date market intelligence.

15. Use of Appendices / Tables / Photographs

15.1 None. All tables are included in the main text.