

UNDERSTANDING DEMOGRAPHIC, SPATIAL AND ECONOMIC IMPACTS ON FUTURE AFFORDABLE HOUSING DEMAND

Paper Eight – Regional differences in demand for Affordable Housing

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This is the final paper in a suite of eight drawing on research carried out into demographic, spatial and economic impacts on future demand for affordable housing. For full details on the methods and findings of the research see the accompanying source document.

This paper examines the spatial impacts on demand for affordable housing. It does this by first examining the key differences between the regions. It then looks at indications of demand to draw out key differences. It then proceeds to look at the profile of those living in social housing to see how this differs between the regions. The paper then explores some of the key differences in different types of areas found throughout the country.

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Key Findings

- *Higher proportions of social housing are found on London and the North East. The sector is smallest in the South East and South West.*
- *Shared ownership comprises less than 1% of the housing stock in all regions, but is most common in London and the South East.*
- *Low demand has traditionally been an issue in parts of the North and Midlands, but has fallen considerably in recent years so the differences between the regions are no longer substantial.*
- *Demand for social housing, relative to supply, is greatest in London, followed by Yorkshire and the Humber and the South West.*
- *Yorkshire and the Humber and the East Midlands have higher proportions of older tenants; London has fewer than the other regions.*
- *There are higher proportions of households with children in London and the South East, and lower proportions in the North of the country. The highest proportions of larger dwellings are in the North of the country, meaning that there are higher levels of overcrowding in London.*
- *Levels of employment amongst social tenants are higher in the South and the East of England, but not in London. Levels of employment are particularly low amongst new entrants to social housing in London.*
- *Of those in work, household incomes are higher in London and lowest in the Midlands.*
- *London has a substantially more ethnically diverse population than any other region; the North East and South West are over 95% White.*
- *Broadly speaking the areas within England can be classified as:*
 - *Rural/suburban, highly pressured, low levels of social housing*
 - *Urban, less highly pressured, reasonable levels of social housing*
 - *Urban, very highly pressured, reasonable levels of social housing*

1. Introduction

This paper looks at the spatial dimension of demand for affordable housing. The first three sections use the nine English Government office regions to explore how they differ, whilst the last section explores more qualitatively the kinds of differences that emerge within as well as between regions.

There are many reasons why there are differences between the regions in terms of the levels of demand for affordable housing, the kinds of housing most demanded, and the profile of the people demanding it.

Historically, social housing emerged in different ways at different times and to fill different needs. Some areas have an older stock of properties located in the centres of cities. Others have a higher proportion of peripheral housing estates, often built in the post war building boom of the 1950s and 60s.

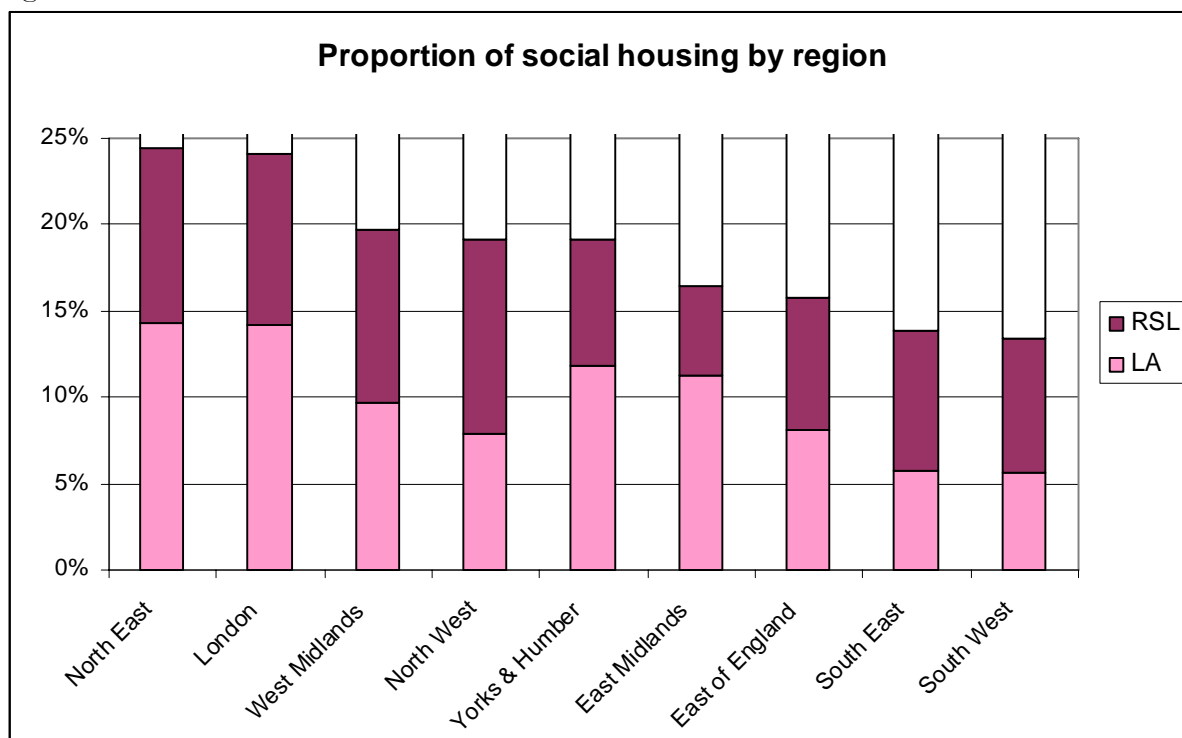
In terms of demand for housing, there are substantial differences between regions in terms of the overall pressure on the housing systems, with much higher house prices and rents leading to greater numbers seeking affordable housing in London in particular.¹ There are also differences in terms of employment rates and incomes, as well as in household types and sizes.

2. The profile of the affordable housing stock

There is some variation between regions in terms of the profile of the affordable housing stock. For historical reasons, social housing was built in larger numbers in some areas than others. In more recent years some areas have lost stock faster than others as a result of the Right-to-Buy, and rates of more recent building have varied due to differing levels of land availability, funding and need for affordable housing (Figure 2.1).

Figure 2.1

Source: HSSA 2005/6



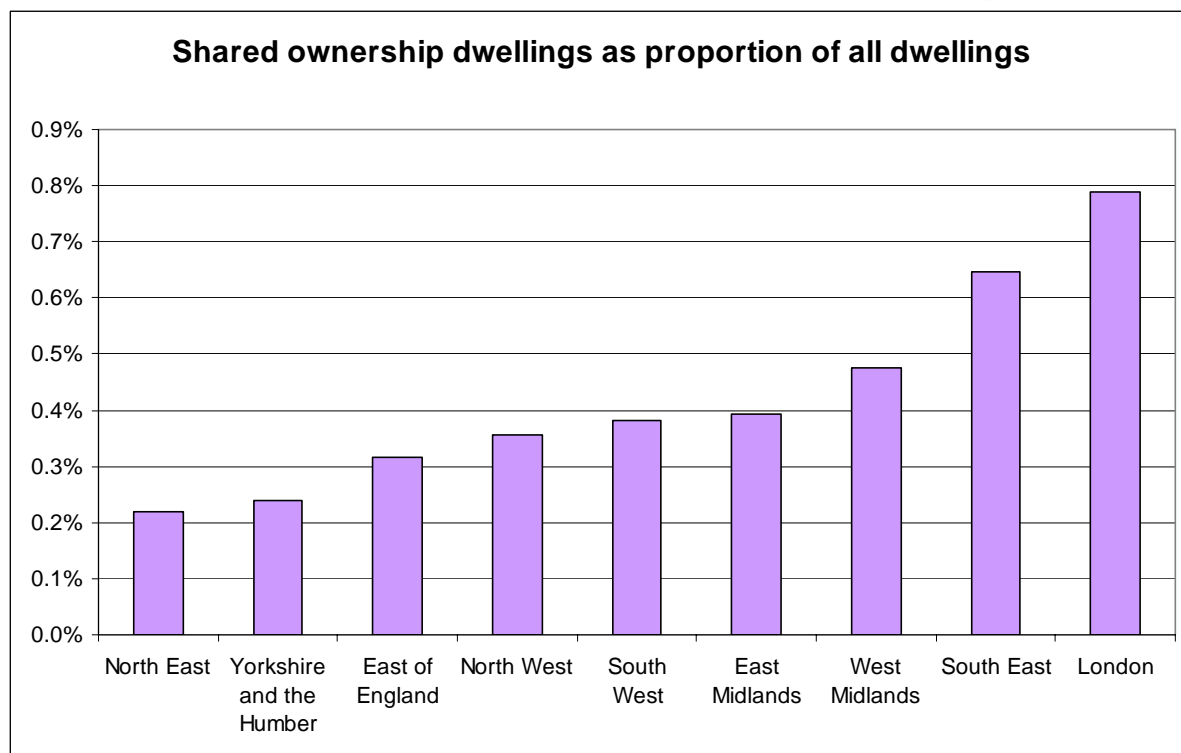
London, however, has a much greater population than the North East, so in absolute terms, the social sector is substantially largest in London.

The proportions of shared ownership properties is still under 1% of the housing stock in all regions, but does vary substantially between throughout the country (Figure 2.2).

¹ Some of the issues affecting London in particular are explored further in paper six of this series.

Figure 2.2

Source: RSR via Dataspring, and HSSA



Shared ownership has been increasing substantially since 2001 and it is now the Eastern region, along with London and the South East where the largest numbers of new shared ownership dwellings are being built. (For more details see Paper 5 of this series)

3. Demand for social housing

Demand for social housing varies between regions (as well as within them). Demand for social housing is of particular concern when there are reasons to believe that there might be low demand for some locations or property types. Low demand can result in high levels of empty dwellings with resultant area decline, further increasing difficulties in letting properties. There is also a potential loss of rental income, as well as possible waste of public resources in building affordable housing that isn't needed.

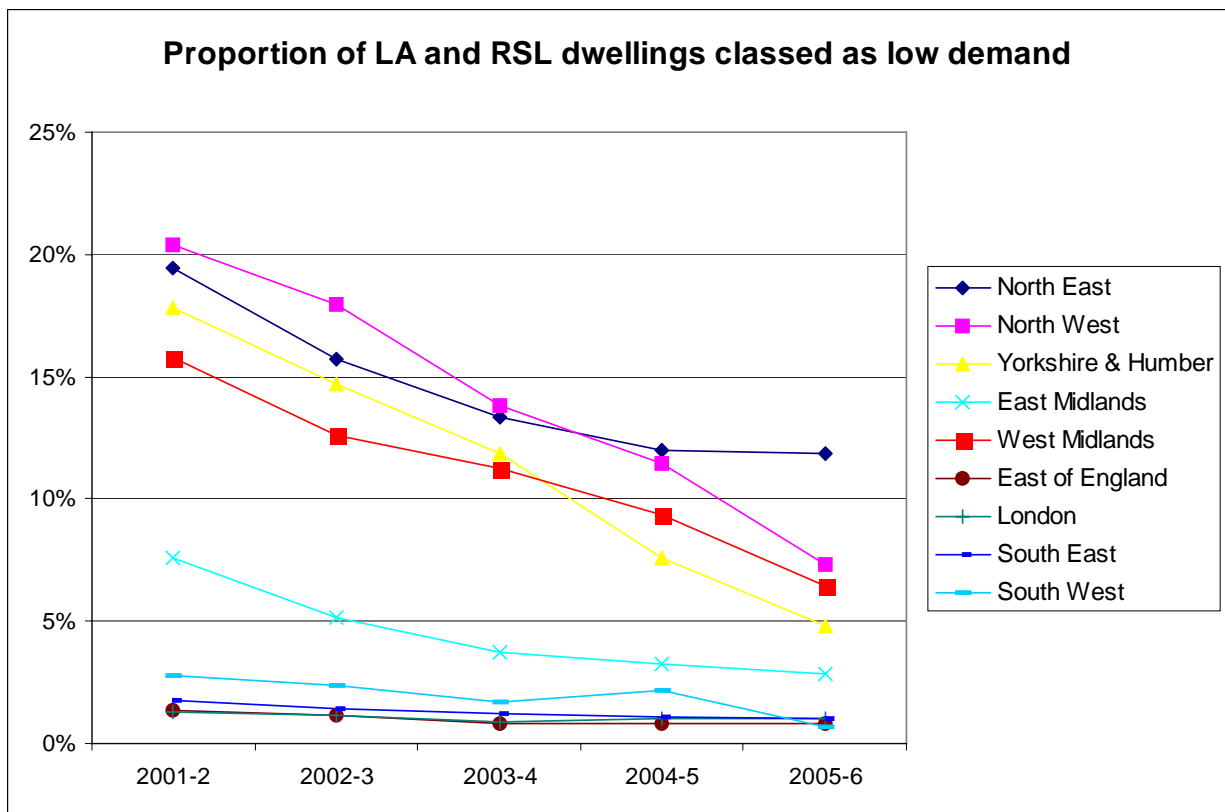
Demand in excess of supply also causes difficulties in managing and allocating a scarce resource, and for those in housing need who are unable to access the affordable housing sector.

The North and Midlands have traditionally experienced problems in some areas with low demand. However, as shown below, there have been substantial falls in low demand in recent years meaning that there is now much less difference between the regions than was present only five years ago (Figure 3.1).²

² HSSA guidance suggests that LAs should usually be aware of low demand properties, but that they should generally be classified as such if they have a) a small or non-existent waiting list, b) tenancy offers frequently refused, c) high rates of voids available for letting or d) high rates of tenancy turnover.

Figure 3.1:

Source : HSSA

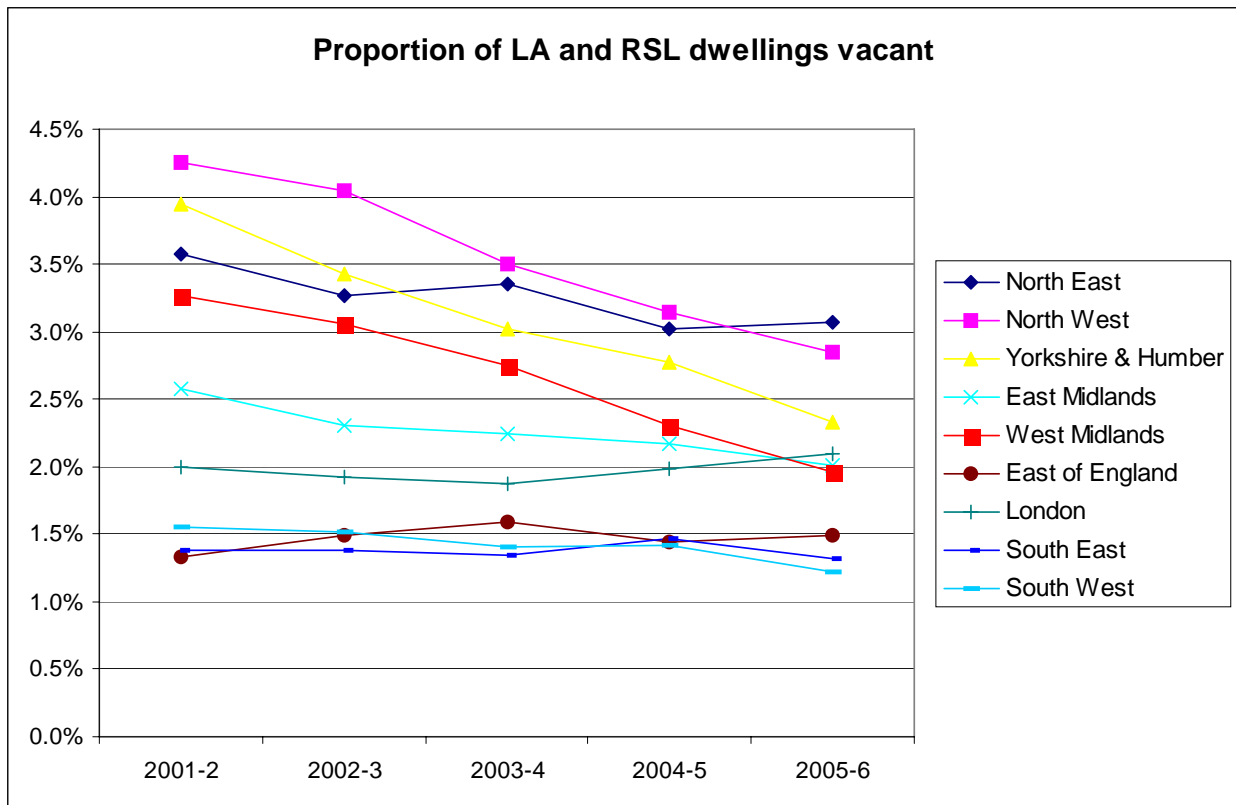


This increased demand for social housing has also led to similar change in the numbers of vacant dwellings, with the northern regions historically having higher levels of vacant properties, but largely catching up the southern ones in recent years. Void rates are now under 3% in all but one region (Figure 3.2).³

³ Void rates reported in the HSSA include “management voids” where properties are not available to let because, for instance, they are awaiting modernisation or demolition, as well as those that are vacant between occupants.

Figure 3.2:

Source : HSSA

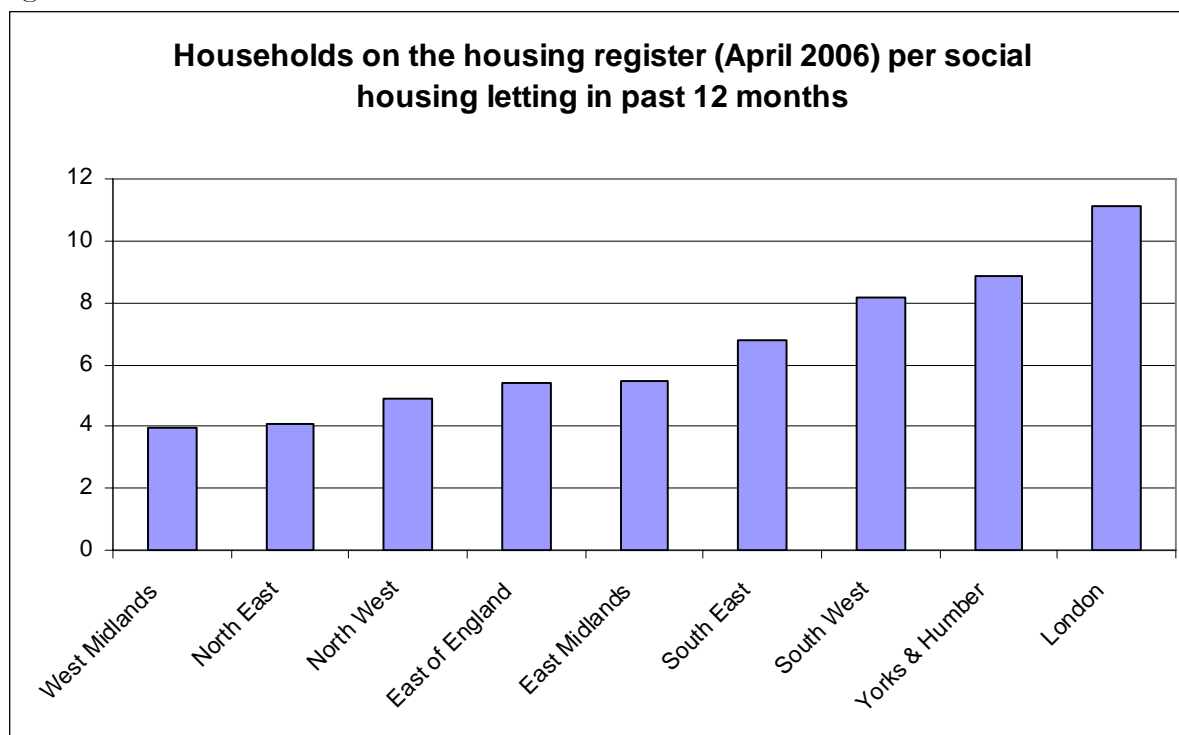


Low demand, however only gives one aspect of demand. Low demand is a small scale problem as compared with excess demand. An alternative way of viewing it is therefore to look at the numbers of households seeking social housing. Figure 3.3 shows the number of households on the housing register for every letting in that year.⁴

⁴ This could be interpreted as an “average” number of years a household might have to wait, if it were a simple queue with no priority. However, some households will move more quickly into social housing if they are in severe housing need or homeless, whilst others will remain on the register indefinitely and never be offered a tenancy.

Figure 2.3

Source : HSSA⁵



This shows that demand (as indicated by waiting lists), relative to supply, was greatest in London where over 11 times as many households were on the register as were actually housed in the previous year. However, even in the least pressured regions, there are still many more applicants than lettings in any one year. Research carried out for this project found that some households registered at a time in their lives when they needed housing and remained on the register even after they have sorted their immediate difficulties. However, much larger numbers were found that had not bothered to register for social housing because they believed they were unlikely to have a high enough priority, suggesting that these figures may be an under representation of true levels of demand, especially in the more pressured regions, although others.⁶

4. The profile of those living in the sector

The profile of social housing tenants varies between regions. Many of these variations reflect broader differences between the regions that are present across all tenures.

Age

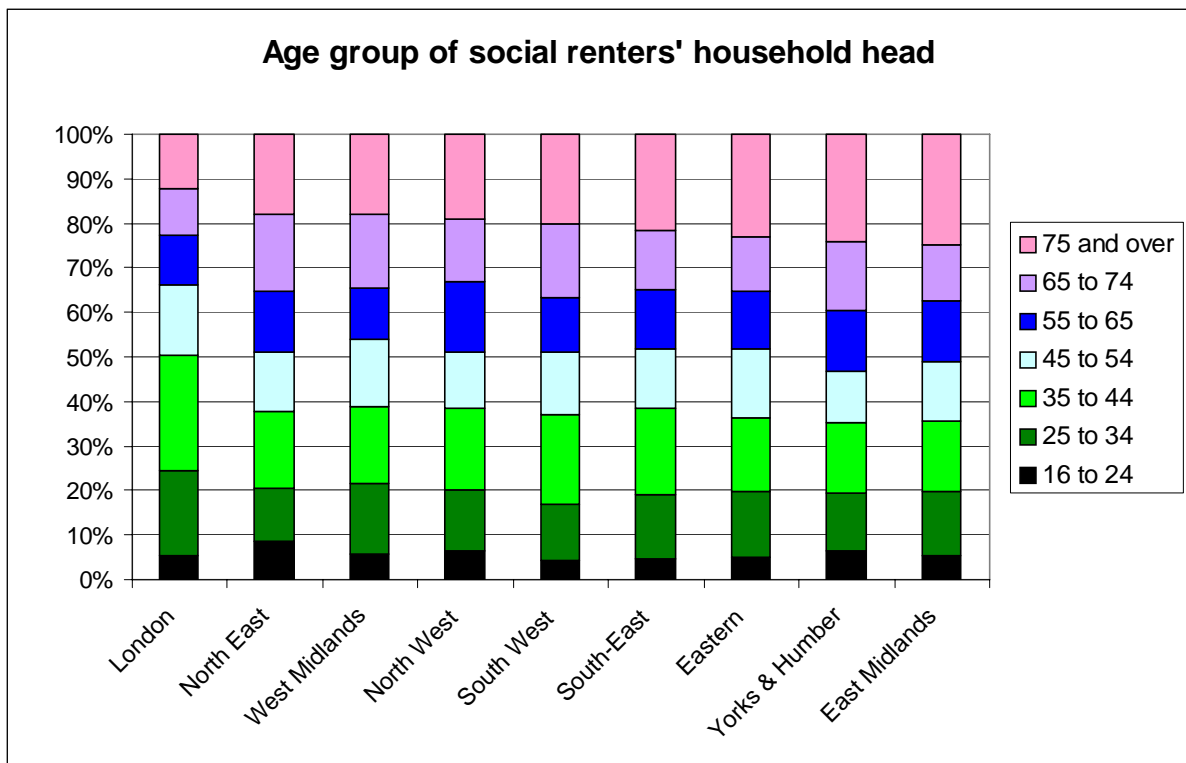
One key difference is in the age profile (Figure 4.1).

⁵ It is possible that there is some degree of double-counting

⁶ See paper 4 of this series for more detail on applying for social housing.

Figure 4.1

Source: Survey of English Housing 2005/6

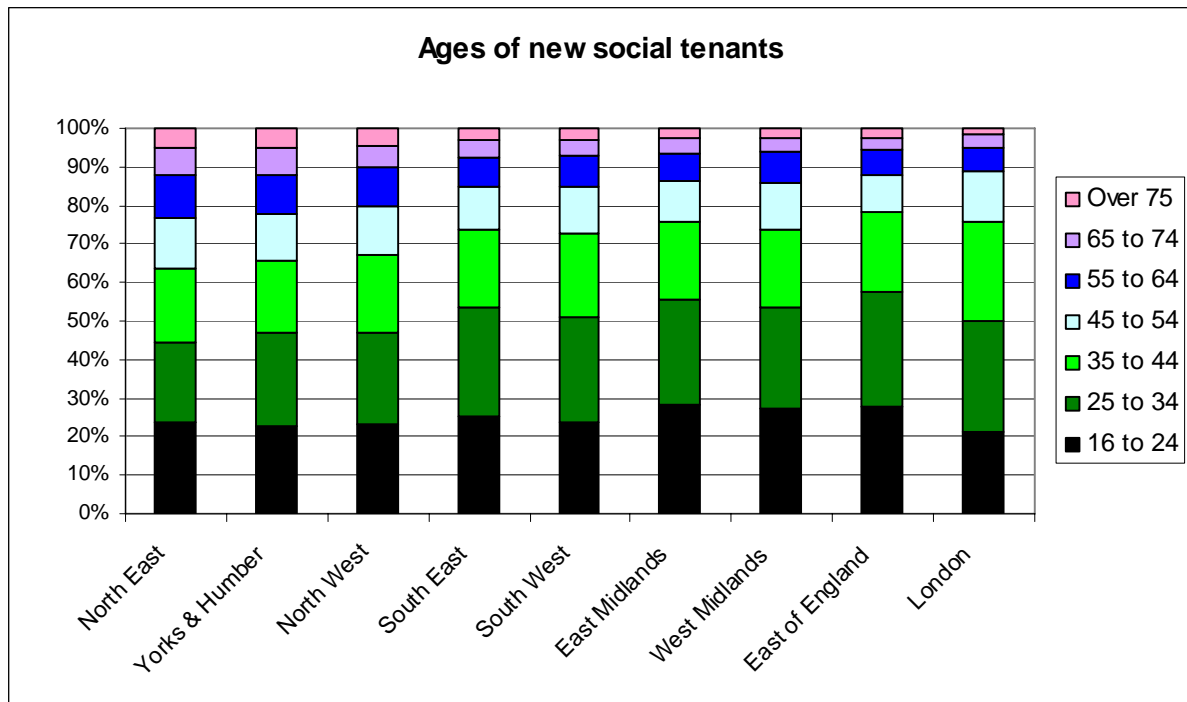


London stands out from other regions as having a distinctly younger tenant age profile. Yorkshire and the Humber and the East Midlands both have particularly high proportions of older tenants.

Somewhat higher numbers of tenants enter social housing in the middle and older age groups in the north of the country (Figure 4.2).

Figure 4.2

Source: CORE 2006/7⁷



However, there is much less variation between the regions in terms of the age groups of tenants entering the social rented sector than there is between the age profiles of existing tenants.

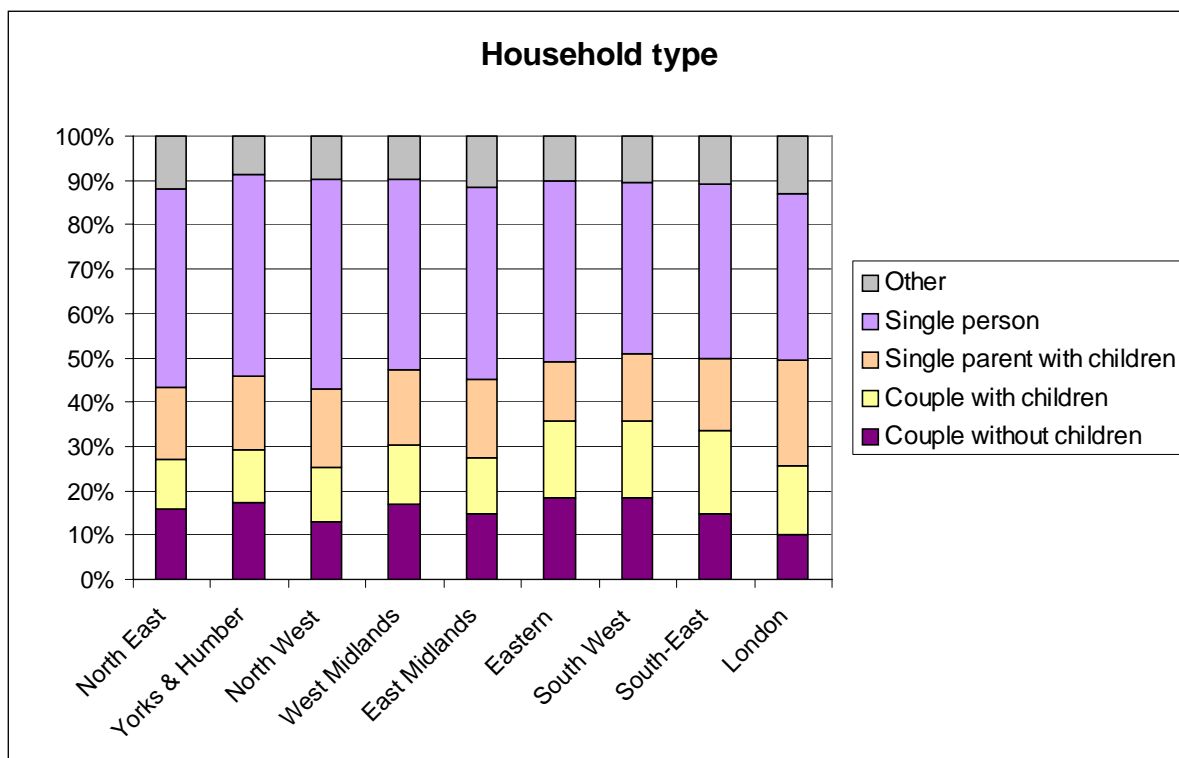
Household types

This differing age profile is related to the differing composition of household types across the regions (Figure 4.3)

⁷ The data here is on the ethnic group of “person one” as recorded in CORE. When there are two or more adults in a household, this could be either one of them, not necessarily the one who would be classified as the household head or household reference person.

Figure 4.3

Source: Survey of English Housing 2005/6



Regions with higher numbers of older tenants generally have higher proportions of childless households. London has a low proportion of couple households, but both the singles and couples within London are particularly likely to have children, meaning that London, followed by the South East are the regions with the highest number of families in the social sector.

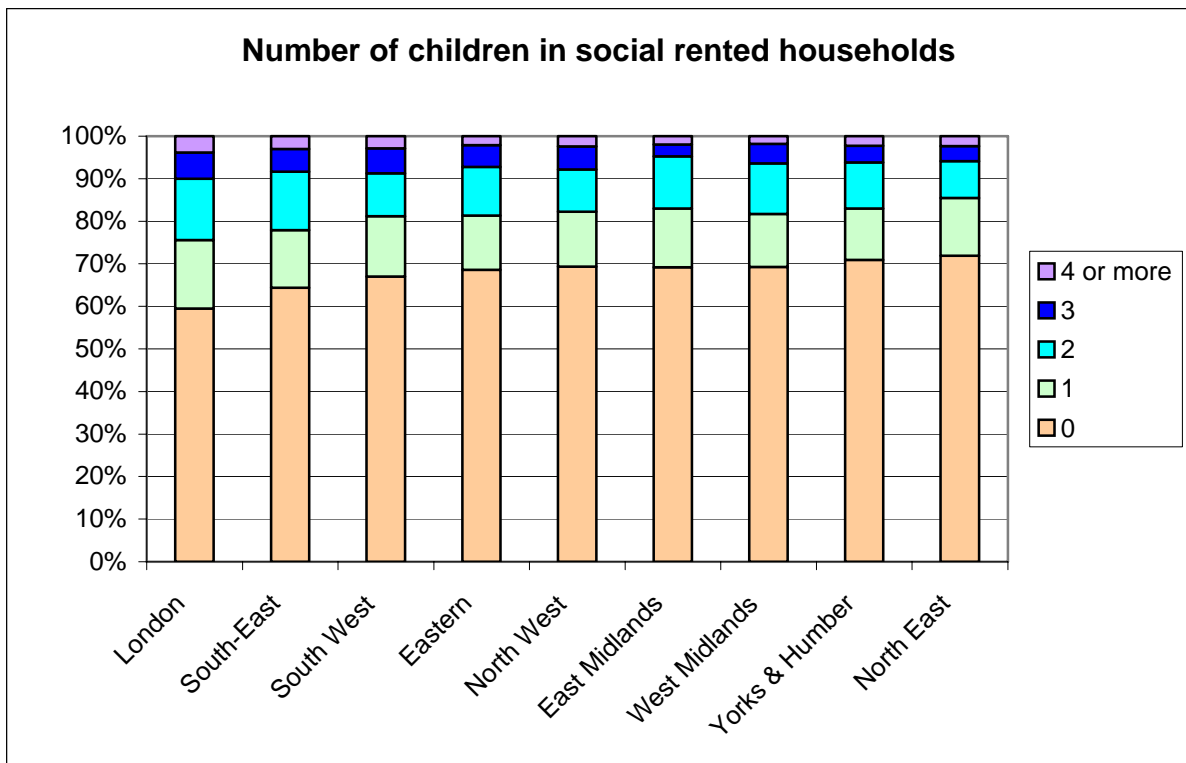
The high numbers in London may be partially a result of the relatively young age of the population (see Figure 4.1). However in the South East this is not the case, and instead appears to be related to a more restricted allocations system; more than two thirds of households moving into two bedroomed properties in London or the South East had dependent children, as compared with only one third in the North West and North East.⁸ Housing registers show that there is plenty of demand for social housing from childless households in all regions, but families tend to take priority for dwellings with two or more bedrooms in the more pressured regions.

There are also higher numbers of larger families in London, although most social rented households in all regions have no resident children, and those that do are most likely to have only one or two. (Figure 4.4)

⁸ Source: CORE, for full details see the source document.

Figure 4.4

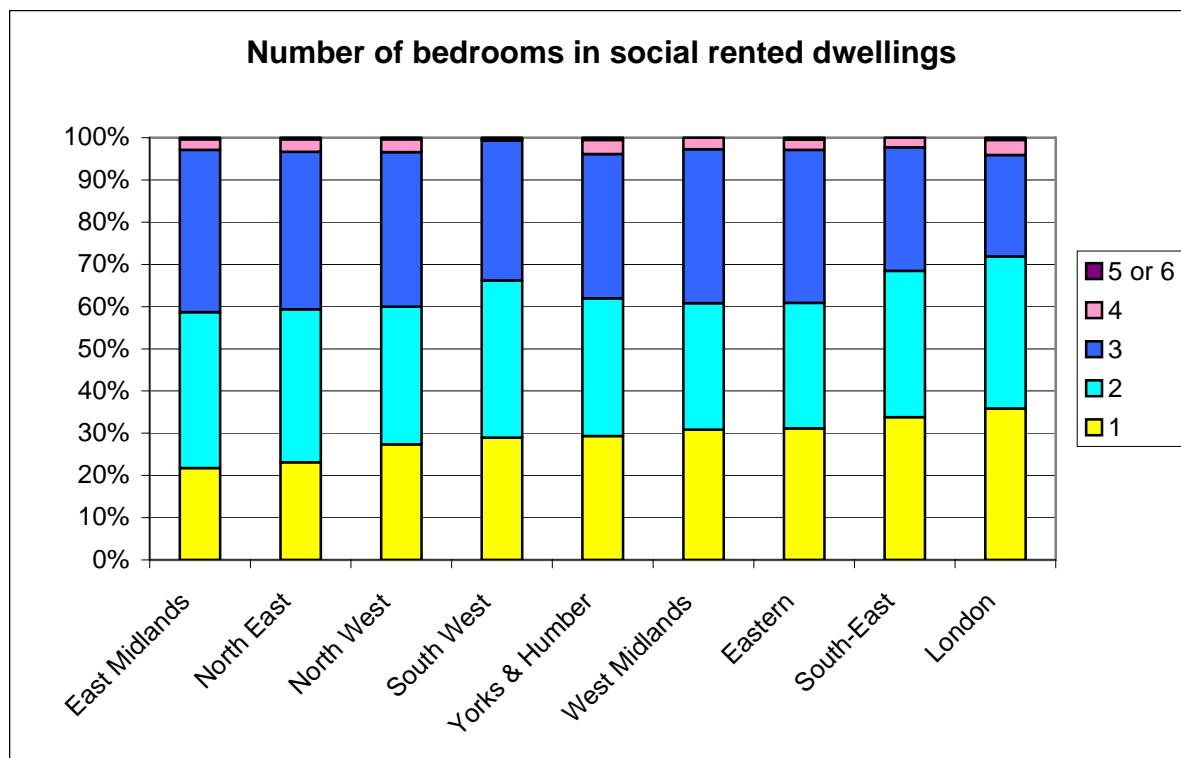
Source: Survey of English Housing 2005/6



The regions where there are the highest numbers of larger households are not the ones that have the most family-sized housing. In fact, there is strong inverse relationship between the number of larger families and the number of larger properties (Figure 4.5).

Figure 4.5

Source: Survey of English Housing 2005/6

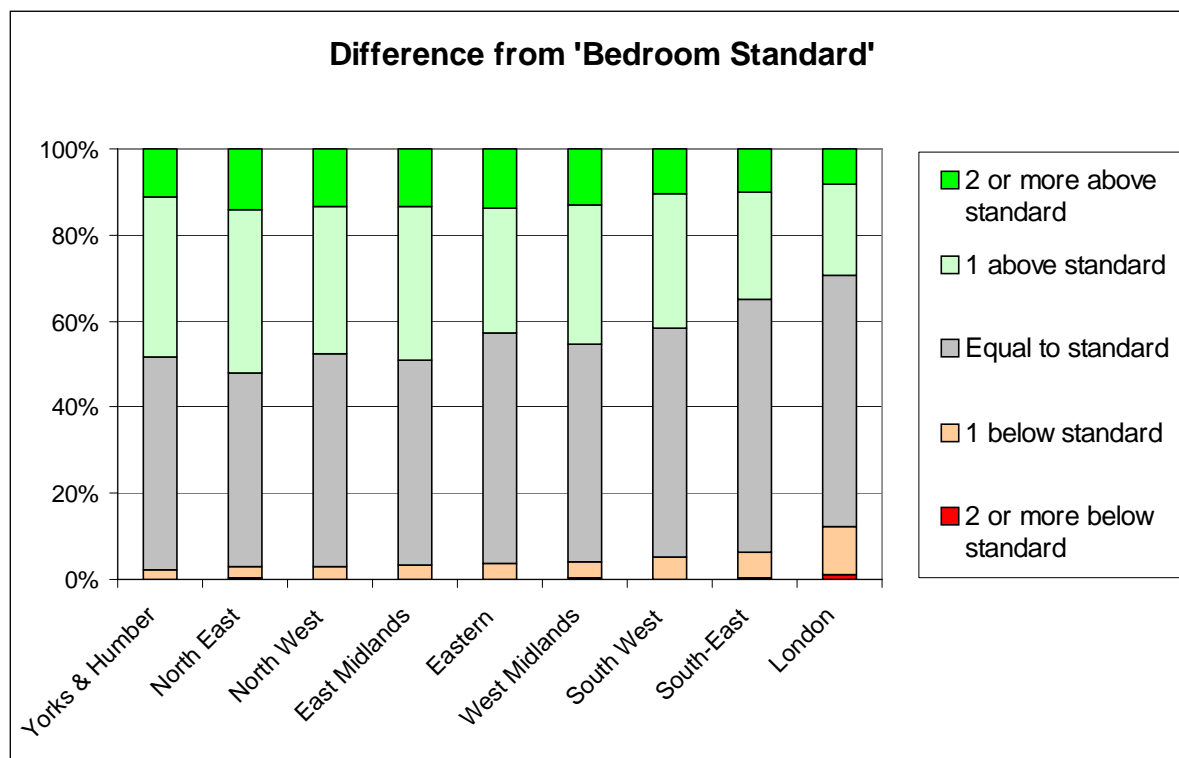


London and the South East have the most families, but the lowest proportion of dwellings with three or more bedrooms. Recent data from CORE on new buildings suggests that there has been some effort in recent years to remedy this, at least in London, though in the South East less than 25% of new dwellings built in 2006/7 had three or more bedrooms. However, it would take sustained building of larger properties over many years to address the shortfall.

It is this mismatch that is a key cause of differences in occupancy ratings between the regions (Figure 4.6).

Figure 4.6

Source: Survey of English Housing 2005/6⁹



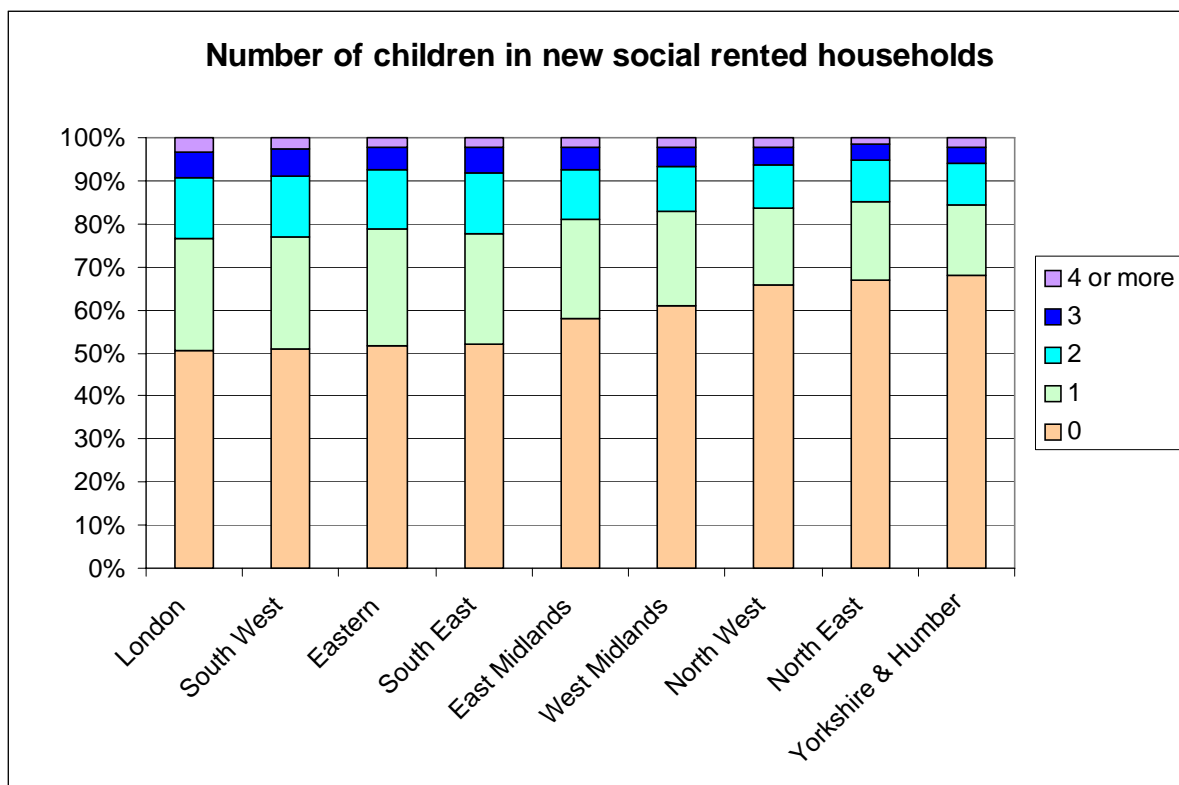
More than 12% of social rented households in London are overcrowded, compared with around 3% in the three northern regions. Households in the North and Midlands are the most likely to have a spare bedroom, though the majority of households in all regions are living in dwellings that match their need, according to the bedrooms standard. In contrast, most owner-occupiers live in dwellings with more bedrooms than they would need by this definition.

New entrants to social housing are substantially more likely than existing residents to have dependent children within the household (Figure 4.7).

⁹ The bedrooms standard calculates how many bedrooms a household needs so that nobody has to share a bedroom unless they are a) a couple, b) both under 10, or c) both under 16 and of the same sex. No more than two people should share a room.

Figure 4.7

Source: CORE 2006/7



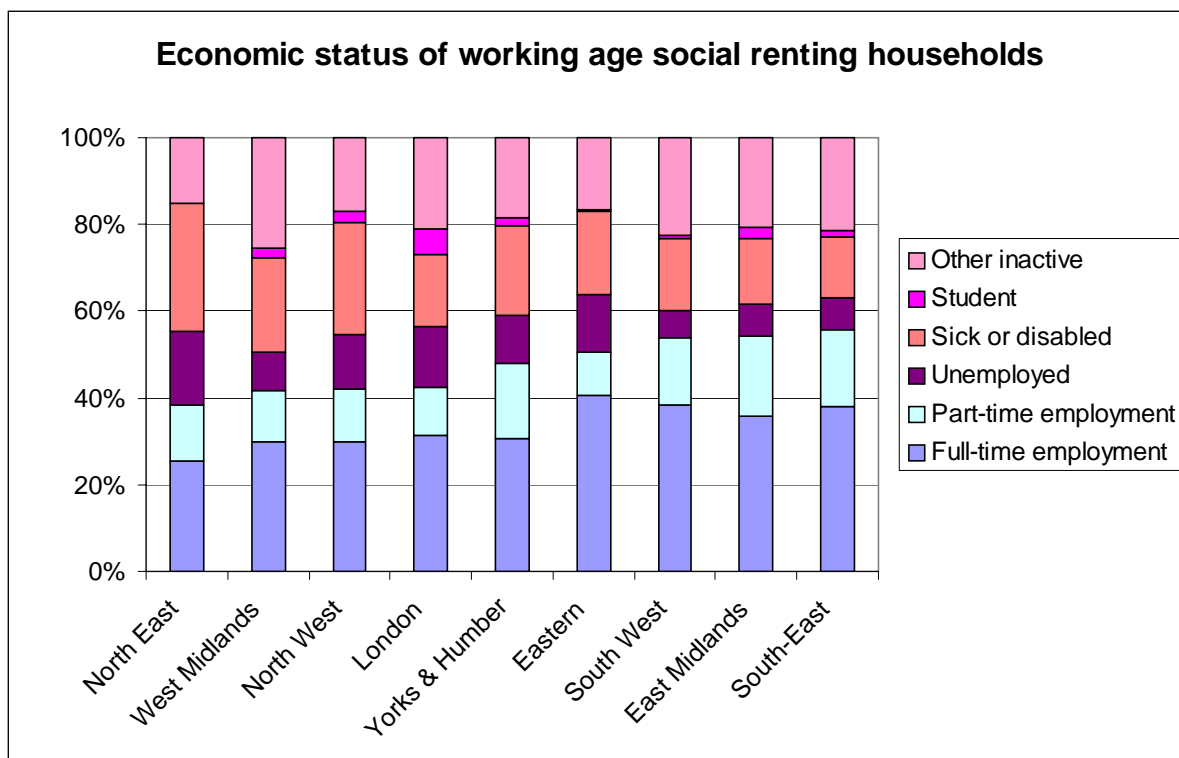
Around half of all new social tenants have children in the south of the country, compared with around a third in the North. This pattern is very similar to that of existing households. This suggests that demand for social rented housing from households with children is greatest in the south of the country. Again, it is in the regions where the largest numbers of new households with children are entering the sector that there are the lowest proportions of family-sized dwellings.

Economic activity

There are differences in the proportions of households where at least one member is in work (Figure 4.8)

Figure 4.8

Source: Survey of English Housing 2005/6

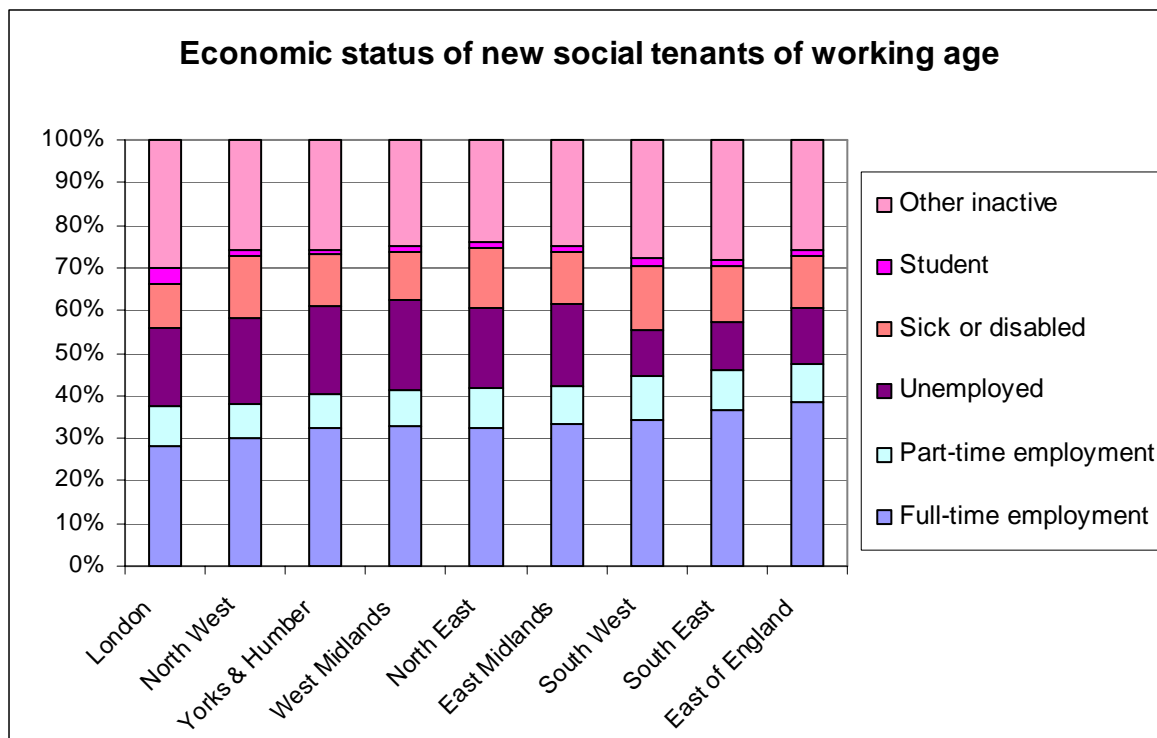


Broadly speaking, the regions with higher overall employment rates also have higher employment rates amongst social tenants. The North East, North West and West Midlands all have low proportions of tenants in employment, which may be expected as a legacy of industrial decline in some parts of these regions. However London fails to fit into this pattern and does not have particularly high numbers of tenants in work, once the effect of the relatively small retired population has been removed.

Differences between the regions in terms of the economic activity profile of existing residents are also found amongst new tenants (Figures 4.9).

Figure 4.9

Source: Survey of English Housing 2005/6

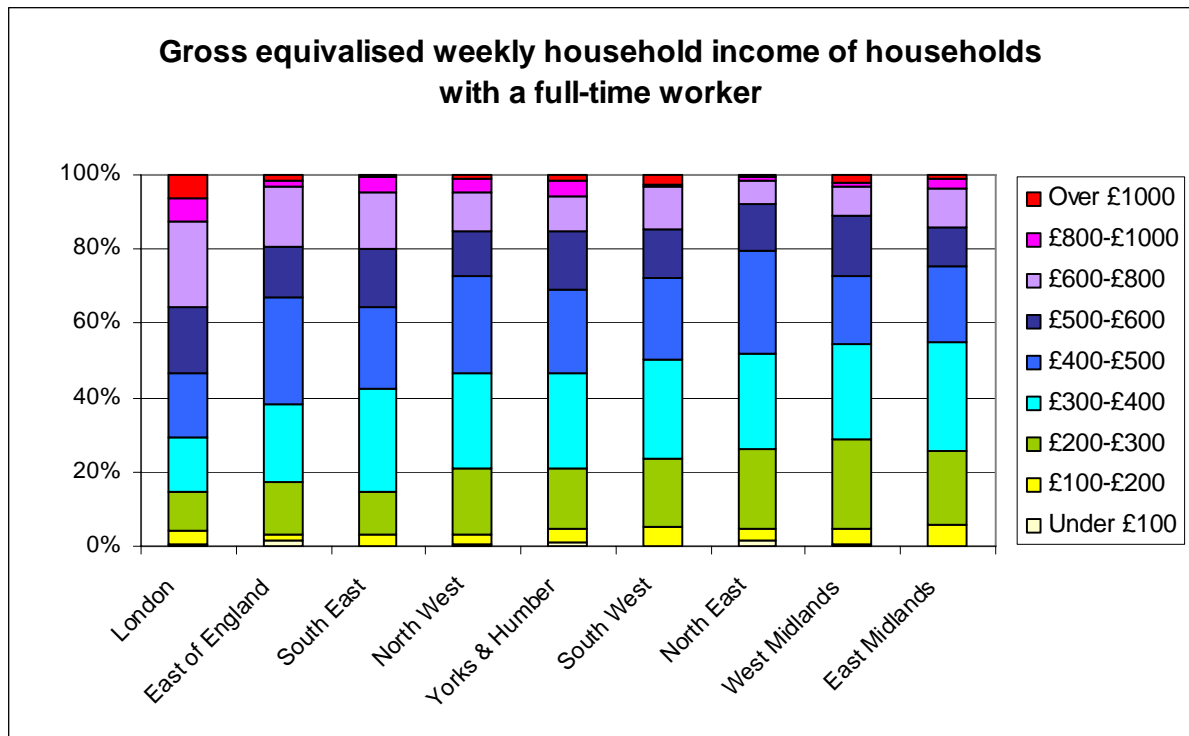


The similarity of Figures 4.8 and 4.9 suggests that the variation between regions in terms of economic activity is a result of factors influencing the profile of people moving in to social housing, rather than their differing fortunes once they are within the sector. The relatively low rates of economic activity amongst London tenants (as compared with those in the surrounding regions of the rest of Southern England) seems to be related to the particularly low proportion of households who enter the sector with jobs.

Incomes

Average weekly incomes of social tenants do not vary hugely by region, largely due to uniform benefit rates. However, looking purely at the incomes of households with a full-time worker shows that there are substantial differences in incomes between the regions (Figure 4.10)

Figure 4.10 Source: Family Resources Survey, 2003-2005 pooled and equivalised by household composition and to 2005 income levels



As might be expected working tenants in the South East of the country, and London in particular have higher incomes than those in the North and Midlands

Figure 4.11 Source: CORE 2006/7, Equivalised by household composition

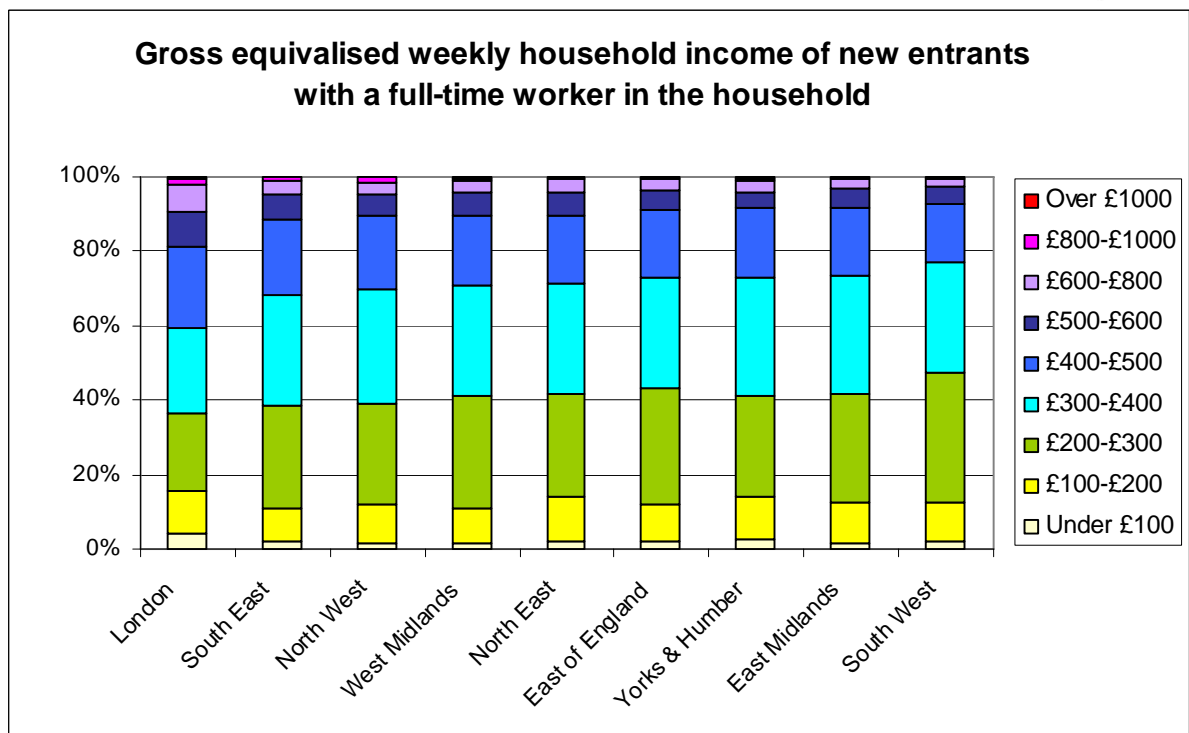


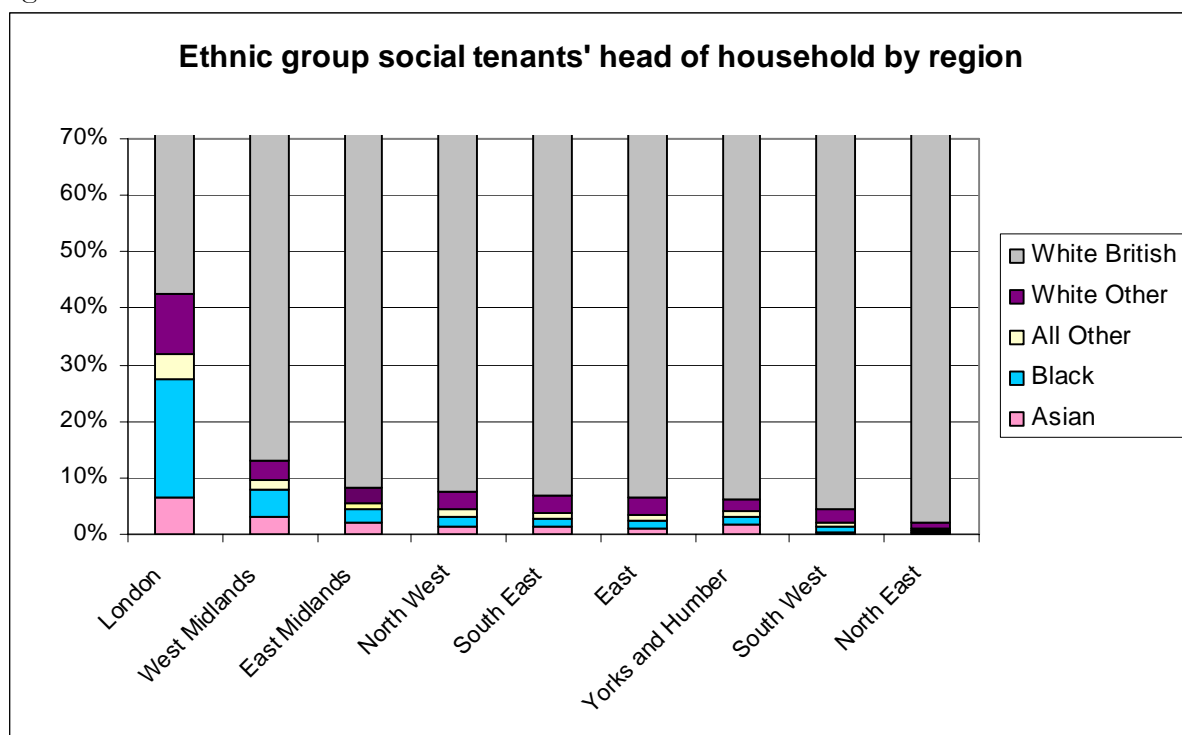
Figure 4.11 shows that new working tenants in London are somewhat better-off but not hugely so. Overall, incomes of new tenants are low and there is much less variation between regions in terms of the incomes of new tenants, than in those of existing tenants.¹⁰ The small group of better-off existing tenants found tenants in London, the East and the South East (Figure 4.10) appears to be absent here, suggesting that better-off households are not currently gaining access to social rented housing. Better-off tenants are instead those who have increased their incomes whilst within the sector but have not moved out in these regions.

Ethnicity

As is well known, people of different ethnic categories are distributed quite differently across England, giving distinctive patterns at regional, city and neighbourhood level. The majority of all major BME groups within the social sector are located in London (Figure 4.12).

Figure 4.12

Source: Census 2001

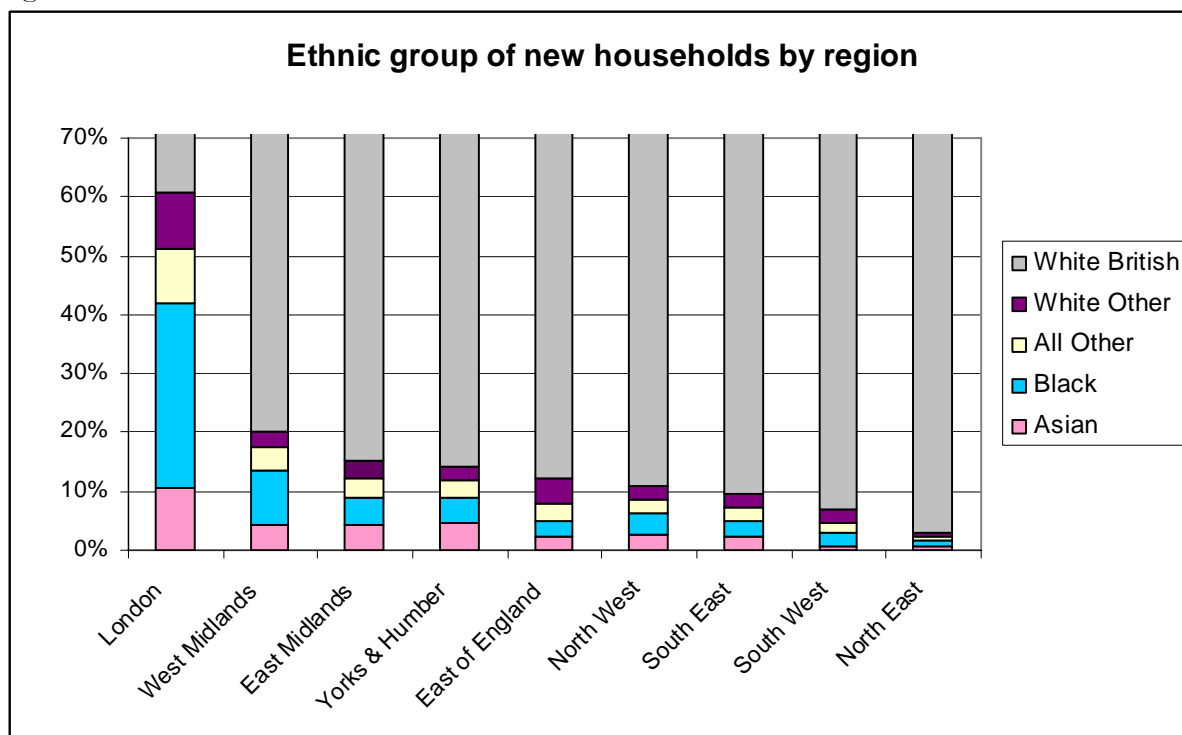


In London over 40% of social tenant household heads in 2001 were from a minority ethnic group in 2001, though less than 10% in all but one of the other regions. However, the ethnic diversity is increasing in all regions as the proportion of new entrants from minority groups is somewhat higher (Figure 4.13)

¹⁰ CORE data records them to be substantially lower than the Family Resources Survey or Survey of English Housing or (which can be used to look at the incomes of social rented households who have moved in within the last three years; see paper 4 of this series). This suggests either that many households enter social housing at a particularly low time in their finances and often manage to increase their income within three years of moving in, or possibly that CORE fails to record tenants' full incomes, possibly by excluding some income from benefits.

Figure 4.13

Source: CORE 2006/7¹¹



In some regions, over 90% of new tenants were ‘White British’; in London, less than half have been in recent years. Across all the regions there are indicators are of increasing demand from certain groups, such as Black Africans, and, to a lesser extent the residual ‘White Other’ group. Figures 4.14 – 4.18 show the ethnic profile of new entrants to social housing in four of the regions in more detail over recent years.

¹¹ The data here is on the ethnic group of “person one” as recorded in CORE. When there are two or more adults in a household, this could be either one of them, not necessarily the one who would be classified as the household head or household reference person.

Figure 4.14

Source: CORE

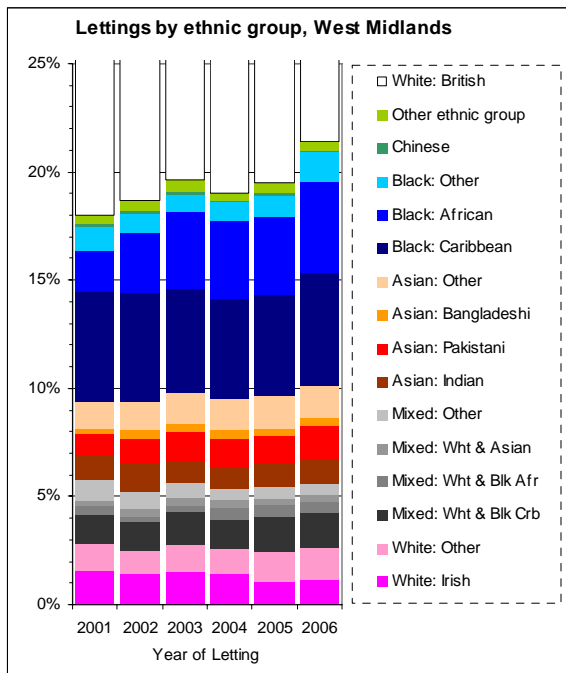


Figure 4.15

Source: CORE

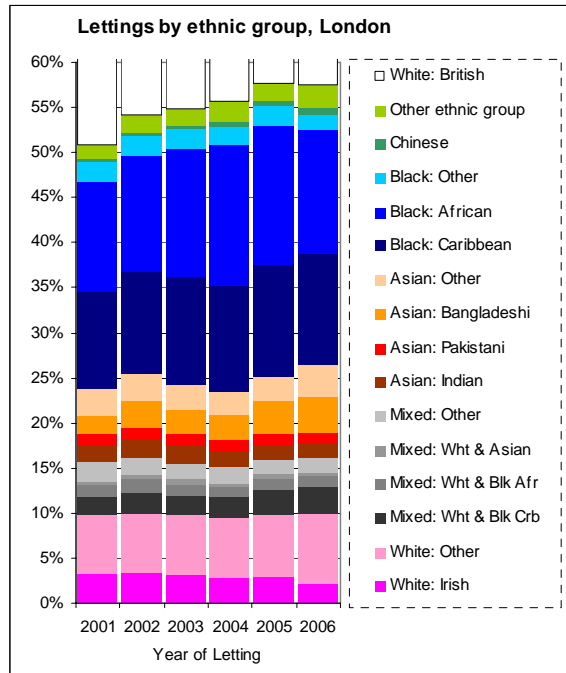


Figure 4.16

Source: CORE

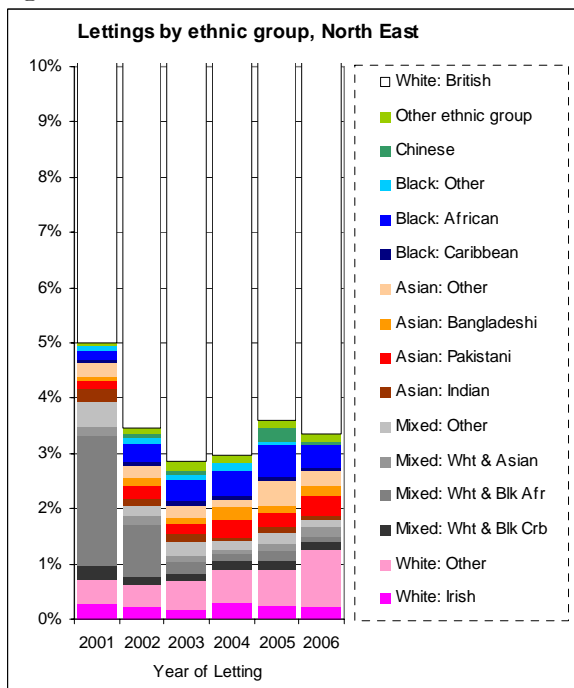
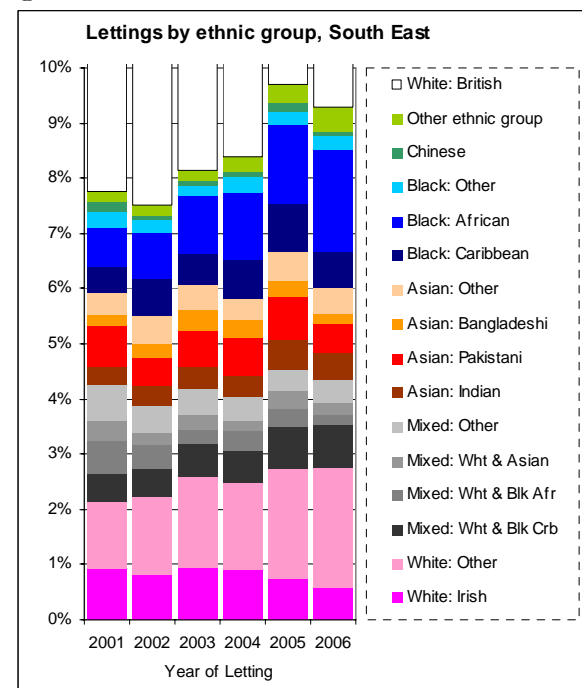


Figure 4.17

Source: CORE



Certain regions show outlying distributions in the early period. These may be attributable to the government's dispersion scheme for refugees, or perhaps labour migration. Although they are anomalous in a sense, and do not necessarily reflect large absolute numbers, they are also a reminder that government policy can significantly influence the nature of demand at local and regional level.

5. Different kinds of areas

This paper has so far explored the key statistical differences that exist between the regions in terms of demand for affordable housing. There are, however many similarities between different parts of the country as well crucial differences within the regions which can be masked in such data. This final section explores in a more qualitative way some of the key differences in demand for social housing between parts of the country using a three-way typology of kinds of areas.

Type 1: Rural/suburban, highly pressured, low levels of social housing: Suffolk

Suffolk is typical of the great majority of parts of England in terms of having excess demand for social housing. Outside of the major cities the proportion of social housing is generally under 15% of the total stock. This means that the major difficulty social housing faces in these areas is how to meet high levels of demand with inadequate supply. Declining turnover rates in recent years have exacerbated this problem.¹² In addition, rural areas face particular difficulties in being able to meet people's desire to stay within their locality when their housing stock can be highly dispersed.

The current pressure on the stock means allocation systems can be successful in filling voids without the need to offer tenants much (or indeed any) choice:

I had to take what was offered, and I was told that if I did turn that down I would have to wait another year, and I couldn't stay where I was.

(Suffolk social tenant)

The pressured system also means that many social tenants feel trapped in homes that meet neither their needs or their aspirations. Obtaining a transfer can be difficult and often means putting up with a difficult living situation in order to retain enough priority for a transfer:

The occupational therapist came round and said that you can have a shower put in, a walk in shower to replace the bath. She said that we could do this, that and the other to make it better for you to live in. She said, 'The only thing is, if you have this all done, you will never be able to get a transfer from this property.' And she said 'I understand that this was not the property that you wanted to be in.'

(Suffolk tenant)

Rural and suburban areas, especially coastal resorts are however very popular with social tenants, especially older people who value the peace and quiet and no longer need to be near a workplace. Older people are the most likely to feel that their housing meets their needs well. In many cases downsizing from a family sized home and/or into sheltered housing had allowed them to move into more appropriate housing:

One thing that I like about my home is that there are no stairs. I can't handle the stairs with the conditions that I have got.

I loved my home. We would all like to keep in our own homes. I had ten years by myself after he died. It was very lonely, the long winter nights

¹² See paper 3 of this series for more details on turnover rates.

were the worst. I'm in sheltered now and I love it. There are people next door all the time.

(Suffolk tenants)

Meeting the needs of the older generation, whilst at the same time finding enough larger houses for younger families is the major challenge in these areas.

Type 2: Urban, less highly pressured, reasonable levels of social housing: Birmingham

Birmingham, along with most of the other major cities in the North and Midlands, has reasonably high levels of social housing, compared with the country overall. It would no longer be true to say that there are any major issues of low-demand, and this is typical of most of the other places that have historically seen population decline and market collapse. The housing market has grown so strongly in recent years that in almost all areas, there is now excess demand for social housing.

Nevertheless, the system is not quite as pressured in these areas as in many other parts of the country. There are pockets of low-demand, mostly centred around specific unpopular property types. Housing officers report that this generally manifests itself in higher turnover rates, rather than high void rates. Indeed, void rates have fell by over 50% between 2002 and 2006 (Source: HSSA), and now represent only 1.6% of the total social housing stock, a level generally associated with transitional vacancies and not underlying lack of demand.

The somewhat less pressured system in Birmingham gives a good insight to the kinds of housing that tenants want. These desires can be less apparent in more pressured areas where tenants are usually grateful to be housed at all unlikely to turn down offers or leave dwellings that they are not entirely happy with because they have little alternative.

In Birmingham, tenants were aware that there was at times a real choice to be made between social rented and private rented housing with private renting offering some advantages:

You get a more personal approach....if they're a genuine private landlord who will deal with things when they need to be dealt with. Whereas a housing association can take six months to do things that are very simple.

To live near a school with good ranking, one needs to rent from a private landlord.

Private landlords often tend to have more than one property, so you can always transfer with them at a later date, to be where you want to live. If there's a private house in a road you like, you speak to them, if you've got the money, that's where you can live.

(Birmingham tenants)

Housing officers interviewed in Birmingham reported that one-bedroomed flats could be hard to let, and often had high turnover rates as tenants used them as a staging post before moving on to housing that better met their aspirations either in the social or private sector. Rates of abandonment could also be high from one-bedroomed flats. This can present a problem for Housing Associations trying to keep void rates down, but is in many respects a symptom of an otherwise successful housing system where tenants are able to fulfil their aspirations and move more freely between tenures than in other parts of the country. It does, however, suggest that

one bedroom flats, and studio flats in particular, do not meet the long-term aspirations of most tenants would prefer them to fill only a temporary role in their housing career.

Whilst a perception of tenure choice appears to be higher in Birmingham than some other parts of the country, there are still many tenants who feel little sense of choice over where they live and are unable to access any other tenure of housing:

Council houses are too small. Just two rooms. You can't put a desk and a bed in the same room. I really want to move to a bigger place, I explained to (the Housing Officer). My kids are growing up. They need a bigger place. But (the Housing Officer) said I can't.

(Birmingham tenant)

If house prices continue to grow this feeling is likely to dominate and the sense of freedom to move between tenures to diminish over time.

Type 3: Urban, very highly pressured, reasonable levels of social housing: London

London is in many ways a special case that does not fully fit into either of the above types. It has of course an extremely pressured housing system with levels of demand for social housing far in excess of what can be met. This gives rise to severe problems with overcrowding within the social sector. It does, however, have a higher proportion of social housing than most of the country. It also has a younger population and much greater ethnic diversity than any other region. The specific issues facing London are explored more fully in Paper 6 of this series.

6. Conclusions

There are significant spatial impacts on demand for social housing. Some of these differences are apparent between Government regions. Others are more readily comprehensible when alternative distinctions are drawn up, such as differences between rural and urban areas, or high pressured and less pressured areas.

Overall, the social housing sector, just like the wider housing system, is under the greatest pressure in London, the South East and South West of the country. The Eastern region exhibits similar low levels of low demand to these three regions, but somewhat less sign of really excessive high demand. In the north of England, the pattern is a bit more mixed. Unpopular stock such as small flats tends to turnover more quickly in some areas and some vacancy rates are around 2-3%, slightly above what might be just due to the usual turnover voids. Overall, however, the picture is of higher levels of demand than can be met from existing supply in all parts of the country.

There are also differences in the types of households who live in affordable housing in different regions. What is most apparent is the complete mis-match between the profile of the stock and that of the households – the areas with the largest numbers of families with children are those where there are the smallest numbers of family-sized dwellings.

Rates of economic activity vary between the regions. With the exception of London, they broadly follow the economic success of the regions with unemployment and inactivity due to sickness or disability highest in the regions that have seen a decline in manufacturing over the

past years. The economic profile of existing tenants is very similar to that of new entrants to social housing. This suggests that it is the low employment rates amongst those entering the sector that may be key to the low employment rates of existing tenants.

It is difficult to make general conclusions as to demand for shared ownership as there is a scarcity of data on the numbers of households registered for shared ownership. It is however very likely that demand for this tenure will vary a great deal between regions due to the differing size of the potential intermediate market – in some areas the gap between the cost of social renting and private renting or owner-occupation is not great, so there may be less demand. In other areas it is huge and it may be difficult to design schemes that will cater for the full extent of the gap.

The challenge for all regions is one of meeting and managing higher levels of demand for social housing than can easily be met. In some regions there are also challenges in addressing low demand and unpopular stock. There may also be unpopular stock in many of the high-pressured regions. This is unlikely to present itself as hard-to-let or even have a high turnover when the market is sufficiently pressured, though there is still more that could be done to make social housing better meet the needs and aspirations of residents in these regions too.