



PORTSMOUTH CITY COUNCIL

HOUSING NEEDS SURVEY

Housing



Study

EXECUTIVE SUMMARY

March 2005



Fordham Research Ltd, 16 Woodfield Road, London, W9 2BE
T. 020 7289 3988 F. 020 7289 3309 E. info@fordhamresearch.com
www.fordhamresearch.com

KEY POINTS

- A postal survey of local households was carried out by Fordham Research in August 2004; 1,213 responses were received from 5,000 questionnaires
- Property prices in Portsmouth are low when compared with both national and regional figures. However, recent price rises in Portsmouth have been significantly above national and regional equivalents
- The survey calculated average net weekly household income (including non-housing benefits), which is estimated to be £335
- It was estimated that there is currently a shortfall of affordable housing across the Portsmouth City Council area of 2,964 units per annum over the next five years, representing over three times the planned yearly supply of housing in the City
- A high target of affordable housing of up to 50% on development sites would be perfectly justified (in terms of the needs)
- Site size thresholds below the current level of 25 dwellings should be considered
- The level of need for new affordable housing in Portsmouth is over twice the UK average. The City also shows an above average level of need (per 1,000 households) when compared to some of its 'Benchmarking Councils' and to the South East region
- Two alternative methodologies, the BHM (Balancing Housing Markets) and BNAM (Basic Needs Assessment Model) analyses, suggest that there will be a large shortage of affordable housing in the future
- 13% of all the City's households contain special needs members. 'Physically disabled' is the largest special needs category
- A large proportion of special needs households stated problems with maintaining their homes; a large proportion of these are currently living in the owner-occupied sector, suggesting considerable scope for 'care & repair' and 'staying put' schemes
- 23% of households in Portsmouth contain older persons only, and a further 7% contain a mix of both older and non-older persons. Two thirds of older person-only households contain one person, providing implications for the future provision of care
- One in five key worker households (2,193 households) cannot afford market housing in the City
- 3.7% of all households are overcrowded and 29.9% under-occupy their dwelling

1. INTRODUCTION

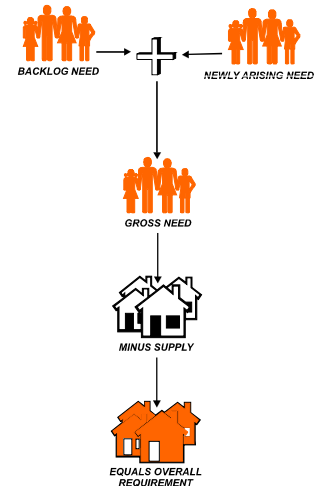
Summary information:

Fordham Research were commissioned to carry out a Housing Study for Portsmouth. The study was designed to assess the future requirements for both affordable and market housing. To do this the study drew on a number of sources of information:

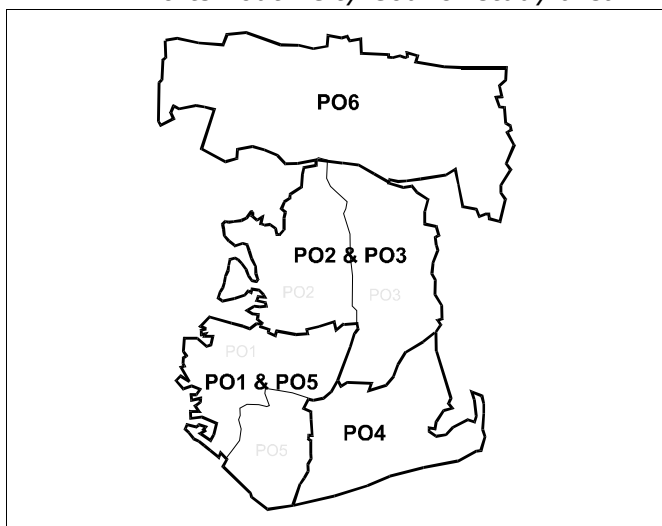
- i) A postal survey of 1,213 local households
- ii) Interviews with local stakeholders
- iii) Interviews with local estate and letting agents
- iv) Review of secondary data (including Land Registry, Census and information from the Council's Housing Investment Programme (H.I.P) form)

The main output is an estimate of the overall requirement for additional affordable housing following ODPM Guidance. The approach involves 18 stages of analysis to derive an overall annual shortfall or surplus estimate of affordable housing

ODPM Guide approach



Portsmouth City Council study area



2. SURVEY WORK AND VALIDATION

Summary information:

A major part of the study process was a postal survey of local households. In total, 5,000 questionnaires were sent and 1,213 households responded to the survey. The questionnaire covered a wide range of issues including questions about:

- Current housing circumstances
- Past moves
- Future housing intentions
- The requirements of newly forming households
- Income levels

The sample for the survey was drawn at random from the Council Tax Register.

The survey data was weighted to make it representative of all households in Portsmouth. At the time of the survey there were an estimated 81,000 households. The main tenure groups were owner-occupation and the social rented sector. The analysis in the report presents information for four sub-areas in the City.

Representatives from key local stakeholders were asked for their opinions of the housing situation in Portsmouth. In general it was felt that the supply of affordable housing in the City had a large impact on recruiting and retaining employees. Keeping student graduates in Portsmouth was also felt to be an increasing problem. The Council's Housing Register was generally thought to be successful at meeting the needs of high priority cases but there is a lack of choice for some people in housing need, particularly the elderly. It was felt by developers that high targets for affordable housing provision on individual sites may prohibit many development sites coming forward by making their development economically unviable.

Tenure profile in Portsmouth

Tenure	% of h'holds
Owner-occupied (no mortgage)	26.3%
Owner-occupied (with mortgage)	41.0%
Council	12.8%
Housing Association	5.5%
Private rented	14.4%
TOTAL	100.0%

3. LOCAL HOUSING MARKET STUDY

A study of the local housing market was undertaken to establish minimum (entry level) prices of housing in the area (both to buy and to rent). This was undertaken by means of a series of interviews with local estate and lettings agents. The information collected is used to assess whether households in the City can afford to access private sector housing. The survey indicated that:

- Minimum prices ranged from £82,000 to £188,000
- Minimum private rents ranged from £415 to £925 per month

One of the main sources of secondary information was the Government's Land Registry. This data source suggested that property prices in the Portsmouth City Council area are relatively low when compared with both national and regional figures. However, over the last five years, prices in Portsmouth have risen by 113%; this is significantly above national and regional equivalents (90% and 92% respectively).

Summary information:

Minimum prices/rents in Portsmouth

Size (beds)	Buy	Rent
One	£82,000	£415
Two	£117,500	£500
Three	£139,000	£615
Four	£188,000	£925

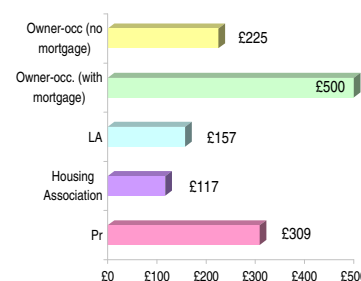
4. FINANCIAL INFORMATION AND AFFORDABILITY

Survey results estimate that average net weekly household income (including non-housing benefits) in Portsmouth is £335. This is slightly below averages Fordham Research has found nationally. There were, however, wide variations by tenure; with households living in social rented housing having particularly low income levels. In addition, data collected by CACI Ltd. and the Office of National Statistics suggests that Portsmouth has the lowest average gross household income in Hampshire and one of the lowest levels of average gross pay in Hampshire.

Combining housing market data with household financial information it is possible to estimate the numbers of households unable to access private market housing.

Summary information:

Average net weekly household income by tenure



A household is considered unable to afford private sector housing of a suitable size if:

- The cost of housing (either to rent or to buy) exceeds 25-35% of net disposable income

The affordability of potential households (namely persons who currently live as part of another household) is assessed using the judgements of respondents; an approach in line with Government guidance.

Cost of housing (per week) in Portsmouth

Size (beds)	Own-occ	Priv. rent
One	£94	£96
Two	£135	£115
Three	£160	£142
Four	£216	£213

5. BACKLOG OF EXISTING NEED

There are three sources contributing to backlog need; existing households, potential households and homeless households.

The survey highlighted a series of potential situations which would make housing unsuitable for the occupants. In total it is estimated that 9,665 households are in unsuitable housing (11.9% of all households). Taking account of those whose unsuitability could be met by alterations or repairs to the home or by a move outside the City, and those who are able to afford market housing of a suitable size, there are an estimated 1,606 existing households in backlog need (2.0% of all households).

To determine the overall requirement for additional affordable housing those households currently living in the social rented sector are excluded to produce a final backlog need estimate of 745.

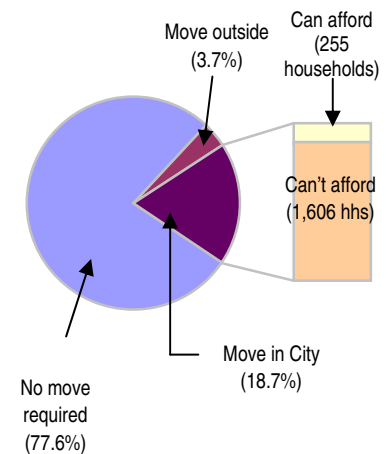
Survey data also indicates the existence of 1,225 potential households who need to move to separate accommodation now and who would be looking to remain in the City. Of these it is estimated that 86.7% (1,062 households) are in housing need.

Analysis of secondary data sources identified a further 59 homeless households to be included in the backlog need estimate.

Bringing together all these factors there is an overall backlog of need of 1,866 affordable homes. Annualised, assuming a 20% reduction per year suggests an annual need to reduce the backlog of 373 dwellings.

Summary information:

Need to move and affordability for households in unsuitable housing in Portsmouth



Components of backlog need

Element	H'holds
Existing h'holds	745
Potential h'holds	1,062
Homeless h'holds	59
Sub-total	1,866
Quota to reduce backlog	20%
Need to reduce backlog (pa)	373

6. NEWLY ARISING NEED

This element of the assessment relates to need arising in future years. Four categories contribute to newly arising need:

- New household formation (x proportion unable to afford)
- Ex-institutional population moving into the community
- Existing households falling into need
- In-migrant households unable to afford market housing

Information for these four components was derived from past move information collected in the household survey. The results indicate that there will be an additional 1,111 households forming per year in the City, of which 72.4% are unable to afford private sector housing. This makes for an additional 804 additional households in housing need per year.

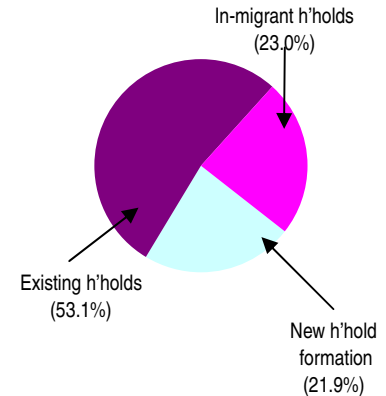
Analysis of the ex-institutional population forming households is very difficult. To avoid any possible double-counting, it was decided in the case of Portsmouth to give this element of newly arising need a value of zero.

It is estimated that 1,856 existing households will fall into need per annum and a further 837 in-migrant households who cannot afford suitable private sector housing will move into the City per annum.

In total, the figures indicate that additional need will arise from 3,497 households per annum.

Summary information:

Components of newly arising need



Total newly arising need in Portsmouth

Element	H'holds
New h'hold formation	804
Ex-institutional h'holds	0
Existing h'holds	1,856
In-migrant h'holds	837
Total (pa)	3,497

7. SUPPLY OF AFFORDABLE HOUSING

Current supply of affordable housing is approximated through looking at recent patterns of re-lets in the social rented sector. This takes into account the number of new lettings (excluding transfers), any new stock, any vacant stock that might be able to be brought back into use and future changes in the supply.

- Average turnover of 4.4% of social rented dwellings (p.a.)
- Average of 125 new social rented completions
- 315 vacant dwellings = 1.6% of all social rented dwellings

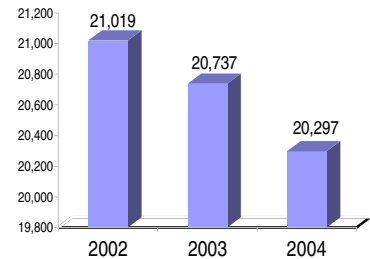
Vacant stock is very low and therefore no additional affordable dwellings are likely to come from reuse of vacant dwellings.

Account is also taken of relets from shared ownership property in the City. It is estimated that each year an average of 23 shared ownership units become available to meet housing need in Portsmouth.

In total it is estimated that the annual supply of affordable housing from the current stock in Portsmouth would amount to 906 units per annum.

Summary information:

Social rented stock in Portsmouth (2002-2004)



Summary of total supply

Element of supply	Units
Lettings (exc. Transfers)	1,024
Lettings in new housing	-125
Lettings in vacant stock	+0
'Relets' of Shared Own.	+23
Net Lettings lost/gained	-16
TOTAL	906

8. BASIC NEEDS ASSESSMENT MODEL

Bringing together the stages of analysis presented above it is possible to arrive at an estimate of the total requirement for additional affordable housing to meet housing need. Overall, there is an estimated shortfall of 2,964 affordable units per annum.

Further analysis indicated the size requirement for additional affordable housing. This shows that there are shortages of all sizes of home in Portsmouth. The main findings can be summarised:

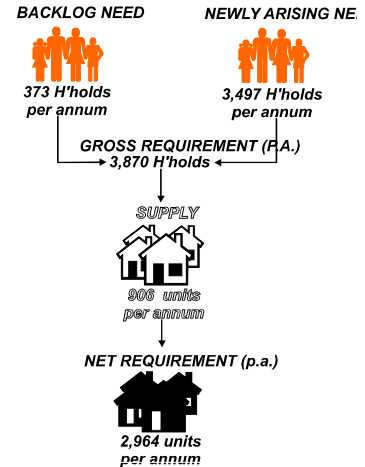
- The main shortfall is for one bed property (53.8%)
- Only 16.2% of need for one bedroom property can be met by supply

Overall requirement by bed size

Size (beds)	Annual need	Annual supply	Shortfall	% of total
One	1,904	308	1,596	53.8%
Two	1,011	383	628	21.2%
Three	567	175	392	13.2%
Four	388	39	349	11.8%
TOTAL	3,870	906	2,964	100.0%

Summary information:

Summary of Basic Needs Model in Portsmouth



9. NATURE OF AFFORDABLE HOUSING REQUIREMENT

Using information calculated from the 'basic needs assessment model', we have carried out further analysis to show how much of the shortfall could be met by 'intermediate' housing available at a range of costs between social rents and minimum market (second-hand) housing. The range of costs are shown in the summary information table and analysis indicates that:

- 59.0% of the additional affordable housing requirement can meet need through 'intermediate housing'

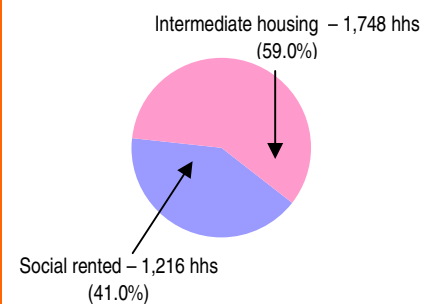
Further analysis was undertaken on the affordability of a range of intermediate house prices for households in need. It was found that a large proportion of any future intermediate housing provision in Portsmouth would need to be at or near social rents in order to be affordable to most of those in need.

Summary information:

Range of costs (£/week)

Size	Soc. rent	Min mkt
1 bed	£54	£96
2 beds	£68	£115
3 beds	£77	£142
4+ beds	£87	£213

Net need: ability to afford types of affordable housing (2,964 hhs)



10. BALANCING HOUSING MARKETS

Summary information:

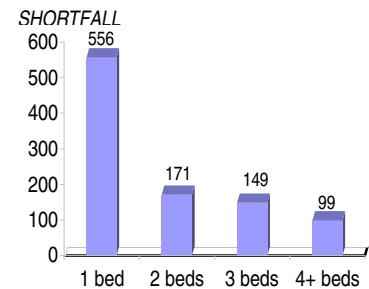
Balancing Housing Markets (BHM) is analysis considering the whole housing market and identifies surpluses or shortfalls of particular tenures and property sizes. The ODPM Guide suggests a Gross Flows technique to carry out this analysis although this is fairly limited as a predictor. In Portsmouth an adapted gross flows approach is used, taking information about future housing aspiration and affordability into account as well as past trends.

The main findings from the analysis can be summarised as follows:

- A shortfall of 2,872 (p.a) affordable dwellings across Portsmouth
- Shortages for all sizes of affordable housing
- Shortages of 4+ bed owner-occupied property
- Surpluses for all sizes in the private rented sector

The practical outcome of this analysis is the same as was derived from application of the ODPM Guide model: build more affordable housing.

Shortfall by bed size in Portsmouth



Shortfall/surplus by tenure

Tenure	Shortfall/ (surplus)
Owner-occupation	(309)
Affordable housing	2,872
Private rented	(1,587)
TOTAL	975

11. KEY WORKERS

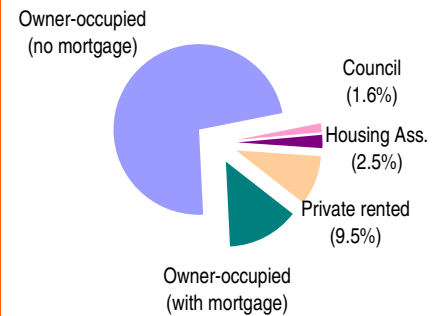
The definition of a key worker household is based on categories of employment, but does not take into account income levels. Analysis of survey data indicates that there are an estimated 14,312 people in key worker occupations. The characteristics of these households can be summarised as follows:

- Key worker households are more likely than other households to own their own home and less likely to live in the social rented sector
- Key worker households are more likely to have moved in the last two years than non-key workers and are more likely to have moved from elsewhere in the UK
- Key worker households are more likely than other households to move within the next two years and are more likely to want to move away from Portsmouth

In terms of affordability, the data suggests that some key worker households have slightly higher income levels than other households. Some 22% of key worker households cannot afford market housing in Portsmouth; of these households, three quarters could afford intermediate housing. Key workers households make up 12% of the net affordable housing requirement in the City.

Summary information:

Tenure profile of Key Workers in Portsmouth



Type of Key Workers

Affordability	KW hhs	%
Teachers	5,134	35.9%
NHS staff	6,127	42.8%
Police	841	5.9%
Prison/Probation	597	4.2%
Social workers	1,183	8.3%
Other	430	3.0%
TOTAL	14,312	100.0%

12. OLDER PERSON ONLY HOUSEHOLDS

Some 23% of households in Portsmouth contain older persons only (older people are defined as those over the state pension age: 65 for men, 60 for women). A further 7% of households contain a mix of both older and non-older persons. Older person-only households are particularly likely to be comprised of only one person, providing implications for future caring patterns. Although the majority of older person-only households live in the private sector, it is interesting to note that a high proportion of social rented accommodation houses older people-only (39% of all Council accommodation is occupied by older persons only).

Older person households do not contribute significantly to the overall need for additional affordable housing, but may well have a significant impact on the future of Council housing and the future need for sheltered housing and adaptations.

13. SPECIAL NEEDS HOUSEHOLDS

Some 12.9% of all the City's households (10,470) contain special needs members. 'Physically disabled' is the largest special needs category.

Special needs households in Portsmouth are generally smaller than average for the City and are particularly likely to be made up of only older people. Special needs households have lower than average incomes and are more likely than other households to be in unsuitable housing.

Special needs households in general stated requirements for a wide range of adaptations and improvements to their homes. The most commonly-needed improvements were:

- Car parking space near front door (2,334 households – 22.3% of all special needs households)
- Downstairs WC (1,957 households – 18.7% of all special needs households)
- Other alterations / adaptations (1,721 households – 16.4% of all special needs households)

Summary information:

Special needs categories in Portsmouth

Category	% of special needs households
Frail elderly	21.4%
Physical disability	60.8%
Learning disability	14.1%
Mental health problem	25.3%
Vulnerable young people	1.8%
Severe sensory disability	6.4%
Other	9.8%
TOTAL	100.0%

14. OVERCROWDING AND UNDER-OCCUPATION

Finally, the survey looked briefly at overcrowding and under-occupation, overcrowding having been shown as the most important reason for households to be living in unsuitable housing. The study suggested that 3.7% of all households are overcrowded and 29.9% under-occupy their dwelling. The owner-occupied (no mortgage) sector shows the highest levels of under-occupation; the RSL and private rented sectors show the highest overcrowding. Most overcrowded households require one extra bedroom, although around 17% require two or more extra bedrooms.

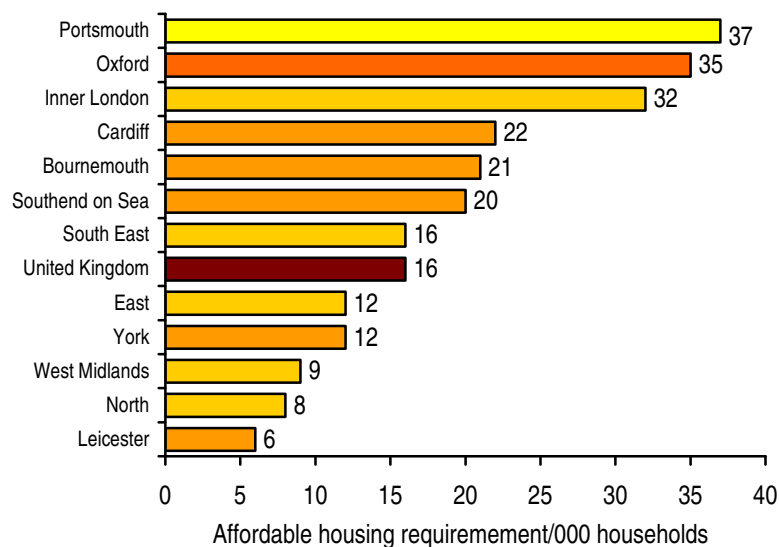
Overcrowded households tend to have low incomes (measured per person in the household) and are far more likely to state that they need or expect to move than other households.

15. CONCLUSIONS

The housing market assessment in Portsmouth provides a detailed analysis of housing requirement issues across the whole housing market in the City. The study began by following the Basic Needs Assessment Model, which estimated a requirement to provide an additional 2,964 affordable dwellings per annum if all housing needs are to be met (for the next five years).

Compared to other surveys completed by Fordham Research in the last three years Portsmouth shows a higher need of additional affordable homes per thousand households, than the average of England, and the South East. The level of need is over twice the UK average.

Typical levels of need for new affordable housing in Portsmouth



The study continued by looking at requirements in the housing market overall using a 'Balancing Housing Markets' methodology. This again suggested a significant requirement for additional affordable housing to be provided.

The analysis suggests that it would be perfectly justifiable (in terms of the needs) to apply a high percentage target of affordable housing on new development sites. The survey also suggests that site size thresholds below the current level of 25 dwellings should be considered. Custom and practice is in fact the only guide to choosing a target, assuming that there is a substantial housing need. Clearly that is the case in Portsmouth. The evidence suggests that for example a target of up to 50% affordable housing on a site can be justified. Such targets have been used by a number of local planning authorities. There have been no justifiable problems with financial viability as a consequence, although viability is site specific and may require investigation in some cases (e.g. severely damaged brownfield sites).