Annex 1

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To	Cannock Chase Council, Lichfield Council, Tamworth Council
From	Nathaniel Lichfield & Partners

Subject   Affordable Housing Calculation using the Housing Register

1.0   Introduction

1.1   This note outlines the results of the affordable housing calculation when data from the Housing Register is used rather than the results of the household survey. It follows the same methodological steps as Sections 6.0 and 7.0 of the main report.

2.0   Current Housing Need (Stage 1)

2.1   The first stage of the assessment considers current (backlog) need. The CLG Guidance is clear that an estimate should be made of the number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.

2.2   An assessment of backlog housing need has been made by examining a snap-shot of the number of applicants on the Housing Register for each Local Authority at February 2012. It needs to be ensured (as far as data allows) that only those households identified as being 'in need' are included. Here reference is made to the CLG Guidance, which provides an indication of the types of housing that should be considered unsuitable as follows: -

1   Homeless households or insecure tenure

    a   Homeless households

    b   Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of housing benefit or in arrears due to expense

2   Mismatch of housing need and dwellings

    a   Overcrowded according to the 'bedroom standard'

    b   Too difficult to maintain (e.g. too large) even with equity release

    c   Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household

       d   Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ

   3   Dwelling amenities and condition

       a   Lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants)

       b   Subject to major disrepair or unfitness and household does not have the resources to make fit (e.g. through equity release or grants)

   4   Social needs

       a   Harassment from others living in the vicinity which cannot be resolved except through a move

2.3   Applicants on the Housing Register are allocated a priority banding (between 1+ and 4), depending on the vulnerability of the household and the type/extent of their housing need. With reference to the CLG Guidance, Cannock Chase, Lichfield and Tamworth Councils have all advised that those households in Priority Bands 1+ and 3) are 'in need' and these households are therefore included in this calculation. However, households given Priority Band 4 have a low identified housing need generally not falling within the CLG criteria and are excluded from the analysis accordingly.

2.4   Households on the Housing Register already living in affordable housing have been excluded. Although these households do have a housing need, this could be addressed via a transfer within affordable housing (e.g. by transferring an overcrowded household living in social rented to a larger social rented house). These households can meet their need through a transfer, which in turn would result in their existing home becoming available for someone else in need. Thus, these households do not contribute to the *net* requirement for affordable housing and in turn when these households move, this does not contribute to net supply. These households can either be excluded at Stage 1 (from need) or Stage 3 (from supply – as suggested by CLG Guidance): it would not affect the overall results of the calculation. Here, we have excluded these households from Stage 1 to reflect the approach taken in Stage 2 in respect of newly arising need (it is considered clearer to adopt the same approach in respect of transfers in both aspects of the calculation).

2.5   Although existing households in need already occupying affordable housing are excluded from the affordable housing calculation, it is noted that they do still have a requirement for the right type of affordable housing to become available to meet their needs. If an appropriate unit does not become available (e.g. due to shortage of supply of a specific type or size of unit) then these households will remain in need, despite not contributing to a net need requirement. New

affordable housing provision provides the opportunity to focus on the size/type of provision to seek to re-balance affordable housing mix, as explained at Section 8.0 of the main report.

2.6   The results are set out in Table 1.

Table 1   Current (Backlog) Need- Gross (based on Housing Register)

Local Authority	Number
Cannock Chase	732
Lichfield	1,098
Tamworth	1,235

Source: Housing Register Data for Cannock Chase, Lichfield and Tamworth (February 2012)

2.7   **The number of households in need (gross) identified by the Housing Register analysis is therefore 732 for Cannock Chase, 1,098 for Lichfield and 1,235 for Tamworth.**

2.8   **The comparable figures based on the results of the survey (as detailed in the report) are considerably lower at 501 for Cannock Chase, 644 for Lichfield and 435 for Tamworth.**

2.9   Both sets of figures exclude those households in need already living in affordable housing, whose requirements could be met without a net requirement for an additional affordable housing unit.

3.0   **Future Housing Need (Stage 2)**

3.1   Housing Register data provided by the three Local Authorities has been assessed to estimate future housing need predicted to arise per year. This has examined the number of new applicants in the last year for which data was available [1]. Only those households given a Priority Banding of 1-3 have been included (as detailed above those in Priority Banding 4 are identified as being of 'low' need and therefore excluded). Households already living in affordable housing have also been excluded (this follows the approach in Stage 1 – see above).

3.2   The results are set out in Table 2.

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[1] The time period for which data was made available is as follows: Cannock Chase: January 2011-January 2012 – Lichfield: calendar year ending December 2011 – Tamworth: 1st April 2010-31st March 2011

Table 2   Total Newly Arising Housing Need - Gross per year (Based on Housing Register)

Local Authority	Number
Cannock Chase	336
Lichfield	665
Tamworth	477

Source: Housing Register Data for Cannock Chase, Lichfield and Tamworth (February 2012)

3.3   **The total annual newly arising housing need identified by the Housing Register analysis is therefore 336 for Cannock Chase, 665 for Lichfield and 477 for Tamworth.**

3.4   A different methodology was adopted in the report, which identified newly forming households in need and existing households falling into need separately. The number of newly forming households in need was estimated based on household formation rates (from NLP's HEaDROOM framework) and applying an affordability ratio to identify those households unable to afford to access market housing. An assumption on the number of existing households falling into need was obtained by examining the number of existing households who move per year and assessing how many of these are unable to afford to access market housing (excluding transfers within affordable housing who did not contribute to the net requirement for affordable housing). **The comparable figures based on the methodology utilised in the report are 478 for Cannock Chase, 544 for Lichfield and 361 for Tamworth.**

3.5   **Thus, Cannock Chase has a lower figure based on the Housing Register than the methodology used in the report, but Lichfield and Tamworth has a higher figure.**

3.6   It is useful to compare both the above results with CORE data setting out the number of existing households who move into affordable housing per year. To enable this, analysis has been undertaken of CORE lettings data (average for the last 3 years)[2]. This has indicated the number of existing households falling into need who are successful in gaining access to social rented affordable housing to be: -

1   Cannock Chase: 127 households

2   Lichfield: 117 households

3   Tamworth: 98 households.

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[2] CORE data analysis has assumed households with following tenures are 'existing households': Any other temporary accommodation, Approved probation hostel, Bed and breakfast, Hospital, Housing for older people, Mobile home/ caravan, Owner occupation (private), Private sector, Residential care home, Rough sleeping, Short life housing, Tied housing or renting with job

3.7 These figures only relate to those households who are successful at gaining entry to social housing and therefore under-estimates need. This is because there will be a proportion of households in need and unable to afford market housing who either do not apply for affordable housing or are not successful in gaining entry. By contrast, the calculation in the main report assesses whether households who move each year require affordable housing based on income (regardless of whether or not they are successful in gaining access to affordable housing) and therefore a higher figure is identified. The figure from the Housing Register assesses intention to move and identifies a still higher figure for Lichfield and Tamworth.

4.0 Supply of Affordable Housing (Stage 3)

4.1 The third stage of the affordable housing model examines housing stock that can accommodate households in housing need. This information is required in order to calculate net affordable housing requirements.

4.2 The model considers both existing affordable housing stock (including how much of this is available) as well as the level of future annual new supply. This process is set out by steps 3.1-3.8.

Affordable Housing Stock (Steps 3.1-3.5)

4.3 Steps 3.1-3.5 identify the total affordable housing stock which is available. The figures for this stage are the same regardless of whether the methodology uses survey or Housing Register data to identify housing need. The results of Step 3.5 (which sums together total available affordable housing stock) are shown in Table 3 (this repeats the data for this stage shown in the report).

Table 3   Current Supply of Affordable Housing

	Cannock Chase	Lichfield	Tamworth
Current Supply of Affordable Housing	82	75	46

Source: CLG and Local Authority Data

4.4 It is noted that affordable dwellings which become available but are occupied by households in housing need are not included in this supply figure (see Step 3.1). This is because the movement of these households (within affordable housing) will have a nil effect overall on housing need: these households have therefore already been netted off at Stage 1 of the calculation and should therefore not be included as supply.

Annual Supply of Affordable Housing (Steps 3.6-3.8)

4.5 Steps 3.6-3.8 focus on the future supply of affordable housing arising from existing stock (based on past trends identified from CORE data). These steps

consider the number of social re-lets and shared ownership affordable home re-sales per year. The results (in respect of the calculation based on the Housing Register) are set out by Table 4.

Table 4   Annual Supply of Affordable Housing (Housing Register)

	Cannock Chase	Lichfield*	Tamworth
Step 3.6 (Future Annual Supply of Social re-lets)	358	164	337
PLUS Step 3.7 (Future Supply of Intermediate Affordable Housing)	3	3	5
EQUALS Step 3.8 Annual Supply of Affordable Housing	**361**	**168**	**342**

*Note: total does not sum due to rounding.

4.6 **The annual supply of affordable housing identified by the methodology based on Housing Register analysis is therefore 361 for Cannock Chase, 168 for Lichfield and 342 for Tamworth.**

4.7 **The comparable figures based on the methodology based on Survey analysis are 365 for Cannock Chase, 281 for Lichfield and 256 for Tamworth.**

4.8 The need for transfers within affordable housing was excluded from 'need' at Step 2.3 because the movement of these households (within affordable housing) will have a nil effect overall on housing needs. These households have already been netted off at Stage 1 of the calculation and should therefore not be included as supply. A different figure for housing need relating to existing occupiers of affordable housing was identified at Step 2.3 when the Housing Register was used than when the Housing Needs Survey was used. Therefore, a different figure for transfers has been excluded at Step 3.6 for the methodology based on the Housing Register than when the Housing Needs Survey was used. This explains the difference between the annual supply figure at Step 3.8 under the two methodologies.

5.0   Estimate of Net Affordable Housing Need

5.1 Table 5 brings together the estimate of net affordable housing need identified by an analysis of the Housing Register.   Table 6 shows the same for an analysis based on the Housing Needs Survey.

Table 5   Net Annual Housing Need – Based on **Housing Register**

	Cannock Chase	Lichfield	Tamworth
Current (Backlog) Need			
Gross Current Need (Task 1.4)	732	1098	1235
MINUS Total Available Stock Affordable Housing (Task 3.5)	82	75	46
Equates to Net Current (Backlog) Need	650	1023	1189
Net Backlog: Annualised (5 years) **(A)**	**130**	**205**	**238**
Newly Arising Need			
Newly Arising Housing Need (Annual) (Task 2.4)	336	665	477
MINUS Future Annual Supply of Affordable Housing (Task 3.8)	361	168	342
Equates to Net Newly Arising Need (net) **(B)**	**- 25**	**497**	**136***
NET ANNUAL NEED = A+B	**105**	**702**	**373***

*Note: total does not sum due to rounding.

Table 6   Net Annual Housing Need – Based on **Housing Needs Survey**

	Cannock Chase	Lichfield	Tamworth
Current (Backlog) Need			
Gross Current Need (Task 1.4)	501	644	435
MINUS Total Available Stock Affordable Housing (Task 3.5)	82	75	46
Equates to Net Current (Backlog) Need	419	569	389
Net Backlog: Annualised (5 years) **(A)**	**84**	**114**	**78**
Newly Arising Need			
Newly Arising Housing Need (Annual) (Task 2.4)	478	544	361
MINUS Future Annual Supply of Affordable Housing (Task 3.8)	365	281	256
Equates to Net Newly Arising Need (net) **(B)**	**113**	**263**	**105**
NET ANNUAL NEED = A+B	**197**	**377**	**183**

5.2   The above summary shows that the Housing Register identifies higher levels of need for both Lichfield and Tamworth than when the analysis is based on the results of the Housing Survey. This reflects the significant number of people in these authorities who are either on the Housing Register or who joined the Housing Register in the last year and who are identified as being in Bands 1-3.

5.3 However, an oddity is apparent for the results of the analysis using the Housing Register data for Cannock Chase. The results appear to suggest a negative newly arising requirement for affordable housing, resulting in very low affordable housing requirements. The Housing Register data showed that Cannock Chase has 501 Band 1-3 designations in the last year, of which approximately 33% (or 165 designations) are transfers, resulting in a newly arising requirement according to the Housing Register (net of transfers) of **336**. However, according to CORE data the average number of lettings per year for the last 3 years is 523, after netting off 165 transfers and adding on 3 intermediate housing re-sales, this results in supply equating to **361.** Thus the number of lettings per year is high compared to the number of households entering the register: resulting in a negative newly arising requirement for Cannock Chase.