Appendix 3

Housing Estates Investment Plan

Need and supply of social rented housing in Hammersmith and Fulham

1. Housing needs data

The main source of data for determining levels of housing need in the borough is the Housing Register, a list recording all requests for housing received by the Council. Once received, applications to the Housing Register are assessed and accorded a band between A-D, defined as follows:

Band A = Emergency and very severe housing need
Band B = High priority or urgent need to move
Band C = Households with an identified housing need to whom the Council is required to give reasonable preference under s.167 Housing Act 1996
Band D = All other applicants

Households to whom the Council is required by law to give reasonable preference include the homeless, those who are overcrowded and those needing to move for health reasons.

Given the above, the significant bands for enumeration and analysis of housing need are therefore bands A-C.

Data for historical comparison is available from January 2007 which is when the Council introduced its current database, though had there not been an IT change the perspective over time would not have been significantly longer, given the banding system was only introduced in 2005, when it replaced the old points-based system.

For data presentation purposes, applicants are grouped as

Housing Transfers existing Council tenants requesting to move

Homeless homeless households to whom the Council owes a statutory duty to house under the homeless legislation

Homeseekers all other households seeking a home

A factor for analysis is that the Housing Register has not been subject to a data cleanse and updating since its introduction in 2005. A recent sample survey indicates that the Housing Register could be reduced by just over 40% if subject to full validation. Processes are currently being developed by officers to improve the accuracy of the register. The Council is therefore aware that the levels of need particularly in the low Band C are likely to be significantly lower than demonstrated by the figures. Any analysis of and conclusions drawn from these figures should be mindful of this potential discrepancy.

2. Analysis of housing need

Numerically the highest volumes of demand when organised by banding are found in Band C, whether Housing Transfers, Homeless cases or Homeseekers (see fig. 1). Numbers waiting in Band A and Band B have decreased by 30% in the last 4 years from 551 to 387. Homeless cases have also seen a marked fall across the bands in the last 4 years (including in Band C) as a consequence of service strategies to meet the 2010 temporary accommodation target.

Figure 1 - Housing need 2007-10 by banding

Open Housing Transfers Cases Bands A-C

	A	B	C
3/07	272	167	614
3/08	223	156	914
3/09	197	147	874
3/10	179	158	836

Open Homeless cases Bands A-C

	A	B	C
3/07	134	86	1286
3/08	20	14	951
3/09	13	39	834
3/10	10	16	688

*includes 11 unbanded cases

Open Homeseeker cases Bands A-C

	A	B	C
3/07	60	298	3817
3/08	34	220	4039
3/09	31	260	4059
3/10	31	213	4461

Demand volumes organised by bedroom size are highest for 1 bed and 2 bedroom properties (see fig. 2). Band C Homeseekers will represent the majority of these households, a large proportion typically being single adults, or couples, or adults with a young child having no self-contained accommodation, living with friends or family. The sample survey suggests a little over 40% of these applicants could be removed from the register were it subject to a comprehensive validation exercise. Need levels for 3 bedroom properties or above are likely to be more reliable, since applicants in these groups contain significantly fewer Homeseekers.

Figure 2 - Bedroom need of all open Band A-C cases, 2007-10

	studio	1bd	2bd	3bd	4bd	5bd	6bd	7bd	8bd	9bd	10bd	N/K
3/07	92	2641	2096	1179	473	162	43	6	2	-	-	166
3/08	66	2587	2185	1146	455	154	27	8	-	-	-	-
3/09	80	2607	2047	1126	471	147	26	5	-	-	1	-
3/10	76	2579	2024	1186	487	138	49	5	2	-	1	102

Demand from applicants who require ground floor accommodation for health reasons and could not manage housing on another floor even were a lift exists has decreased over the last 4 years. It comprises a small proportion of overall demand:

Figure 3 - Open cases: demand for 'ground floor only' accommodation, 2007-10

	Transfer	**Homeless**	**Homeseekers**	**Total**
3/07	203	4	145	352
3/08	290	1	120	411
3/09	190	2	82	274
3/10	156	2	84	242

3. Housing supply data

Supply figures for the borough's social rented sector to meet housing need are based on the number of new lettings, rather than the number of properties becoming vacant since falling within the compass of the latter are properties held back from the supply pool, for example, for reasons of major works and so on. The supply sources are the Council's housing stock and units owned by Registered Social Landlords (RSLs) to which the Council has nomination rights, therefore units available for allocation to Housing Register applicants. Similarly, new tenancies arising out of the exercise of succession rights or tenancy re-assignment have been excluded since the units to which they pertain also do not enter the allocation pool.

4. Analysis of supply

Supply in the borough's social rented sector for the period 2007-10 equates on average to around 942 units each year (see fig. 4). A decline in the availability of RSL units in the period, particularly 2 beds, has been largely counter-balanced by a growth in supply from the Council's housing stock. Figures also show a drop in lettings to homeless applicants, mirroring reduced demand from that group for the reasons already mentioned, the slack being taken up by more Homeseekers being rehoused.

Figure 4 – Lettings 2007-10

2007/8

	LBHF property	RSL property	**Total**
LBHF Transfers	156	80	236
Homeless	247	186	433
Homeseekers	219	78	297
Total	**622**	**344**	**966**

2008/9

	LBHF property	RSL property	**Total**
LBHF Transfers	146	79	225
Homeless	138	134	272
Homeseekers	296	111	407
Total	**580**	**324**	**904**

2009/10

	LBHF property	RSL property	**Total**
LBHF Transfers	224	39	263
Homeless	145	110	255
Homeseekers	343	96	439
Total	**712**	**245**	**957**

In relation to bedsize (see fig. 5), there has been a year on year decline across the sector of supply of 3 bedroom units. 4 bedroom supply and above is extremely rare.

Figure 5 - Lettings by bedsize 2007-10

LBHF

	Studio	1bd	2bd	3bd	4bd	5bd	6bd
2007/8	43	324	152	87	16	-	-
2008/9	42	292	164	66	16	-	-
2009/10	86	365	170	67	22	1	1

RSLs

	Studio	1bd	2bd	3bd	4bd	5bd	6bd
2007/8	15	101	140	74	10	4	-
2008/9	9	109	130	57	19	-	-
2009/10	14	111	71	45	4	-	-

Supply by floor level (figs. 6, 7) indicates around a quarter to a third of all supply is on the ground floor.

Figure 6 - Lettings supply by floor level – LBHF & RSL

	Ground fl unit	Non-ground floor	N/K
2007/8	266 (26%)	700 (72%)	-
2008/9	235 (26%)	652 (72%)	17 (0.1%)
2009/10	280 (29%)	656 (69%)	21 (0.2%)

Figure 7 - Ground floor lettings supply by bed size

LBHF

	Studio	1bd	2bd	3bd	4bd	5bd	6bd
2007/8	12	96	25	28	12	-	-
2008/9	12	80	38	25	11	-	-
2009/10	31	95	41	23	14	1	1

RSLs

	Studio	1bd	2bd	3bd	4bd	5bd	6bd
2007/8	7	29	15	29	9	4	-
2008/9	2	22	19	12	14	-	-
2009/10	7	33	20	11	3	-	-

5. Supply v. demand

For households in Bands A-C requiring a 3 bedroom or more the rate of supply is particularly acute (see fig. 8). On the other hand, households needing a 1 bedroom or 2 bedroom home are more numerous, thus the rate of supply of this sized accommodation affects a greater number of people albeit is more abundant. However, as has been previously noted it is in the 1 bedroom and 2 bedroom category that the evidence of need is potentially least reliable.

Figure 8 – No. of applicants per available unit, 2009/10

Studio	1bd	2bd	3bd	4bd	5bd	6bd
0.76	5.4	5.9	10.5	19	138	49

With respect to supply and demand of large family-sized units, the Council is currently working with 16 under-occupiers in 4 and 5 bed units willing to transfer to 1 or 2 bedroom units. It is worth noting when considering supply needs in the 1 and 2 bedroom category that all with the exception of 3 express a preference for transfer to a street property, suggesting in these limited instances the extra value of these smaller street-based units .

6. Forecasting future housing need

Looking ahead, demand for social rented housing over the coming years will hinge on a number of factors which are outlined in more detail below:

- impact of benefit reforms on new and existing private rented tenancies
- statutory changes to the Council's rehousing obligations
- effectiveness of measures to acquire new social rented housing or make better use of the existing stock

Impact of benefit reforms

Housing need for family-sized accommodation is likely to grow as a consequence of caps on the rate of Local Housing Allowance of Housing Benefits (LHA) being introduced from April 2011 as well as the upper limits proposed for the new Universal Credit Allowance expected to be introduced from 2013 onwards.

Reductions in the LHA rate for all private rented family-sized accommodation is anticipated. Significant reductions are forecast in the rates paid for 3 bedrooms or more.

A recent survey by officers found that currently the cap would affect around 2400 households:

Figure 8 – No. of households affected by LHA caps, by bedsize

Single room	1 bed	2 bed	3 bed	4 bed+
636	684	697	324	121

The introduction of the caps for existing tenants will be delayed until January 2012 to allow them more time to source cheaper housing. However, the demand in local authority areas with surplus accommodation below the new caps is likely to be highly competitive.

Where homelessness prevention is unsuccessful and tenants are unable to source alternative housing, the Council is likely to owe these households a rehousing duty , in particular those with children or those deemed vulnerable in housing statute terms. These households are likely to fall into the Band C category, rather than the urgent Bands A and B. It should be noted that while not in the greatest housing need, the wait for social rented supply may have cost implications arising from lengthy stays in temporary accommodation provided under the homeless legislation by the Council.

A reduced LHA rate is also likely to lessen access to the private rented market that the Council has used for several years to direct ongoing homelessness demand and minimise use of temporary accommodation. Around 450 households per year in housing crisis approaching the Council's Housing Options service are supported into new private rented tenancies and without this option more often than not would be owed a statutory rehousing duty. The manager running the scheme reports that supply to the sector has reduced by 50% in the current financial year. Supply is unlikely to improve when the caps come into force in 2011/12, adding potentially a further 225 households per year to the Housing Register, i.e. half of the previously rehoused demand. In general these households will be placed in Band C with attendant temporary accommodation costs to consider. The bedroom profile of the typical applicant is 2 bedroom. For 3 bedroom households and above, supply in the sector, where the LHA reductions are billed to be steep, is likely to be particularly scarce.

The Universal Credit Allowance due to be introduced in 2013 with its upper limit of £500 is likely to further bar access to the local private rented sector for benefit dependent 3 bedroom households and above.

Further pressures on demand for all family-sized social rented accommodation can therefore be expected as a consequence of benefit reforms, with increases in demand volumes particularly for 2 beds.

Studio and 1 bedroom demand due to the widening of the single room restriction is also likely to see some rises in Band C. Currently single people under 25 may only claim LHA at the rate of a single room. From April 2012, the age limit will be raised to apply to single people under 35. New demand sources in this age range are likely to be homeless applicants with a 'priority need' who the Council had previously supported into self-contained flats or into supported hostels. Move-on from supported hostels may also be affected by the new regulations. The numbers, based on current private rented tenancies brokered by the Council for this group, are not expected to be high, however, there are cost implications with respect to the use of temporary accommodation.

Legislative change

The government has been consulting on whether to give local authorities greater powers to discharge homeless households into the local private rented sector, thus relieving pressures on the social rented sector. These new powers are contained in the Localism Bill. A key challenge for the Council if the power is enacted would be the short supply locally of accommodation at the LHA rate.

Tenure reform and the introduction of fixed-term tenancies, also in the Localism Bill, have the potential to engender greater mobility in the social rented sector. The length of the new tenancies and the renewal conditions will determine the rate of turnover and volume of new lettings. In the medium term given limited access into private housing in the borough there remain some hurdles to overcome if fixed rate tenancies are to result in higher volumes of social rented supply in the borough.

Tenant mobility, releasing and acquiring supply, and reducing demand

In order to respond to housing demand in the borough and to support tenant mobility the Council administers several schemes operating at varying levels of success.
The Council is looking to step up its efforts in this area. In particular, it looks to:

- Source new stock
- release mis-used and under-occupied stock
- release units by enhancing mobility from Council to private housing, both into owner occupation and renting
- reduce transfer demand, for example, by inter-sector mobility or enlarging homes or supporting adult children moves.

Through these measures the aim would be over a period to reduce the current wait for social rented accommodation, providing a timelier response to housing need and the aspiration for mobility.

7. Conclusions

The rate of provision, on average 942 units a year, is sufficient to cover the demand from those with greatest housing need, i.e. Band A and Band B applicants. Similarly the supply for those needing ground floor housing is sufficient. It is only when applicants are differentiated by bedsize need that disparities of supply become apparent.

The evidence of housing need and the supply to meet it indicates that the acutest shortages are in the borough's supply of properties of 3 bedrooms or more. Forthcoming benefit reforms can be expected to widen the gap between demand and supply with fewer opportunities for large families dependent on benefits to enter private housing.

Supply of 1 bedroom and 2 bedrooms attract the highest demand in terms of sheer numbers. However this sized accommodation enjoys a relatively healthy rate of supply. Moreover the demand levels for this sized accommodation are believed to be significantly lower than the reported figures.

Given the demand pressures, it would be prudent where 1 bed and 2 bed street properties are considered for disposal that these are offered in the first instance to under-occupied households, to assist with the release of family-sized stock.

Regarding supply generally, notwithstanding the Council's best efforts, the borough is entering a period of forecasted growth in homelessness demand. This may not translate into more urgent cases of housing need, but true demand in Band C may potentially increase.

Where supply fails to keep pace with demand, or indeed decreases, the Council's temporary accommodation costs will increase.

It will therefore be important that the Council's stock management strategy is implemented in conjunction with a strategy that maximises supply in terms of tenant mobility and releasing misused or under-occupied stock, or operates measures to reduce demand without recourse to social rented supply, for example, more effective housing options for overcrowded tenants' adult children.