

Overview and Scrutiny Review of Affordable Housing

Select Committee No 2
February 05

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1. Executive Summary and Recommendations

Introduction

1. Affordable Housing was selected as review area due to concerns about the large rise in house prices in recent years and concerns that access to the housing market for first time buyers, and others looking to move up the housing ladder in the Borough, was becoming increasingly difficult. The review has sought evidence from a number of expert witnesses and collated data from national and regional sources to identify if it is an issue and what can be done to resolve it.
2. The Terms of reference are covered in detail in Section Two of the report but are arranged into three categories:
 - Is it an issue and to what extent?
 - What is the role or the potential role of the Council as a Community Leader?
 - How can we work with various funding agents e.g. the Banks and Building Societies and other organisations such as Housing Associations / housing developers to make housing more affordable in the Borough?
3. To fully understand the local and national issues on affordability the following tasks were undertaken:
 - We interviewed five expert witnesses on the subject of affordability - four internal witnesses and a private sector landlord who is also a local property developer.
 - We followed up these interviews by obtaining further data and information to support what they told us.
 - We reviewed the national reports and research available on affordability.
 - We looked at other authorities in the region that have similar problems to us and looked at what they were doing to address the issue of affordability.

Findings

Is affordability an issue and to what extent is it an issue?

4. Data from the Halifax and other national sources (the Land Registry) confirm that house prices in Wigan have increased by the following rates in recent years:
 - The average price of a house in Wigan is currently £122,674.
 - The annual rate of house price inflation in Wigan is now 27.5%.
 - House prices in Wigan have risen by 76% over the past three years.
 - House prices in Wigan have risen by 134% over the past ten years.
 - The ratio of house price¹ to average earnings has increased from 3.64 to 5.62.
5. Other data and research made available to the Select Committee included data from the Housing Needs Survey, which was undertaken in 2003 at a time when house price inflation was still to rise by 27.5%. The survey highlights a number of key issues, which are covered in more detail in the report. Some of the headline data, included here, is as follows:

¹ House Price Earnings ratio is the arrived at by dividing the average house price in the Borough by the average earnings for the Borough.

- Affordability is increasingly an issue due to the local house price / income relationship, particularly for new forming households.
 - Communities in Wigan are generally well settled with low levels of population movement (56% of all households had lived at their current home for over 11 years).
 - There is a requirement to develop a more balanced housing stock with a need for more accommodation suitable for smaller households in both the private and affordable sectors.
 - Annually 2,873 affordable housing units are needed; this is 48 more than existing stock supply.
 - The survey introduced the concept of concealed households – They are people living within another household. Of the households surveyed 5.1% contained one or more individuals seeking independent accommodation. This equated to 6,413 cases over the next five years. The majority, 84% of these are ‘adult children’.
 - Only 16% of all concealed households were registered on a housing waiting list.
 - Based on housing prices and income data at that time, 50% of the concealed households were below the income level necessary to be able to access the local market.
6. Evidence taken from a number of expert witnesses suggests that affordability was more of a problem when it came to purchasing a property rather than renting a property. Social housing stock is considerably less expensive than private stock but similar in price to Housing Association stock.
7. Evidence received from the Community Protection Department (Figure 1) provided the Select Committee with up to date information on the current access prices for a two bedroom house in an acceptable condition in the Borough and the necessary household income needed to purchase that property.

Figure 1: Access Property Prices in Wigan for a two-bedroom house

Year	Access Property Price	Required Income
2003	£32,000	£10,000
2004	£55,000	£17,000

Source: Community Protection Department

In just twelve months the access price for properties in this segment of the market have risen significantly.

8. The evidence presented to the Committee suggests the lowest access price properties have come under the most pressure in recent years. This is due to a number of reasons and includes the general increase in the number of buy to let investors entering the market combined with the number of first time buyers keen to enter the market. This was confirmed via a number of sources.
9. Other evidence supplied to us was the CURS² survey undertaken into the Wigan property market. It identifies a number of the townships in Wigan as being at risk of market change and demonstrating low demand despite the high property price

² Centre for Urban and Regional Studies at the University of Birmingham

increases. It is important to note that the lowest access price for a property in the Borough (£55,000) is still 56% below the regional average price of a property.

10. The number of right to buy sales in the Borough has increased significantly in recent years with the average number of sales reaching 700-750 over the past three years. At the same time the vacancy level has reduced from just over 2% to just 1% of the total housing stock.
11. Whilst it is difficult to predict accurately the number of people in the Borough who are homeless as a result of affordability problems, it is thought that as many as 900 could potentially be homeless as a result of the high property prices.

What is the role or potential role of the Council as a Community Leader?

12. The Select Committee found that given the financial constraints and the limited influence that we can have on the property market, a great deal of good work and effort had been undertaken to address the issue of affordability.
13. In the absence of funding from Regional and Central Government there are limited influences the Council can have on addressing the affordability problem in the Borough. The number of key influences existing at the time of the review included the following:
 - Existing and Proposed Housing Strategy
 - Current and Proposed Planning Policy
14. The North West's regional Housing Strategy makes Urban Renaissance/ market collapse its top priority and so funding has been made available to those most in need. Wigan is currently classed as a low demand area and receives funding in the region of £4.5 million per annum to address problems in this area.

The Regional strategy's second priority is identified as affordability. Limited funding has been identified for those most in need. Beneficiaries of this funding are areas of Cheshire, the Lake District and the Peak District where the affordability index is in the region of 5 or above. Wigan's affordability index was just 3.6 at this time though it has increased to over 5 in the last twelve months. In more popular areas affordability ratios in the North West are now in excess of 7.

15. **Our Current Housing Strategy** -The key emphasis of Wigan's housing strategy has been to tackle poor conditions and urban renaissance. Wigan receives funding for this urban renaissance priority due to its stock condition. Concern in this Region has, up until recently, focused on market collapse. This is where the value of the property is worth less than its' running costs and so property is abandoned and left derelict. This has happened in the large cities in the North West and in the Towns of East Lancashire. As a result of this market collapse affordability issues were seen as more of a positive than a negative. At the time of writing this report the Housing Strategy is being reviewed to take account of legislation and the changing conditions in the Wigan market.

16. One of the key mechanisms by which the Council can address the affordability issue is through the Planning System. This will primarily be through the adoption of an affordable housing policy that requires developers to provide a certain number of affordable houses on new developments of over 25 houses. Two other alternative variations of this would be to build affordable housing on another agreed site or give the Council money to invest in affordable housing. There are also a further two additional alternatives and they are to refurbish unfit housing and bring housing which has been vacant for more than six months back into use. It is thought that about 20 affordable houses need to be provided for on an annual basis based on the current housing market. The housing needs survey confirmed this and predicted that at least 24 affordable home needed to be built every year for the next eight years.
17. At the time of the report the Planning and Regeneration Department had developed an affordable housing policy that identifies key instruments to bring forward affordable housing policy in the Borough. Some of this detail is still to be agreed.
18. There is only limited funding available for the Council to influence the development of affordable homes. Existing funding is available through the empty homes challenge fund where two successful tenderers are given funding in return for bringing forward long term empty properties for rent. At present the Empty Homes Challenge Fund has brought back into use, and improved, 63 properties that were previously empty (for at least 6 months) and in poor condition and this figure is set to rise to nearly 100 by April 2005. The Private Sector investment has been £1.483m with the Council contributing £350,000 to help improve the housing conditions. All properties are let by an accredited landlord to people in need of rented accommodation.
19. With effect from 18th January 2005, the Council will be able to claim a share of the proceeds of any sale of a right to buy property for any sales that take place within a five-year period of purchasing that property. The percentage payable back to the Council diminishes over the five-year period.
20. Further announcements made recently by the ODPM will give tenants who cannot afford to buy their house outright, the option to purchase a stake in their house. In its paper – “Homes for all” the ODPM announces the following:.

“We will help more social tenants to buy a home for the first time through comprehensive package of schemes, the Choice to Own:

- Right to Buy and Right to Acquire will continue
- Existing schemes will be made simpler and fairer
- Homebuy will be extended to offer social tenants the opportunity to own a share of their home
- Help will be available for tenants to purchase a home on the open market.”

This is seen as a positive but this could potentially result in a reduction in the overall rented number of social houses available.

How can we work with various funding agents e.g. the Banks and Building Societies and other organisations such as Housing Associations and housing developers to make housing more affordable in the borough?

21. The select committee researched how other local authorities had entered into partnerships developed between funding agents and private sector developers to address issues of affordability. It found that the majority of these authorities were involved in major projects, which had gone ahead because of regional funding given to them as a result of market collapse.
22. As previously mentioned the Council works with two private sector developers to bring forward empty and vacant properties.
23. It was felt that the financial institutions offered a wide variety of deals such as buy to let, equity share, right to buy and extended length mortgages without the need for the Council to intervene.
24. A recent announcement from the Deputy Prime Minister, John Prescott, at the ODPM indicates that there will be further changes to housing strategy. At the time of writing the report, Officers of the Council are still analysing the detail of this to fully understand the implications for Wigan. Initial feedback suggests that as a result of the high demand for property in the Borough Wigan will be classed as a balanced Housing market and not a low demand market. If this does happen it is likely that we might lose funding that we have received in the past for being classed as a low demand market.

Recommendations arising from the Review.

The Select Committee found that a lot of good work had been undertaken on researching and addressing the issue of affordability within the Borough. It also recognised that there are only a limited number of interventions that the Council can use to address the issue, these are the planning system and also the use of initiative such as the emergency homes challenge fund. In order to support this work further, the Select Committee proposes the following recommendations.

1. The Committee supports the work undertaken to date and recommends that the Officers involved from the Planning and Regeneration and Community Protection departments continue to review the number of both affordable and other houses to be built in the Borough. This is to ensure that local demand is being met and the correct numbers of affordable houses are built.
2. The Select Committee recognises the need for more detailed income data in order to track affordability down to township levels. We recommend that this work is commissioned on a regular basis to track the affordability problem. The Barker Report on the review of housing supply also suggests that regional bodies develop affordability goals and carry out research into this subject. It might be appropriate for the Regional Housing/ Planning Board to undertake this research on our behalf as well as other authorities' in the region.

3. The Select Committee welcomes the introduction of an affordable housing policy and with it the potential to build affordable homes in the Borough. We recommend that this policy is developed and introduced as soon as is practically possible. The Committee also recommends that the details of the policy be firmed up. For example, details of the type of affordable homes that should be built and if known approximate locations. In conjunction with recommendation one above it is also recommended that the number of affordable homes to be built is monitored at regular intervals. The Select Committee recommends that at least 24 affordable homes are built as soon as is practically possible, this was the number outlined in the David Couttie Associates survey of housing need in the Borough.
4. In anticipation of the Affordable Housing Policy and the building of affordable homes, robust criteria and policy should be developed advising on who qualifies for an affordable home.
5. There is a lack of understanding into why people move house and location. The Select Committee recommends that an additional question is placed on the census questionnaire to find out the main reason(s) why people have moved house in the last year.
6. The Select Committee recognises the potential of the Property Shop to market private sector properties and asks that Wigan and Leigh Housing investigate the potential to do this. The Committee recommend that any marketing on a private sector landlord's behalf would be subject to an agreed fee and also that the Landlord is an accredited landlord.
7. The Select Committee debated the issue of rent convergence. Rent Convergence is about bringing Council rent charges in line with Housing Association rents over a ten year period. This was discussed and it was felt that that affordability to rent was not an issue, however it recommends that future regular monitoring of rent levels and increases are undertaken to identify and deal with any potential affordability problems in the future.
8. The Barker Report, 'The Review of Housing Supply', recommends that the Government should establish a market affordability goal, which forms part of the Public Service Agreement. The Select Committee endorses this recommendation.
9. The final recommendation is to ensure that the Council, where appropriate, reviews the Barker report. The Council has recently reviewed this policy and has decided to maintain its existing arrangements. The Select Committee recommends it should review the situation again at regular intervals.

Acknowledgements

The Select Committee would like to thank all the Witnesses who attended Select Committee meetings and provided us with the relevant data and additional information requested.

2. Introduction and Terms of Reference

Affordable Housing was selected as a topic for review due to concerns about the increase in house prices in the Borough over the past two years.

It has been apparent that house price inflation has far outstripped wage inflation making affordability to access the property ladder a problem.

The Select Committee was established in November 2004 and agreed the aims and objectives and terms of reference at its first meeting in November 2004.

They are listed below.

Aims and Objectives of the Review

“To understand the issues of affordable housing in the Borough and investigate the role or potential role the Council and other agencies can have on resolving issues of affordable housing”.

The three objectives of the affordable housing review are to look at:

1. Is it an issue and to what extent?
2. What is the role or the potential role of the Council as a Community Leader?
3. How can we work with various funding agents such as Banks and Building Societies and other organisations like Housing Associations and housing developers to make housing more affordable in the Borough?

The Terms of Reference for the Review were to examine the following objectives in more detail:

Is affordable housing an issue in the Borough and if it is, to what extent?

- Affordable to rent as well as to buy – What are the average rent levels in the Borough in the Public and Private Sector?
- Understand what the wage levels are like locally and how this relates to affordability.
- We need to define what is “affordable”. Affordable for whom?
- Need to know why people are not able to afford.
- Look at the rate of repossessions in the Borough
- What are the problems for people renting who may never be able to buy?

What is the role or the potential role of the Council as a Community Leader?

- What are the problems of getting on the property ladder - Can the Council and others do anything about this?
- Examine the profile of our housing stock, have we got the mix right?
- Of the housing estates being built – how many will be affordable? How does this link with the UDP?
- Can we dictate that affordable housing is a planning requirement for us? What influence can the Council have?

- Do we have conditions on land sale – what are they? How much can the Council influence conditions?
- How much influence can the Council have on other agencies. For example the Health Trust selling land at Billinge hospital?

How can we work with various funding agents such as the Banks and Building Societies and Housing associations and Private developers to make housing more affordable in the Borough?

- What are the funding agents' views on affordable housing? Do they operate any schemes to make housing more affordable?
- What are housing association and private developers doing to make housing more affordable?
- What information and advice is available on Mortgages? Are lenders willing to lend on property in need of renovation? What are their funding policies, for example multiplier on mortgage lending (there is wide variation on this).
- Buy & rent – what are these deals actually about?
- Look at best practice nationally and within the region on affordable housing. There is research and experience in other areas – University cities and the South East.
- Affordability for key professionals like nurses and teachers.

Anticipated Outcomes of the Review

The anticipated outcomes of the review are as follows:

- Establish and understand what the position and issues are in the borough and also look at the likely trends for future years.
- Identify what the Council is doing and can do as a social leader to resolve any issues arising.
- Identify how the Council can work with the funding agents, Housing Associations and private developers to resolve any issues arising.

3. Summary of Findings and Commentary

Evidence was received from a number of key witnesses during the review:

These included the following key witnesses:

- Assistant Director (Community Protection) responsible for Urban Renewal, Homelessness and Housing Strategy
- Director of Planning and Regeneration and a Planning Policy Officer
- Local Private Landlord who is also a private sector developer
- Chief Executive of Wigan and Leigh Housing.

In addition to the key witnesses, telephone calls were made to local developers and data was gathered regarding affordability from numerous sources listed below:

- Council for Mortgage Lenders
- Census statistics
- The Barker report
- The Housing Needs Survey
- Halifax Building Society Information
- Shelter
- Survey of English Housing Provisional Results 2003-04
- Comparative Research undertaken with other Local Authorities to identify areas good practice.

3.1 The Current Position in Wigan

Evidence from a variety of sources indicates that the position in Wigan is as follows:

Halifax Index Data.

- The average price of a house in Wigan is currently £122,674.
- **The Land Registry put the average price in Wigan at £110,000.**
- The annual rate of house price inflation in Wigan is now 27.5%.
- House prices in Wigan have risen by 76% over the past three years.
- House prices in Wigan have risen by 134% over the past ten years.

At November 2004, the standard average price for a house in the UK was £161,746 – up 2.7% for the quarter, 20.5% for the year. In the North West the standard average price was £124,908 – up 3% for the quarter, 30.5% for the year.

Greater London prices are now 1.95 times higher than those in the North West compared with 2.35 times in quarter 3 of 2003.

House prices in the North West have risen by 90% over the past three years, ranking the region fifth out of the 12 UK regions. Despite the strong annual price growth there are signs that the market is slowing. Across the region, the average house price grew by 3.0% over the quarter, the smallest increase in over a year.

The substantial rise in house prices over the last two or three years means that increasing numbers of first-time buyers in the **North West** face difficulties getting onto the housing ladder.

3.2 The Housing Needs Survey

This survey was undertaken in July 2003 and is the most detailed piece of research undertaken into the Wigan housing market. The key points to note from the survey are:

- In 2003 the survey identified 6413 number of people who still lived at home because they could not afford a home of their own.
- By using a calculation of various factors they estimated there to be a need for 24 affordable homes in the Borough. Please see the attached appendix for the basis of this calculation. It is important to note the calculation is based on demand in 2003 when prices were still increasing and vacancy rates in Wigan and Leigh homes were between 2-3%. Since then the vacancy rate has reduced to 1.5% and property prices have risen by 27%.
- The affordability problem in Wigan is not just about high property prices but also about low incomes in the Borough.
 - Communities in Wigan are generally well settled with low levels of population movement (56% of all households had lived at their current home for over 11 years).
 - Affordability is an issue due to the local house price / income relationship. Particularly for new forming households.
 - There is a requirement to develop a more balanced housing stock with a need for more accommodation suitable for smaller households in both the private and affordable sectors.
 - The survey estimated that annually 2873 affordable housing units are needed, 48 more than existing stock supply.
 - The survey introduced the concept of concealed households (people living within another household). The survey estimated that 5.1% of households contained one or more individuals who were seeking independent accommodation. In total it was estimated that there would be 6413 cases over the next five years.
 - The majority, 84% of these are 'adult children'
 - 9% (834) of them were either couples or single households with children.
 - 32% of the households planned will be formed with a partner living in a separate household in the Borough.
 - Only 16% of all concealed households were registered on a housing waiting list.
 - 77% of the concealed households would prefer to owner occupy, 14% want to rent from the Council/ Housing Association, 8% want private rent and 1% expressed an interest in shared ownership.
 - Based on housing prices and income data at that time, 50% of the concealed households are below the level necessary to be able to access the local market

3.3 Evidence Received from the Assistant Director responsible for Urban Renewal.

The Assistant Director responsible for housing strategy in the Borough attended the first evidence session of the Committee. The key points to note from this session were as follows:

- Affordability has only become a problem in the last two to three years.
- Previous concerns were more about potential market collapse in certain areas of the Borough. Affordability is still only a problem in certain areas of the Borough whilst other areas of the Borough still demonstrate market weakness. Market weakness is a definition created by the Centre for Urban and Renewal Studies and who have undertaken an in depth study of the North West property market. The study assessed our townships against a number of criteria and identified weak and strong markets across the Borough more details of this are contained in Appendix G.
- There is only limited help available from the Regional Housing Board on the issue of affordability. Any funding is given to priority cases. The main priorities for the Regional Housing Strategy are for “urban renaissance” where there has been market collapse such as areas of Manchester, Salford, Liverpool and East Lancashire. In these areas house prices are valued at virtually nil and have been left derelict.
- The other priority is affordability but this is in the areas with the highest need such as the Lake District, Peak District and parts of Cheshire where the affordability ratio is between 5 and 6. Recent data suggest the ratio in this area is now in excess of 7.
- The affordability ratio is arrived at by dividing the average house price by the annual pay. Figures for all the Greater Manchester Authorities in 2003 are illustrated in Figure 2, sorted from highest to lowest by the house price / earnings ratio:

Figure 2: Greater Manchester affordability ratios

2003 Average	Quarter 1 House Price	Weekly Pay	Annual Pay	House Price/ Earnings Ratio
Stockport	£127,099	£429.33	£22,325.16	5.69
Trafford	£160,475	£544.31	£28,304.12	5.67
Bury	£90,057	£400.11	£20,805.72	4.33
Wigan	£75,668	£399.31	£20,764.12	3.64
Rochdale	£75,390	£402.13	£20,910.76	3.61
Tameside	£72,903	£393.59	£20,466.68	3.56
Bolton	£73,038	£396.77	£20,632.04	3.54
Oldham	£69,588	£387.79	£20,165.08	3.45
Manchester	£84,078	£472.24	£24,556.48	3.42
Salford	£73,823	£424.60	£22,079.20	3.34
GM	£89,472	£440.10	£22,885.20	3.91

Wigan has the fourth highest ratio as it is has the fifth highest property price but only the seventh highest annual pay increase. Only Bury, Trafford and Stockport have higher House Price earnings ratios. They are considerably higher than the rest of Greater Manchester, which tend to be similar and in close proximity.

Quarter 4, 2004 - Property Data

The Select Committee has used the Halifax data published for Quarter 3 2004 to calculate the new house price to wages ratio for authorities across Greater Manchester. Wage inflation has been assumed to be 5.25% across the eighteen month period from the end of March 2003 to September 2004. The revised ratios are illustrated in Figure 10.

Figure 3: Greater Manchester affordability ratios using Halifax data

Quarter 3 2004 Average Halifax Data	Quarter 3 2004 Average House Price	Annual Pay	House Price/ Earnings Ratio
Stockport	£160,888	£23,497.23	6.85
Trafford (Sale)	£191,090	£29,790.09	6.41
Bury	£133,014	£21,898.02	6.07
Wigan	£122,764	£21,854.24	5.62
Rochdale	£110,263	£22,008.57	5.01
Tameside	£94,859	£21,541.18	4.40
Bolton	£116,337	£21,715.22	5.36
Oldham	£100,288	£21,223.75	4.73
Manchester	£124,640	£25,845.70	4.82
Salford	£116,140	£23,238.36	5.00

Figure 4: Greater Manchester affordability ratio's for 2005 using Land Registry data

February 2005 Average Land Registry Information	Q4 House Price	Annual Pay (2005)	House Price/ Earnings Ratio
Stockport	£169,000	£23,712	7.13
Trafford	£207,000	£30,056	6.87
Bury	£128,000	£22,152	5.78
Wigan	£110,000	£22,100	4.98
Rochdale	£110,000	£22,256	4.93
Tameside	£109,000	£21,788	5.00
Bolton	£116,000	£21,944	4.98
Oldham	£100,000	£21,476	4.67
Manchester	£117,000	£26,104	4.48
Salford	£118,000	£23,400	5.04

Taking the average price ratios from just an eighteen month period illustrate that the House price to earnings ration has increased from 3.64 to 5.62 which is a significant increase in a short space of time. Whilst Banks and Building societies will typically lend on 3-3.5 time a salary the 2003 price earnings ratio is just at the higher end of the range. However, the 2004 data indicates the ratio is now 5.64 which is clearly above most financial institutions lending policies. Additional information supplied based on Land Registry figures suggest the house price to earnings ratio is not as bad in Wigan but still shows a substantial increase in a short period of time and is still above the ratio that financial institutions apply to their lending policies.

Variations in access price across the Borough.

Information about various access prices across the Borough was supplied to the Select Committee. The variation in house prices varies significantly from one township to another. Prices in Standish are 55% higher than in the lowest access price township of Hindley Platt Bridge and Abram.

It is also interesting to compare the access prices to those in the previous twelve months that was reported in the housing needs survey. In April 2003 the Housing Needs Survey reported that the cheapest accessible housing was within the Hindley/Abram township, with properties available for £29,500 meaning that a household income of £10,000 could access the market. As illustrated below (Figure 5), by September 2004 this access level had risen to £55,000 requiring an income of nearly £17,000.

In April 2003, the DCA³ Needs Survey assessed that home ownership was within the reach of some 70% of newly forming households in the borough. Given higher house prices, higher interest rates and only modest household income growth, this figure is now estimated at approximately 45%. There are also the significant variations by township.

Figure 5: House access price by Township

<u>Township Variations in Access Price</u>		
Township	Access Price (Sept 2004)+	Required Household Income
Ashton / Bryn	£70,000	£22,000
Atherton	£60,000	£19,000
Golborne / Lowton	£85,000	£27,000
Hindley / Platt Bridge / Abram	£55, 000	£17,000
Leigh	£60,000	£19,000
Orrell / Billinge / Winstanley	£75,000	£24,000
Standish / Aspull / Shevington	£85,000	£27,000
Tyldesley	£75,000	£24,000
Wigan	£60,000	£19,000

+ Access Price is the approximate value of the lowest priced two-bedroom housing in reasonable condition.

³ David Couttie Associates Limited – Housing, Development and Regeneration Consultants.

These increased prices have clearly had an effect on how first time buyers can enter the owner-occupation market. Of critical importance within this area is not average prices, but of access prices.

Difficulties in accessing accommodation in the Rented Sector

This picture of greater difficulty in accessing accommodation is confirmed by the increase in demand for socially rented accommodation. Wigan and Leigh Housing report increases in demand for accommodation from all areas of the borough and for the first time in many years shortages of accommodation are occurring.

This trend is also shown by the major increase in homelessness with, for example, a rise of 45% of presentations to nearly 3000 cases over the last two years. There is a very close correlation between the trend of house price inflation and in the number of homelessness presentations.

Vacancy rates are low in all types of housing and are around the 1-2% level. Vacancy rates across the various types of rented accommodation are illustrated in Figure 6:

Figure 6: Vacancies as at 1st April 2004

Wigan and Leigh Homes	2.2% of Stock was vacant *
Private Housing Stock	3.7% vacancy
Housing Association Stock	3.8% vacancy

3.4 Evidence Received from the Director of Planning and Regeneration

The Unitary Development Plan (UDP) sets out Wigan’s house building targets until 2016. These targets are developed in the regional planning strategy. House building targets are produced on a regional basis to ensure a good mix of housing across the region. Certain areas, such as Blackburn and Salford, have suffered from market collapse. Supply in other areas (like Wigan) is **restrained (i.e. supply is limited)** to divert interest to those areas of market collapse in an attempt to address the problem. This is why the number of units required in Wigan has been reduced.

- In previous years around **800 new houses** have been built in the borough each year.
- The regional planning strategy now allows **510 new units** to be built each year. However, 100 units are to be demolished / replaced.
- Ultimately this leaves 400 new houses per year – half the number we have been building previously.

The 510 units per annum will be controlled through the planning process. An average of 510 units per year will be provided using phasing policies if necessary. It is more difficult to control the level of building or actual ‘release’ of housing per annum. Under current legislation developers must begin construction within five years of planning permission being granted. However, once the construction starts there are no time constraints for completion.

* Evidence received later suggests this figure has reduced further to 1.1%.

Affordable Housing Policy

Within the UDP there will now be an affordable housing policy. The inclusion of such a policy is an indication that affordability of housing is more of an issue in Wigan than it has been previously.

The approach to the affordable housing policy is rather unique in Wigan. Many affordable housing policies simply require a developer to build some 'affordable' housing on the site they are developing. Wigan's approach is more flexible. The policy will require developers to either:

- build 'affordable' housing on the site they are developing
- build 'affordable' housing on another site in the borough; or
- Provide funds to help build or support the development of other affordable housing in the area (improvements to houses etc.).

In addition to the proposals for developers the other alternatives are to

- Refurbish unfit housing or
- Bring housing which has been vacant for more than six months back into use.

It is anticipated that affordable housing built on a development will be identical to the other housing on that site. The only difference will be the price, which will remain at around 30% less than market value.

Despite the development of the affordable housing policy we remain **restricted as to the impact that the planning system can have on affordability of housing in Wigan**. As an area of restraint we are only permitted to build on average 510 units per year using phasing policies where necessary. This obviously restricts the number of new housing developments per year. We are only able to put a requirement on developers to build affordable housing units on developments of more than 25 **units** or more than **1 hectare** in size.

Based on these figures in the current local housing market, we can only hope for **the planning system to produce about 10 to 20 units for affordable housing per annum**.

The income of our Borough's residents is below the regional and Greater Manchester average. This also has an impact on the affordability of housing for our residents. There are no quick solutions to this. There are a number of initiatives aimed at raising the average income in by attracting businesses into the Borough. These include:

- Improving the skills of the local workforce
- Improving transport links
- Supporting neighbouring authorities, such as Warrington, when they are involved in major projects to attract higher paid jobs into their boundaries. Residents of Wigan will be able to take advantage of these new local jobs.

3.5 Evidence Received from a Private Developer and Private Sector Landlord

Evidence was received from a property developer and a private sector landlord in Wigan who had a portfolio of properties in the Borough. The Select Committee were keen to hear his views on the property market in the Borough and also what he thought the Council could do to address the affordability problem.

Empty Homes Challenge Fund

The Council has a capital fund of approximately £350,000 for vacant empty homes in the Borough. The money is used in partnership with the private sector who have to bid competitively to receive the funding. As part of the conditions to the grant payment, the Council through the Planning and Urban Renewal sections apply strict conditions on what work needs to be undertaken on the properties and also apply completion targets. An example might be to give the property a new roof, gable end and structural changes. All of which must be completed within a certain time-scale.

The property developer talked about specific properties that he had recently worked on. One example of these properties is an old butcher's shop in Newtown, which had become vacant. Planning permission had previously been sought to convert it into a hostel for eight but had been declined. The property developer acquired the property and converted it into two flats which are rented out to people working at the local retail park.

The property developer shared a number of general observations with the Select Committee about the property market, which are listed below:

- There is a general shortage of rented property in the higher priced property markets of the Borough such as Orrell and Standish.
- His personal view on the property market is that he expects property prices to stop rising and perhaps fall in the higher and middle price brackets. He expects the bottom of the market to remain fairly even because there are an increasing number of buy to let investors who are keen to enter the market and also first time buyers who are "waiting and seeing" at the moment.
- Monthly Rental prices tend to be in a narrow price margin, this is typically between £350 and £475 per month for two/three bedroom terraced houses. People are reluctant or unlikely to pay more than this. This roughly equates to about £86 - £120 per week.
- More investors are entering the property market as buy to let rules are now more relaxed and property is seen as a safe investment.
- Council house stock is now more attractive for first time buyers as a lot of investment has been undertaken on properties.
- More people are expressing a preference for privately rented housing than used to be the case.
- The developer does a lot of work on bringing blighted properties into use such as old shops as mentioned above.
- If he works with Housing Associations it is to take unwanted properties off their hands and redevelop them.

- Wigan has a low number of Accredited Landlords compared to other boroughs such as Manchester.
- The majority of landlords in Wigan own only one or two properties.
- The private rented market in Wigan is relatively small compared to other boroughs.
- It is highly unlikely that Wigan would ever see market collapse.

We asked the property developer what he thought the Council could do to resolve the issue of affordability in the Borough and he did make a number of suggestions:

- Extend the use of the Wigan and Leigh Homes Property Shop to include private rented accommodation.
- The Council should compulsory purchase more long term vacant properties and sell them to developers.
- Do more to encourage landlords to join the Accredited Landlord scheme.

3.6 Evidence Received from the Chief Executive of Wigan and Leigh Housing

The Chief Executive of Wigan and Leigh Housing came to speak to the Committee about affordability and the sale of houses by Wigan and Leigh Housing through the right to buy scheme. The major points to note are categorised into the following areas:

Sales through the Right to Buy Scheme

Since the right to buy scheme was introduced in 1980 there have been in the region of 10,000 sales. After the initial introduction of the scheme in the 1980's sales of council housing stock averaged about 300 per annum up until three years ago.

However, In the last three years the number of sales has reached unprecedented levels of over 750 sales a year. The 2004/2005 financial year will see the number of homes sold reach the 700 mark again. Reasons for this are that the sales of council housing closely follows the property market trends and when the property market is on an upward trend then the demand for Council Housing also goes up. Also in recent years there has been significant investment in the public housing stock and estates in the Borough making the properties more attractive to existing and prospective tenants.

Current Valuations of Council Stock

The average value of a typical council house is now in the region of £75,000. Houses in outlying districts such as Standish and Lowton are typically more expensive and valued in the region of £80,000 – £90,000. Recently one council property was valued at over £100,000.

At the same time the average vacancy level has fallen to just 1% of the stock which is adding to the homelessness problem in the Borough and causing the Council to re-house people in temporary accommodation such as Hostels and Bed and Breakfasts.

The buoyant property market and the attractiveness of the properties also explain the high demand for rented properties.

Take up of the Right to Buy Scheme

In the North West the take up of the right to buy scheme was lower than the national average and, most notably, lower than take up of the scheme in the South East. This was due to the fact that private housing stock was affordable to most people and this was the preferred option when buying a house. However since the creation of the ALMO⁴ tenants are not leaving in the same numbers and people are staying and buying their properties.

Changes in Legislation

The right to buy legislation has recently changed and has some major implications for Councils. The recent changes only came into force on the 18th January 2005. The major changes are listed below:

- The right to buy qualification period is now five years tenancy. But this doesn't have to be in the same house or even the same area.
- If tenants buy their council house and then sell it within five years they will have to pay back a proportion of the discount they received on the sale. This five-year period has been increased from the previous three-year period.
- A price notice for a tenant to buy their council house will only last for 3 months. Previously this period was twelve months which led to some cases of tenants sitting on their price notice for the full year whilst the price of their property increased.
- The final change is the biggest change in terms of its potential impact on the Council and its influence over affordability of housing. If a tenant buys their council house after January and then sells it within 10 years they have to give first refusal to the Council to buy it back. However, the Council would have to buy the property back at full market value despite selling it at a discounted rate. WALH are looking into the impact of this and may recommend to the Council some changes to policy as a result.

Convergence of rent levels

The issue of convergence stems from the Governments ten-year plan developed in 2000/01 to try and narrow the gap between local authority rents and housing association rents. Rents should be equal by 2011.

As part of a national policy on the convergence of rents, Wigan and Leigh Housing are expected to bring their rents in line with local Housing Association rents. There has been much discussion and debate at on this issue and the Chief Executive of Wigan and Leigh Housing was asked if this might result in affordability problems in the rented sector.

The situation in Wigan isn't as bad as in other areas as the gap to close isn't too large. It was explained that current average rent levels for local authority housing is about £51, which is affordable. Housing Association rents are typically between £60-£65 per week and so the gap is not that great. Another good indicator of the affordability of rents is the level

⁴ Arms Length Management Organisation

of rent arrears, which have reduced year on year in recent years, with a similar forecast for this year.

Council Land and Housing Associations

The Select Committee asked about the possibility of the Council selling land to Housing Associations and allowing them to build on the land. It was explained that Housing Associations are currently only building specialist housing. None of the associations are building general housing in the region and so it makes the prospect of Housing Associations utilising council land to build affordable homes highly unlikely. Despite this policy it was felt that the Council should support the disposal of land to Housing Associations where this is for the provision of specialist housing. A good example of this might be the planned development of a direct access hostel for homeless persons that will be developed over the next two years.

Use of the property shop to market private sector landlord's properties

One of the suggestions put forward by the private sector landlord was to suggest that Wigan and Leigh Housing use the property shop to market private sector accommodation. Wigan and Leigh Housing have no problem with this and see it as a potential additional source of income. Provided that a fee is agreed for marketing and advertising properties.

4.0 Other Sources of Research and Information

In addition to the research and evidence gathered from Officers of the Council, research has also been undertaken into relevant national publications and regional documents covering the issue of affordability.

Census Data

Census data from 1981 highlights the change in tenure of housing in the Borough over the last twenty years. In comparison with the national average we have higher owner occupation and lower number of privately rented homes. Owner Occupation has increased significantly since 1981 and most notably between 1981 and 1991. The total number of other tenants has also increased but compared to the national figures is still well below the national average.

Figure 7: Changes in Tenure 1981 –2001

	1981		1991		2001		
	Number	%	Number	%	Number	%	National Census
Owner Occupiers	67907	61.6	82955	70	90293	72.18	68.9%
Registered Social Landlord	36163	32.6	28547	24.1	24856	19.87	19.2%
Other Tenants	6848	6.2	7011	5.9	9947	7.95	11.9%
Total Number of Households	110,918	100	118,513	100	125,096	100	100%

Source: 1981,1991and 2001 Census

The 2001 Census data shows Wigan compared to the National averages for England (Figure 8 and Figure 9).

Figure 8: 2001 Census data compared with the National Average

Household Composition	Wigan (%)	England (%)
One Person Households	27.7	30
Married Couple Households	41.1	36.5
Cohabiting couple households	9.0	8.3
Lone parent Households with dependant children	6.7	6.5
Lone parent Households with non-dependant children	3.6	3.1
All other households	11.9	15.6
Total	100	100

Source: Census 2001

Figure 9: Other Housing data for comparison

	Wigan	England
Without Central Heating (%)	6.4	8.5
Average Household size	2.39	2.36
Average Number of rooms per Household	5.2	5.3

Source: 2001 Census Data

Wigan still has a low number of properties that are privately rented or rented from a Housing association. The majority of the housing stock is either owner- occupier or rented from “the Council” or another social landlord.

The Regional Housing Strategy

The regional Housing strategy confirms the evidence that we have already received, in that affordability is still less of a priority and market collapse is the top priority. As this still remains to be the case then there is limited chance of additional funding for Wigan to address the issue of affordability in the Borough.

The Barker Report

The Barker report was published in March 2003 and makes a number of key recommendations about housing including affordability. All of the recommendations are listed in Appendix 4. The key recommendations around affordability are:

- The Government should establish a market affordability goal that should be incorporated into Public Service Agreements.
- Further research should be undertaken to improve the evidence base for housing policies.
- Local Authorities should charge more for second homes.
- The Government should establish a review of the housing market to measure the Government’s progress in implementing the recommendations set out in the Barker report.
- Each region, through the regional planning body should set a target to improve market affordability.

There are further recommendations made that include proposals to merge regional planning and housing boards and also to review planning guidance. These will all help to address the affordability issues using a more joined up approach.

Homes for All - Five Year Action Plan Helps More Onto Home Ownership Ladder

At the time of writing the scrutiny report John Prescott made a further announcement proposing changes in the Housing market. Homes for All, the ODPM's Five Year Plan, includes a wide range of measures to extend opportunities for home ownership, including:

- Helping 80,000 people into home ownership by 2010.
- Including a new First Time Buyer's Initiative using publicly-owned land for new homes.
- Homebuy – a new scheme that will allow tenants of Local Authorities and Housing Associations to buy a stake in their home by extending the opportunity for home ownership for up to 300,000 families.
- Ensuring the proceeds from Homebuy sales are re-invested in housing.
- Continuing the Right to Buy and Right to Acquire schemes for people who qualify to purchase their home from their local authority or housing association.
- A competition to build a home for £60,000 delivering quality homes at lower costs.
- Changes to the planning system to ensure more affordable housing for key workers and young families in rural areas.

This is just the national outline and colleagues in the Environmental Health and Consumer Protection Department are currently analysing associated consultation documents to fully understand what it all means for Wigan.

Comparative Data sought from other Local Authorities and the Local Government Association.

Trafford was identified as an area of good practice in the Region and a desktop exercise was undertaken to see what was happening on the issue of affordability.

Trafford has one of the highest property prices in the region and worst affordability problem of all the GM authorities. The issue of affordability has been an issue for Trafford for a number of years and as a result has developed an affordable housing policy and built some affordable homes in the Borough in partnership with a local housing association. Please see appendix for further information.

The Local Government Association provided us with some information on areas of good practice. Both were unlike Wigan as they related to a rural district (South Hams) and Cambridge City Council where house price to earnings ratios exceeded 6 times the average salary. Funding from regional bodies was made available to both. Unfortunately, Wigan does not receive any additional funding for affordability.

5. Conclusion and Main Findings from the Report

Like other Areas in the England and Wales, Wigan has seen a large increase in the average price of all types of properties in the Borough. This has caused an increase in the number of people having difficulties in purchasing a property.

Findings

Is affordability an issue and to what extent is it an issue?

1. Data from the Halifax and other national sources (the Land Registry) confirm that house prices in Wigan have increased by the following rates in recent years:
 - The average price of a house in Wigan is currently £122,674.
 - The annual rate of house price inflation in Wigan is now 27.5%.
 - House prices in Wigan have risen by 76% over the past three years.
 - House prices in Wigan have risen by 134% over the past ten years.
 - The ratio of house price⁵ to average earnings has increased from 3.64 to 5.62.
2. Other data and research made available to the Select Committee included data from the Housing Needs Survey, which was undertaken in 2003 at a time when house price inflation was still to rise by 27.5%. The survey highlights a number of key issues, which are covered in more detail in the report. Some of the headline data, included here, is as follows:
 - Affordability is increasingly an issue due to the local house price / income relationship, particularly for new forming households.
 - Communities in Wigan are generally well settled with low levels of population movement (56% of all households had lived at their current home for over 11 years).
 - There is a requirement to develop a more balanced housing stock with a need for more accommodation suitable for smaller households in both the private and affordable sectors.
 - Annually 2,873 affordable housing units are needed; this is 48 more than existing stock supply.
 - The survey introduced the concept of concealed households – They are people living within another household. Of the households surveyed 5.1% contained one or more individuals seeking independent accommodation. This equated to 6,413 cases over the next five years. The majority, 84% of these are ‘adult children’.
 - Only 16% of all concealed households were registered on a housing waiting list.
 - Based on housing prices and income data at that time, 50% of the concealed households were below the income level necessary to be able to access the local market.
3. Evidence taken from a number of expert witnesses suggests that affordability was more of a problem when it came to purchasing a property rather than renting a property. Social housing stock is considerably less expensive than private stock but similar in price to Housing Association stock.

⁵ House Price Earnings ratio is the arrived at by dividing the average house price in the Borough by the average earnings for the Borough.

4. Evidence received from the Community Protection Department (Figure 10) provided the Select Committee with up to date information on the current access prices for a two bedroom house in an acceptable condition in the Borough and the necessary household income needed to purchase that property.

Figure 10: Access Property Prices in Wigan for a two-bedroom house

Year	Access Property Price	Required Income
2003	£32,000	£10,000
2004	£55,000	£17,000

Source: Community Protection Department

In just twelve months the access price for properties in this segment of the market have risen significantly.

5. The evidence presented to the Committee suggests the lowest access price properties have come under the most pressure in recent years. This is due to a number of reasons and includes the general increase in the number of buy to let investors entering the market combined with the number of first time buyers keen to enter the market. This was confirmed via a number of sources.
6. Other evidence supplied to us was the CURS⁶ survey undertaken into the Wigan property market. It identifies a number of the townships in Wigan as being at risk of market change and demonstrating low demand despite the high property price increases. It is important to note that the lowest access price for a property in the Borough (£55,000) is still 56% below the regional average price of a property.
7. The number of right to buy sales in the Borough has increased significantly in recent years with the average number of sales reaching 700-750 over the past three years. At the same time the vacancy level has reduced from just over 2% to just 1% of the total housing stock.
8. Whilst it is difficult to predict accurately the number of people in the Borough who are homeless as a result of affordability problems, it is thought that as many as 900 could potentially be homeless as a result of the high property prices.

What is the role or potential role of the Council as a Community Leader?

9. The Select Committee found that given the financial constraints and the limited influence that we can have on the property market, a great deal of good work and effort had been undertaken to address the issue of affordability.
10. In the absence of funding from Regional and Central Government there are limited influences the Council can have on addressing the affordability problem in the Borough. The number of key influences existing at the time of the review included the following:
 - Existing and Proposed Housing Strategy
 - Current and Proposed Planning Policy

⁶ Centre for Urban and Regional Studies at the University of Birmingham

11. The North West's regional Housing Strategy makes market collapse its top priority and so funding has been made available to those most in need. Wigan is currently classed as a low demand area and receives funding in the region of £4.5 million per annum to address problems in this area.

The Regional strategy's second priority is identified as affordability. Limited funding has been identified for those most in need. Beneficiaries of this funding are areas of Cheshire, the Lake District and the Peak District where the affordability index is in the region of 5 or above. Wigan's affordability index was just 3.6 at this time though it has increased to over 5 in the last twelve months.

12. **Our Current Housing Strategy** -The key emphasis of Wigan's housing strategy has been to tackle poor conditions and urban renewal. Concern in this Region has, up until recently, focused on market collapse. This is where the value of the property is worth less than its' running costs and so property is abandoned and left derelict. This has happened in the large cities in the North West and in the Towns of East Lancashire. As a result of this market collapse affordability issues were seen as more of a positive than a negative. At the time of writing this report the Housing Strategy is being reviewed to take account of legislation and the changing conditions in the Wigan market.

13. One of the key mechanisms by which the Council can address the affordability issue is through the Planning System. This will primarily be through the adoption of an affordable housing policy that requires developers to provide a certain number of affordable houses on new developments of over 25 houses. Two other alternative variations of this would be to build affordable housing on another agreed site or give the Council money to invest in affordable housing. Two other policies are to refurbish unfit housing and bring back to the market properties that have been vacant for over six months. It is thought that about 20 affordable houses need to be provided for on an annual basis based on the current housing market. The housing needs survey confirmed this and predicted that 24 affordable home needed to be built every year for the next eight years.

14. At the time of the report the Planning and Regeneration Department had developed an affordable housing policy that identifies key instruments to bring forward affordable housing policy in the Borough. Some of this detail is still to be agreed.

15. There is only limited funding available for the Council to influence the development of affordable homes. Existing funding is available through the empty homes challenge fund where two successful tenderers are given funding in return for bringing forward long term empty properties for rent. At present the Empty Homes Challenge Fund has brought back into use, and improved, 63 properties that were previously empty (for at least 6 months) and in poor condition. The Private Sector investment has been £1.483m with the Council contributing £350,000 to help improve the housing conditions. All properties are let by an accredited landlord to people in need of rented accommodation.

16. With effect from 18th January 2005, the Council will be able to claim a share of the proceeds of any sale of a right to buy property for any sales that take place within a five-year period of purchasing that property. The percentage payable back to the Council diminishes over the five-year period.

17. Further announcements made recently by the ODPM will give tenants who cannot afford to buy their house outright, the option to purchase a stake in their house. In its paper – “Homes for all” the ODPM announces the following:.

“We will help more social tenants to buy a home for the first time through comprehensive package of schemes, the Choice to Own:

- Right to Buy and Right to Acquire will continue
- Existing schemes will be made simpler and fairer
- Homebuy will be extended to offer social tenants the opportunity to own a share of their home
- Help will be available for tenants to purchase a home on the open market.”

This is seen as a positive but this could potentially result in a reduction in the overall rented number of social houses available.

How can we work with various funding agents e.g. the Banks and Building Societies and other organisations such as Housing Associations and housing developers to make housing more affordable in the borough?

18. The select committee researched how other local authorities had entered into partnerships developed between funding agents and private sector developers to address issues of affordability. It found that the majority of these authorities were involved in major projects, which had gone ahead because of regional funding given to them as a result of market collapse.

19. As previously mentioned the Council works with two private sector developers to bring forward empty and vacant properties.

20. It was felt that the financial institutions offered a wide variety of deals such as buy to let, equity share, right to buy and extended length mortgages without the need for the Council to intervene.

21. A recent announcement from the Deputy Prime Minister, John Prescott, at the ODPM indicates that there will be further changes to housing strategy. At the time of writing the report, Officers of the Council are still analysing the detail of this to fully understand the implications for Wigan. Initial feedback suggests that as a result of the high demand for property in the Borough Wigan will be classed as a balanced Housing market and not a low demand market. If this does happen it is likely that we might lose funding that we have received in the past for being classed as a low demand market.

6.0 Improvement Plan

	Recommendation	As highlighted by	Anticipated Outcome	Responsibility	Measures and Targets
1	Continue to review the number of both affordable and other houses to be built in the Borough. This is to ensure that local demand is being met and the correct numbers of affordable houses are built.	Housing Needs Survey Assistant Director Community protection Director of Planning	Balanced housing market – demand is satisfied and there is equilibrium in the market.	Assistant Director – Community protection	A Borough wide affordability targets is set and performance against this is monitored on a quarterly basis. October 2005
2	Detailed work on Income levels in the Borough is commissioned on a regular basis to track the affordability problem. e.g. Undertake a periodic Housing Needs Survey.	Housing Needs Survey Assistant Director Community Protection	Will be able to analyse the affordability problem down to a township level and estimate the need for affordable homes.	Assistant Director – Community protection	Detailed affordability targets set for each township –monitored on an six monthly basis December 2005

3	The details of the affordable housing policy be firmed up and the number of affordable homes to be built is monitored at regular intervals in conjunction with recommendation one.	Housing Needs Survey Director of Planning	Correct balance of housing in the Borough.	Director of Planning	Build at least 24 affordable homes in the Borough in line with the recommendations of the Housing needs survey 24 affordable homes to built in the Borough annually. Target date to be agreed
4	In anticipation of the Affordable Housing Policy and the building of affordable homes develop robust criteria and policy for advising on who qualifies for an affordable home.	Director of Planning Assistant Director – Community Protection	Fair and equitable approach to who gets an affordable home is agreed.	Assistant Director – Community Protection.	Policy produced on who gets an affordable home. October 2005
5	The Select Committee recommends that an additional question is placed on the census questionnaire to find out the main reason(s) why people have moved house in the last ten years.	Select Committee	Understand better why people move house.	Select Committee to write to the appropriate body	Letter to the census requesting that a question be added. April 2005

6	Investigate the potential of the property shop to market any private sector landlord's properties subject to an agreed fee and also that the Landlord is an accredited landlord.	Private Sector Landlord	One stop access-point for all rental properties in the Borough. Increased number of accredited landlords.	Chief Executive of Wigan and Leigh Homes	CE of WALH to review the feasibility of this and report back to Committee in October 2005 .
7	Ensure that regular monitoring of rent levels and rent increases are undertaken to identify and deal with any potential affordability problems in the future.	Evidence Received from Chief Executive of Wigan and Leigh Homes Challenge from O&S Committee	Affordability to rent will never become an issue.	Chief Executive of Wigan and Leigh Homes.	Review of average rent levels and affordability of those rent levels reported to Cabinet on an annual basis (As part of the budget setting process?). October 2005
8	The Barker Report, 'The Review of Housing Supply', recommends that the Government should establish a market affordability goal, which forms part of the Public Service Agreement. The Select Committee endorses this recommendation.	The Barker Report	Affordability Goal set and monitored.	Assistant Director – Community Protection	Affordability Goal e.g. Price to Earnings ratio targets set and reported on a regular basis. (six-monthly) October 2005 and ongoing.

9	Continue to review the Council's policy of applying discounts on second homes inline with the Barker report. The Select Committee recommends that it review the decision to charge for second homes on an annual basis.	The Barker Report	Continuous review of the policy.	Director of Finance and IT.	Cabinet Report to review the procedure produced on an annual basis notifying Cabinet of the decision. Review every twelve months after initial Cabinet report. Oct 2005
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Appendix A

HBOS information on the North West's Annual Prices Rises 2003 to 2004

POST-TOWN	AVERAGE HOUSE PRICE - £ 2003*	AVERAGE HOUSE PRICE - £ 2004*	% CHANGE
Accrington	68,551	87,832	28%
Ashton-under-Lyne	76,701	94,859	24%
Blackburn	84,700	103,064	22%
Blackpool	81,228	105,070	29%
Bolton	91,962	116,337	27%
Bootle	60,735	87,698	44%
Burnley	73,671	97,698	33%
Bury	112,016	133,014	19%
Cheadle	181,443	195,819	8%
Chester	156,871	193,963	24%
Chorley	126,266	151,782	20%
Crewe	117,207	155,179	32%
Ellesmere-Port	101,245	139,694	38%
Hyde	95,870	123,083	28%
Lancaster-&-Morecambe	103,097	124,890	21%
Leigh	84,610	105,868	25%
Leyland	107,896	135,698	26%
Liverpool	100,547	127,771	27%
Lytham-St-Annes	150,635	175,948	17%
Macclesfield	185,609	199,142	7%
Manchester	99,880	124,640	25%
Nantwich	176,311	198,550	13%
Nelson	64,165	83,867	31%
Northwich	150,342	168,509	12%
Oldham	74,829	100,288	34%
Ormskirk	160,868	217,612	35%
Preston	116,766	145,057	24%
Rochdale	85,355	110,263	29%
Rossendale	109,943	132,775	21%
Runcorn	92,545	108,545	17%
Sale	175,113	191,090	9%
Salford	86,459	116,140	34%
Southport	135,662	156,857	16%
St-Helens	99,664	126,543	27%
Stockport	143,861	160,888	12%
Thornton	109,217	133,038	22%
Wallasey	89,779	118,828	32%
Warrington	136,006	161,692	19%
Widnes	121,508	140,455	16%
Wigan	96,185	122,674	28%
Wilmslow	256,559	264,406	3%
Wirral	136,612	169,383	24%

Appendix B

Summary Information from the Housing Needs Survey

Figure 11

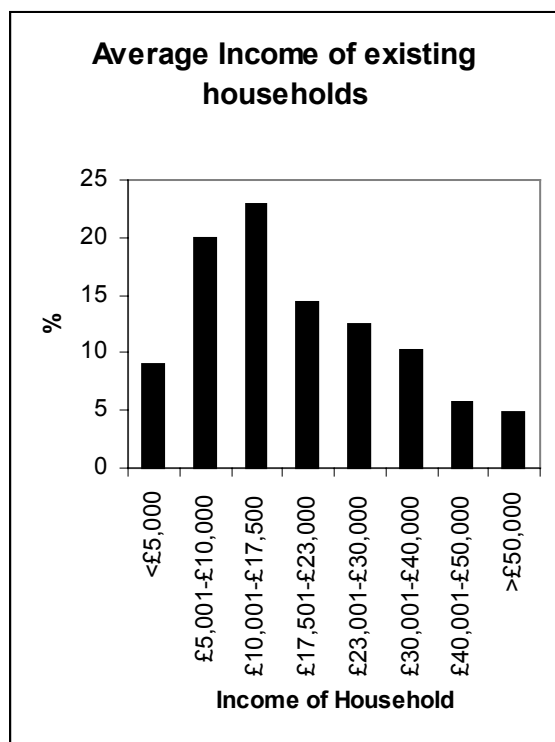
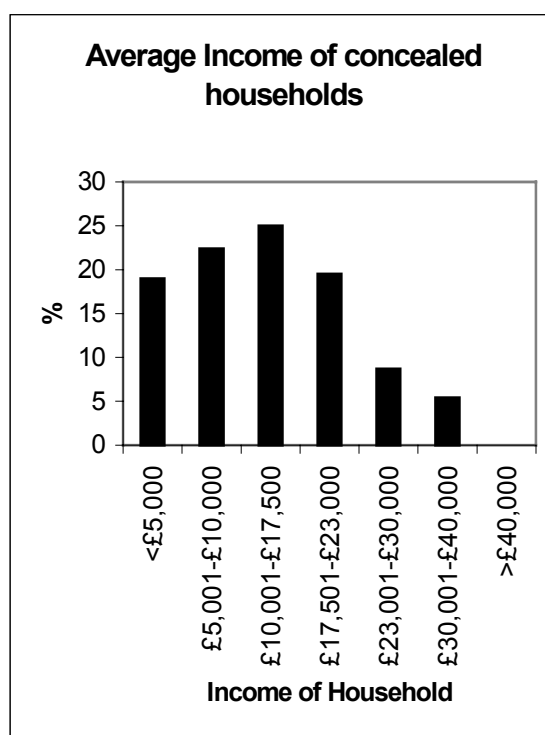


Figure 12



Key Factor relating to immediately forming households' ability to meet housing costs is that:

- 77% could afford a weekly rent of no more than £60.
- 75% could not afford a mortgage of more than £300 per month.
- 41% have household incomes below £10,000 per annum, 25% earn between £10,001 and £17,500. Only 5.4% have incomes over £30,000.
- The survey findings indicate that income levels of around 50% of the concealed households are below the level necessary to access the local market

Figure 13: Concealed Households - Needs and Preference for specific house types

Type	Need %	Preference %	Size	Need %	Preference %
Flat	13.3	9.7	One Bed	21.0	3.2
Terraced	44.3	16.3	Two Bed	55.4	33.1
Semi Detached	34.6	47.8	Three Bed	22.5	61.1

Appendix C

Summary of the Recommendations from the Barker Report

There were 38 recommendations in the Barker Report – Those highlighted in grey are those that have more of a direct impact on the affordability discussion.

Figure 14

No	Summary of the Recommendations
1.	Government should establish a market affordability goal – the goal should be incorporated into PSA's.(public service agreements)
2.	LA's should charge more for second homes. e.g. Council Tax
3.	Further research should be undertaken to improve the evidence base for housing policies.
4.	Govt should establish a review of the housing market to <ul style="list-style-type: none"> • measure the Govt's progress in implementing the recommendations set out in the report • Assess progress towards achieving a more flexible housing market & identify further obstacles
5.	Each region through the Regional Planning Body (RPB) should set a target to improve market affordability.
6.	The RPB and Regional Housing Board should be merged to create a single body responsible for managing regional housing markets. These merged bodies should be supported by a strong independent RPB.
7.	Govt should set out guidance accompanying a revised PPG3 (housing) for determining the scale and allocation of the housing provision at the regional level.
8.	Government should set out guidance on the composition of the Regional Planning and Housing Bodies
9.	Local plans should be more realistic in their initial allocation of land and more flexible at bringing forward additional land.
10.	Planning guidance should be amended to advise regional and local planning authorities on assessing the value of the land.
11.	It is not appropriate to apply the same planning route to all developments. The Government should introduce two additional routes <ul style="list-style-type: none"> • Outline only route • Design Code route
12.	Government should take a rigorous approach to reviewing PPG3
13.	Government should allow regional spatial strategy to deviate from PPG3 where there is clear evidence to support a different approach within the region.
14.	PPG3 should be revised to require local authorities to be realistic in considering whether sites available are viable.
15.	Assess whether consideration of appeal levels in the planning delivery grant could help the potential perverse incentive for local planning authorities to reject planning applications in order to meet their performance targets.
16.	Local Planning authorities' resources should be released or strengthened to focus on key development decisions.

17.	Funding settlements and the formula spending share should reflect a variable to reflect expected housing growth in an area.
18.	The Government should consider ways of incentivising local authorities to meet housing growth targets
19.	All Govt department & agencies should assess the demands implied by the Govt's housing targets in their spatial planning and funding decisions
20.	Infrastructure providers such as the highways agency should be involved from an early stage in both the regional spatial strategy and local development plan.
21.	English Partnerships should have a lead role in developing complex sites.
22.	A Community Infrastructure Fund should be established within the ODPM for £100-200M. Regions could then submit bids for complex developments.
23.	Central & regional govt should be more strategic in its' use of area based special purpose vehicles
24.	Section 106 should be reformed to increase the certainty surrounding the process and to reduce negotiation costs for both local authorities and developers.
25.	Govt should consider the extension of the contaminated land tax credit and Grant scheme to land that has lain derelict for a certain period of time.
26.	Government should use tax measures to extract some of the windfall gain that accrues to landowners from the sale of their land.
27.	The provision of subsidised housing should be increased.
28.	Govt should explore the scope to achieve both greater RSL efficiency and higher funding through debt to increase the level of housing through the most cost-effective means.
29.	Govt to explore moving to an alternative scheme to right to buy and right to acquire which is provided at a lower cost.
30.	Govt should deliver its proposal to promote greater interaction between institutional investors and the residential property market
31.	PPG 3 should require local planning authorities to have regard to the impact on competition when allocating sites in their Local Development Frameworks.
32.	The House building industry must demonstrate increased levels of customer satisfaction
33.	The House Builders federation et al should develop a strategy to address barriers to modern methods of construction.
34.	CITB and House Builders federation to develop a strategy for dramatically increasing the number of apprenticeships
35.	Code of best practice in the external design of new houses.
36.	The HBF draw up a best practice guide for voluntary compensation schemes for those households affected by the transitional effects of development.

Appendix D - Performance Data

Performance Data on the Subject of Affordability

Information from the Environmental Health and Community Protection Department's Urban Renewal section gives the following performance information:

Figure 15: PI Information

Performance Information		2000-2001	2001-2002	2002-2003	2003 - 2004
BV62 – Private unfit dwellings made fit/demolished	Target	4.50%	9%	7%	8%
	Actual	9.30%	8.35%	7.3%	
BV64 – Private Dwellings six months empty returned to occupation	Target	6.50%	11%	8%	8%
	Actual	7.70%	11%	7.3%	

Data from Wigan and Leigh Homes on Empty Property Management and Rent Collection and Arrears

There are various indicators used to monitor the performance of Wigan and Leigh Homes, which give an indicator of the affordability problem in the Borough.

Figure 16: PI Information

	Actual 2003/04	Target 2004/05	Mid Year 2004/05
Proportion of Empty homes as a proportion of Stock.	2%	1.90%	1.54%
Average Re-let times for dwellings let in the previous financial year.	54 days	41 days	42 days
Current Tenant rent arrears as proportion of the rent roll.	2.8%	2.7%	2.65%

Information received from Council Tax on the Number of second homes and Empty Properties in the Borough - Report Submitted to Performance Panel.

CTB1 returns (for RSG purposes) done in November each year shows the following trend data:

Figure 17: CTB1 returns

Exemption type	Nov 2004	Nov 2003	Nov 2002
Class A	264	234	291
Class C	1511	1525	1743

Class A is long term empty (less than 12 months) property requiring / undergoing / or recently completed major repairs or structural alterations

Class C is standard 6-month empty exemption.

The figures are a snap shot of the position on a set date in November when the survey is undertaken.

Ward Data on Second Properties in the Borough

Figure 18: Number of Second Homes by Ward

Ward	Number of Second Homes
Abram	8
Ashton	6
Aspull, New Springs, Whelley	15
Astley, Mosley Common	10
Atherleigh	11
Atherton	14
Bryn	8
Douglas	15
Golborne and Lowton West	9
Hindley	21
Hindley Green	11
Ince	13
Leigh East	18
Leigh South	17
Leigh West	19
Lowton East	12
Orrell	11
Pemberton	10
Shevington with Lower Ground	19
Standish with Langtree	14
Tyldesley	16
Wigan Central	27

Wigan West	35
Winstanley	3
Worsley Mesnes	12
Total	354

Figure 19: The distribution of these properties throughout the Borough

District (former constituent Authority)	Total Number Of Properties	Number of Second Homes	Percentage of Second Homes
Abram	2,857	6	0.21
Ashton	10,003	14	0.14
Aspull	3,200	8	0.25
Atherton	9,399	21	0.22
Billinge	1,881	1	0.05
Golborne	4,099	9	0.22
Hindley	11,205	33	0.29
Ince	5,708	10	0.18
Leigh	20,085	59	0.29
Orrell	5,686	15	0.26
Standish	6,251	15	0.24
Tyldesley	10,457	26	0.25
Wigan	32,638	108	0.33
Lowton	5,371	10	0.19
Haigh	268	1	0.37
Shevington	4,078	18	0.44
Worthington	40	0	0
Total	133,226	354	0.27

Figure 20: Second Homes by Council Tax Band

Council Tax Band	Total Number of Properties	Number of Second Homes	Percentage of Second Homes
A	65,546	228	0.35
B	28,511	53	0.19
C	21,559	36	0.17
D	10,429	20	0.19
E	5,018	10	0.20
F	1,586	5	0.32
G	527	2	0.38
H	50	0	0
Total	133,226	354	0.27

Appendix E

Sale's new car park and apartment plans

04/11/2004

Trafford Council has announced the latest phase in the continuing redevelopment and regeneration of Sale Town Centre.

A prestigious mixed use development including a 440 space multi storey car park and complex of 41 attractive apartments on Broad Road car park, will enhance the area around the prestigious Sale Waterside canalside development and also meet the needs for increased parking and affordable housing in the area.

In naming Q Park, one of the country's leading car park operators and Manchester Methodist Housing Group as its partners in this venture, the Council is confident that the completed development will prove an important and welcome part of Sale Town centre.

Chairman of Sale Area Board Councillor David Higgins said the announcement was excellent news for Sale as it should bring to an end the serious lack of car parking spaces needed for shoppers and visitors to the area. He said it would also enhance the use of the Waterside Arts Centre, especially for evening events and would complement the whole regenerated canalside development.

"The Council recognises the importance of continuing to build on the significant enthusiasm and positivity created by the impressive town hall and Sale Civic Theatre refurbishments and the new arts, leisure and festival area which links Sale Waterside and the canalside.

"Q Park's proposals to create an impressive, top quality multi storey car park is an important part of the continued regeneration of the area. However, it will not just be shoppers who benefit, people visiting the area for leisure, work or to access Council services during the day will also find it easier and more convenient. By night, it will also play a key part in supporting the local night time economy. A further benefit is that its location, less than 100 metres from the Sale Metrolink station, also makes it ideal for people commuting into central Manchester.

"By teaming up with Manchester Methodist Housing Group, the Council can continue its commitment to make sure that local people benefit from affordable housing options to allow them to remain in the area they have been brought up in. The sophisticated, high quality apartments promise spacious balconies, open plan living, ensuite bathrooms and walk in wardrobes. However, in line with the Council's demands, while some will be available for outright sale, most will be sold as shared ownership, giving local people an opportunity they may not otherwise be able to afford to get on the local

property ladder. Sale Area Board will make every effort to keep local residents fully aware of these plans as they emerge," he said.

Subject to the granting of Planning Approval, it is expected that work will begin on the new apartments in Spring 2005, with the new car park due for completion in Spring 2006. A second phase to the car park after that would see the number of spaces extended to 600.

Figure F – The Curs Survey - Key market Indicators:- Weak Housing Market

Key Market Indicators: - Weak Housing Market

	Ashton	Atherton	Golborne	Hindley	Leigh	Orrell	Standish	Tyldesley	Wigan
Low House Prices	×	✓	×	✓	✓	×	×	×	✓
High Level Socially Rented Property	×	✓	×	×	✓	×	×	×	✓
High Proportion of Terraced	×	×	×	×	✓	×	×	×	✓
Low Income Levels	×	✓	✓	✓	✓	×	×	×	✓
High Proportion of Older Housing	×	×	×	×	✓	×	×	×	✓
High fear of crime / anti social behaviour	×	✓	×	✓	✓	×	×	✓	✓
CURS risk of market failure identified (higher level)	×	×	×	✓	×	×	×	×	✓

(cont..) Key Market Indicators – Strong Housing Market

	Ashton	Atherton	Golborne	Hindley	Leigh	Orrell	Standish	Tyldesley	Wigan
High House Prices	✓	×	✓	×	×	✓	✓	✓	×
High Income Levels	-	×	-	×	×	✓	✓	✓	×
High Proportion of Detached Housing	✓	×	✓	×	×	✓	✓	✓	×
Low Levels of Socially Rented Property / Affordable Accommodation	✓	×	-	-	×	✓	✓	✓	×