



WIGAN BOROUGH
HOUSING NEEDS SURVEY
UPDATE

2005



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1 INTRODUCTION

1.1 Government Guidance

1.1.1 Government Guidance in Circular 6/98 and the Good Practice Guidance for Local Housing Needs Assessment require that local authorities have robust and up to date assessments of the housing needs in their area. These are required to support the Housing Strategy and bids for resources and Local Plan policies for affordable housing provision.

1.2 The 2003 Study

1.2.1 DCA conducted a wide ranging needs assessment study in the Borough between February 2003 and July 2003. This study examined housing requirements in both market and social sectors.

1.3 2001 Census

1.3.1 The 2001 Census results were not available during the 2003 Housing Needs Survey; therefore we have looked at the tenure balance of the 2003 data against Census figures and re-weighted the data in accordance with 2005 household numbers and Census Data. A copy of the weighting factors applied to the update report is provided in the appendices.

1.4 The Update Study Objectives

1.4.1 The objectives of this update study were to re-analyse:-

- ◆ the change in the housing market locally to provide current house prices and private sector rental costs to be able to re-assess income thresholds for access to market housing;
- ◆ the housing survey database and utilise the information into the Assessment Model recommended in the Good Practice Guidance issued in March 2000;
- ◆ the short, medium and longer term population forecasts for the Borough;
- ◆ prepare a report to provide an affordable need forecast to 2011;
- ◆ inform on-going Housing Strategy and support Local Plan policies for affordable housing and for negotiation in accordance with Circular 6/98 and PPG3.

1.5 Definitions

1.5.1 DCA work to a definition of housing requirements that encompasses demand, need and preferences. Households that can enter the general market without intervention of any sort can be defined as demand, whereas those households unable to enter the general market without some form of intervention can be defined as having a housing need. Our methodology enables us to identify this distinction by asking for both a household's characteristics in terms of size, current property condition and income and a household's view on suitability of current housing and preferences for moving or modification.

1.5.2 Affordability in our view is defined by the relationship between local incomes and the local general housing market. Our definition of affordable housing is as follows:-

Affordable housing is that provided with subsidy, both for rent and low cost market housing, for people who are unable to resolve their housing requirements, in the general housing market because of the relationship between local housing costs and incomes. This definition covers housing for social rent, shared ownership, low cost home ownership and sub-market rent.

1.5.3 The types of affordable housing which comply with our definition are as follows:-

- ◆ *Units for rent, the major requirement;*
- ◆ *shared ownership with grant;*
- ◆ *shared equity where land value is retained to provide housing for sale at below market levels and where control of the 'equity discount' can be retained as long as they are needed;*
- ◆ *discounted market rented housing.*

1.5.4 The issue of affordability is central to our approach. Within the project, we capture a range of data on actual incomes and costs of housing and the likely level of incomes and the accessible costs of housing for moving or newly forming households. We also examine secondary data on incomes, house prices and rent levels. Thus a reliable indicator of affordability is derived that leads towards the identification of real options for meeting housing need.

1.6 Methodology

1.6.1 The study consisted of the following elements:-

- i. analysis of the existing base of primary data gathered in 2003 which gathered information on housing needs to 2005 and is still currently valid;
- ii. A housing market survey utilising the Land Registry and Halifax databases and a telephone survey of estate agents on the cost of access level property and on the supply and cost of private rented housing;
- iii. Secondary data analysis drawing upon HIP and Housing Register data on the flow of social stock and need, 2001 Census, household and population projections and other national research.

1.6.2 As a database therefore the achieved postal sample of 2,954 achieved in 2003 is robust and is near double the 1,500 minimum level identified as a normal sample in the ODPM Guidance.

2 THE WIGAN HOUSING MARKET

2.1 Introduction

- 2.1.1 This report was commissioned by Wigan Borough Council to provide an update on house prices in the Borough. It has been conducted on the same structure as that in the 2003 Housing Needs Survey. Comparisons in prices over the period and the available data on income change have also been analysed.
- 2.1.2 Three data searches were commissioned to provide information on house price and sales volumes across the Borough:-
- ◆ from the Halifax, as the largest mortgage lender, analysing lending in the Region;
 - ◆ from the Land Registry, providing data on all sales in the area for the past year;
 - ◆ Estate Agency survey to assess entry-level prices for new households in each sub-area.
- 2.1.3 The records include house price information by categories of dwellings. Also included in the analysis is information about the volumes of sales of each type of dwelling.
- 2.1.4 As explained in 2.1.2 above, these indices are not absolutely comparable. Land Registry increase levels tend to be lower because they include cash transactions but they are less reliable on a quarterly basis because they only calculate actual transactions and the figures are affected by changes in the mix of properties between the current and previous periods. Halifax data measures a constant mix of properties by type and size which removes the changing mix factor but does not of course include lower price cash transactions.
- 2.1.5 This information sets the context for the key issue of the affordability of housing in the area, and in particular we can relate the analysis to the problems of low income evaluated through the household postal survey.

2.2 National Picture

- 2.2.1 House price inflation in the first quarter of 2005 slowed in most regions with an overall increase of 0.5%, slightly above the 0.1% gain in the fourth quarter of 2004. The overall sound UK economic background and the lowest mortgage rates since the 1950s have boosted housing demand in recent months and this trend should continue throughout the rest of the year.
- 2.2.2 UK house price inflation for the year ending 31st March 2005 was recorded by Halifax Index at 9.7% and by the Land Registry at 10.7%.

2.3 Regional Picture

Table 2-1 House Price Inflation

	Increase over year to 31 st March 2005 %	Increase / decrease over quarter to 31 st March 2005 %
North West Region ¹	15.3	0.2
Greater Manchester	15.1	-2.9

Source: ¹ Halifax House Price Index, © Copyright HBOS plc.

² Land Registry Index, © Crown Copyright (Land Registry)

- 2.3.1 The annual rate of house price inflation in the Halifax Index in the North West Region at 31st March 2005 was 15.3%, above the UK average of 9.7%. House prices in the North West Region show a slight rise, increasing by 0.2% during the first quarter of 2005.
- 2.3.2 House prices in Greater Manchester rose over the last year by 15.1% as calculated by Land Registry, however a decrease was seen during the first quarter of 2005 (2.9%). This is compared to the Wigan Borough where house prices rose over the last year by 18.5% as calculated by Land Registry.

2.4 The Housing Market

- 2.4.1 The Regional Market is shown in Table 2-2 below, which details the prices paid for the main categories of house types for the whole of the North West Region with comparisons against a different source of house price index data.

Table 2-2 Average Region & County House Prices - All Buyers 2005

Property Type	North West Region		Greater Manchester	
	Land Registry Average Price	Halifax Average Price	Land Registry Average Price	Land Registry % of sales
Terraced	83,540	104,101	85,314	47.9
Semi-detached	136,855	147,661	136,797	28.0
Detached	261,818	275,218	268,405	9.8
Bungalows	*	165,772	*	*
Flats & maisonettes	126,509	130,651	132,015	14.3
All properties	127,753	145,234	124,322	100.0

Source: Halifax House Price Index, 1st Quarter 2005, © Copyright HBOS plc.

Land Registry Residential Property Price Report, 1st Quarter 2005.

© Crown Copyright (Land Registry)

* Land Registry figures do not identify bungalows separately.

- 2.4.2 The Halifax data refers to mortgage transactions at the time they are approved rather than when they are completed. Whilst this may cover some cases which may never proceed to completion, it has the important advantage that the price information is more up-to-date as an indicator of price movements and is on a more consistent time-base than completions data (such as the ODPM Index) given the variable time lags between approval and completion¹. The Land Registry data incorporates all sales transactions in the Region and more specifically in the Borough.
- 2.4.3 Prices vary between the different data sources and we would expect the Land Registry figures to be lower in all cases given that these figures include non-mortgaged sales.
- 2.4.4 The table below examines average house prices for the Borough recorded by the Land Registry against house prices and also the volume of sales for the Borough in 2005 and 2003, the timing of the previous Housing Needs Survey.

Table 2-3 Average House Prices and Sales for the Borough - All Buyers 2005

Property Type	Wigan			
	2005		2003	Increase 2003 – 2005 %
	Land Registry Average Price	Land Registry % of sales by Borough	Land Registry Average Price	
Terraced	80,528	44.7	46,015	75.0
Semi-detached	113,736	35.0	73,628	54.5
Detached	188,773	15.5	144,338	30.7
Flats & maisonettes	101,731	4.8	55,708	82.6
All properties	109,956	100.0	74,161	48.2

Source: Land Registry Residential Property Price Report, 1st Quarter 2005 / 1st Quarter 2003.
© Crown Copyright (Land Registry)

- 2.4.5 Whilst the overall house price increase in the Borough is 48.2% since the last survey, the price of terraced houses and flats – the entry level stock, have increased by 75.0% and 82.6% respectively. Prices of flats have increased by 57.4% and terraced houses by 29.9% in the last year to March 2005.
- 2.4.6 The largest volume of sales in Wigan were for terraced houses (44.7%) selling at an average price of £80,528. Semi-detached houses average £113,736 and are 35.0% of sales. Detached houses sell at an average price of £188,773 and account for 15.5% of sales. Flats / maisonettes average £101,731 and are 4.8% of sales. Due to the average price and volume of sales of terraced houses, we assess terraced properties to be the main access property for first time buyers.

¹ Source: www.hbosplc.com – Methodology Section

- 2.4.7 The sales levels of terraced and flat / maisonette properties in 2005, (44.7% and 4.8% respectively) are similar to 2003 levels (42.1% and 1.8% respectively). Sales levels of detached houses and semi-detached houses in 2005 (15.5% and 35.0% respectively) are also similar to the 2003 sales levels (17.7% and 38.4% respectively).

2.5 Sub-Area Structure

- 2.5.1 In order to further analyse house prices in the area we have divided the Borough into sub-areas as in the 2003 Survey. The nine areas analysed are set out in the table below.

Table 1-4 Sub-area Breakdown

Sub-Areas
Atherton
Ashton / Bryn
Golborne / Lowton
Hindley / Platt Bridge / Bickershaw / Abram
Leigh
Orrell / Billinge / Winstanley
Shevington / Standish / Aspull
Tyldesley / Astley
Wigan / Pemberton / Ince

2.6 Entry Sales Levels in the Borough

- 2.6.1 Entry to the market is clearly dependent on availability, a factor, which is particularly critical for low income households who can only enter the market in any numbers where there is an adequate supply of affordable dwellings.
- 2.6.2 First-time buyers as new entrants to the Housing Market do not purchase houses at average prices as they do not have average incomes. Although average prices are useful for comparisons in general they are not the purchase levels used in assessing the ability of households to access local markets.
- 2.6.3 In broad terms new purchasers of either flats or terraced properties buy in the lowest quartile of prices i.e. the bottom 25%. We have therefore made the only comparison available from Land Registry data which is at Borough wide level. In Wigan this is £70,500, 64.1% lower than the average of £109,956 in Table 2-3.
- 2.6.4 DCA have therefore undertaken a survey of the local estate agents to ascertain the cost of the cheapest units available both for private rent and for sale in each of the 9 sub-areas.
- 2.6.5 The estate agents were also asked their views and experiences on the current housing and rental market in Wigan. The view portrayed was a shortage of flats for sale in Wigan. This reflects the low levels of data found in most areas for this property type. However it was commented by one agent of an influx of new build flats in the

market. This supports our findings in this survey update where data for flats was found in four areas, compared to the 2003 Housing Needs Survey where data for flats was only found in only two areas. This influx of new build flats is also evident in the increase in the sales level of flats of 4.8% compared to 1.8% in the 2003 Survey.

- 2.6.6 The area of Ince was seen as a popular and affordable area for first time buyers as was the area of Hindley characterised by a large number of terraced properties.
- 2.6.7 According to the agents contacted, the profiles of people renting and buying houses in Wigan was mixed and included young couples, families and professionals. Three of the rental agents contacted stated that many properties were let to individuals who were staying in the area for short periods of time due to employment commitments; therefore short term lettings were popular with many tenants. The rental agents also commented that 3-bed semis were the most readily available property type to rent.
- 2.6.8 Due to the lack of supply available in the current housing market some samples are small and in some cases no data was available. This was particularly the case with flats where a limited supply was found in the property market.

Table 2-5 Entry Level Prices in the Borough – June 2005.

Property Type	Atherton	Ashton / Bryn	Golborne / Lowton	Hindley / Platt Bridge/ Bickershaw / Abram
1-Bed Flat	-nd-	55,000*	60,973	-nd-
2-Bed Flat	95,000*	75,000*	104,950	-nd-
2-Bed Terraced	74,343	76,377	76,771	61,165
3-Bed Terraced	75,973	81,238	81,880	70,399
2-Bed Semi	84,995*	108,998	83,490	86,975
3-bed Semi	84,127	125,983	120,092	92,605

Property Type	Leigh	Orrell / Billinge / Winstanley	Shevington / Standish / Aspall	Tyldesley / Astley
1-Bed Flat	-nd-	-nd-	-nd-	69,950*
2-Bed Flat	98,950*	68,000*	117,733	102,450
2-Bed Terraced	65,991	74,500	93,800	79,973
3-Bed Terraced	71,984	96,250	90,000*	81,225
2-Bed Semi	82,473	93,735	108,738	109,950*
3-bed Semi	93,484	119,383	128,724	114,405

Source: DCA House Price Survey June 2005

-nd- no data available

* Low level of data

- 2.6.9 Although the average price of flats / maisonettes according to the Land Registry survey is £101,731 entry levels vary across the Borough with the lowest entry price for a 1-bed property, starting at around £55,000 in Ashton/Bryn, rising to £71,975 in Wigan / Pemberton / Ince with a Borough average of £57,769. 2-bed flats cost from £68,000 in Orrell / Billinge / Winstanley and £104,950 in Golborne / Lowton, with a Borough average of £88,200 as shown in Table 2-5 above. This compares to a Borough average of £80,528 as recorded by the Land Registry in table 2-3.

- 2.6.10 Terraced properties can be purchased at £61,165 for a 2-bed property in Hindley, rising to £93,800 in Shevington / Standish / Aspull, a Borough average of £60,863. 3-bed terraced houses start at £68,436 in Wigan rising to £96,250 in Orrell / Billinge / Winstanley, a Borough average of £65,322.
- 2.6.11 Semi-detached properties can be cost from £77,698 in Wigan / Pemberton / Ince rising to £108,998 in Ashton/Bryn for a 2-bed property. 3-bed semi detached houses cost from £84127 in Atherton rising to £128,724 in Shevington / Standish / Aspull, a borough average of £82,118.

2.7 The Private Rented Sector

- 2.7.1 We offer below a few comments on the private rented sector but must stress that the evidence available is largely empirical. We approached some of the main private renting agencies operating in the Borough.
- 2.7.2 An issue to be considered when looking at the rental data below is that terraced properties in some areas, for example in Atherton, are more expensive than semi-detached properties. A second data search was conducted and this verified that this was the case. One rental agent commented that semi-detached properties were the most available property type to rent which may reflect the lower rental cost of semi-detached properties. This is supported by the 2001 Census where semi-detached properties are 46.5% of stock. A second issue to be considered is that flats tend to demand the same or higher rent levels than terraced or semi detached properties, compared to other DCA Surveys where flats tend to be the lowest entry rental properties. From conducting the data search, many of the flats were found to be new build, which may reflect their higher rental price. In addition flats were found to be in short supply in some areas, for example in Shevington / Standish / Aspull and Orrell / Billinge / Winstanley, therefore a demand combined with lack of supply may increase the rental price that can be commanded for this property type.
- 2.7.3 From the estate agency sources approached, we set out below the prevailing private sector rent levels.

Table 2-4 Average and Entry Level Rent in the Borough (£/month) – June 2005

Property Type	Atherton		Ashton/Bryn		Golborne / Lowton		Hindley / Platt Bridge / Bickershaw / Abram		Leigh	
	Average	Entry	Average	Entry	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	358	350	300	250	326	295	-nd-	-nd-	334	250
2-Bed Flat	461	395	358	300	464	395	490	450	454	425
2-Bed Terraced	404	350	443	385	413	350	388	350	384	275
3-Bed Terraced	445	395	499	475	443	395	488	475	408	325
2-Bed Semi-Detached	356	350	-nd-	-nd-	487	435	450	450	383	350
3-Bed Semi-Detached	493	350	563	550	525	450	479	450	443	350
Property Type	Orrell / Billinge / Winstanley		Shevington / Standish / Aspull		Tyldesley / Astley		Wigan / Pemberton / Ince		Borough Wide	
	Average	Entry	Average	Entry	Average	Entry	Average	Entry	Average	Entry
1-Bed Flat	325	300	380	360	409	340	338	270	325	302
2-Bed Flat	-nd-	-nd-	564	420	463	395	470	470	454	406
2-Bed Terraced	440	400	436	395	392	300	386	325	403	348
3-Bed Terraced	474	450	481	450	439	350	452	350	465	407
2-Bed Semi-Detached	495	495	428	395	490	350	440	375	442	400
3-Bed Semi-Detached	512	450	550	445	522	350	490	400	502	422

-nd-: no data available

Source: DCA House Price Survey June 2005

- 2.7.4 Entry level rental costs in the private rented sector vary significantly by location within the Borough. The private rented sector costs from £250 per month in Ashton/Bryn and Leigh rising to £360 in Shevington / Standish / Aspull (see above) for a one bedroom flat, the smallest unit. For a 2-bed flat, rents range from £300 p.m. in Ashton / Bryn to £470 p.m. in Wigan / Pemberton / Ince. It should be noted that a low level of data was available in the majority of areas for flats at the time of the estate agent search.
- 2.7.5 In the case of 2-bed terraced houses, we found that the entry rent levels were £275 p.m. in Leigh rising to £400 in Orrell / Billinge / Winstanley. For 3-bed terraced house, entry rent levels ranged from £325 p.m. in Leigh rising to £475 in Ashton/Bryn and Hindley / Platt Bridge / Bickershaw / Abram. Semi-detached properties can be rented from £350 p.m (for a 2-bed property) to a maximum of £550 (for a 3-bed property), as shown in Table 2-4.
- 2.7.6 There is evidence to suggest that landlords would not accommodate Housing Benefit / Income Support cases, however the decision does rest with the individual landlord concerned.
- 2.7.7 A range of property types are available in the sector as a whole and are found in a variety of locations within the Borough. It would appear that the difference in rent level between furnished and unfurnished property is marginal with respondents indicating they do charge only slightly more for furnished accommodation. They indicated that the difference in cost was marginal, although many agencies do not deal with furnished property due to the fire regulations involved.

2.8 Conclusions

- 2.8.1 The annual rate of house price inflation in the Halifax Index in the North West Region at 31st March 2005 was 15.3%, above the UK average of 9.7%.
- 2.8.2 The Land Registry average price for all dwellings in the Borough during the year was £109,956.
- 2.8.3 The largest volume of sales in Wigan were for terraced houses (44.7%) selling at an average price of £80,528. Semi-detached houses average £113,736 and are 35.0% of sales. Detached houses sell at an average price of £188,733 and account for 15.5% of sales. Flats / maisonettes average £101,731 and are 4.8% of sales. Due to the average price and volume of sales of terraced, we assess terraced to be the main access property for first time buyers.
- 2.8.4 House prices have risen significantly by 75.0% for terraced properties to 82.6% for flats and maisonettes since 2003, massively in excess of wage inflation in the two year period. Incomes in the Borough are assessed independently to have increased by 6.0% for the 2 year period up to April 2004.
- 2.8.5 Mortgage interest rates have been at their lowest level for over 45 years and people who cannot enter the market under these circumstances may never be able to do so, short of some collapse in the market or a significant change in their income level. Further house price increases above wage inflation in 2005 would make access to market housing more difficult to achieve and would impact on households with marginal incomes most significantly.

- 2.8.6 Access to market housing has therefore become more difficult for new households than it was in 2003, increasing the need for subsidised housing especially in the higher priced rural areas.
- 2.8.7 Similar cost variation applies in the private rented sector across the Borough. Based on rent at 25% of gross income, equivalent to 30% net income, a one bed flat requires £12,000 per annum in Ashton/Bryn and Leigh and £17,300 in Shevington / Standish / Aspull. A 2-bed flat requires an income of £14,400 in Ashton/Bryn rising to £22,600 in Wigan / Pemberton / Ince. To rent a 2-bed terraced house would require an annual income of £13,200 in Leigh rising to £19,200 in Orrell / Billinge / Winstanley.

3 HOUSING COSTS AND INCOME

3.1 Introduction

3.1.1 The ability of a household to satisfy its own housing requirement is fundamentally a factor of the relationship between local house prices and households income. This section of the report assesses the income levels required to access the cheapest units available in reasonable supply from the research detailed in Section 2 and the change in incomes from the previous survey in 2003 utilising national secondary data.

3.2 Purchase Income Thresholds

3.2.1 The cheapest entry level prices of the smallest units were assessed to enable threshold income levels to be calculated. These are based on 95% mortgage availability and a 3x gross income lending ratio. Table 3-1 below outlines the income ranges needed to enter the market in the main settlements in the Borough.

Table 3-1 Purchase Income Thresholds 2005

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
Atherton	-nd-	30,100*	23,500
Ashton / Bryn	17,400*	23,800*	24,200
Golborne / Lowton	19,300	33,200	24,300
Hindley / Platt Bridge / Bickershaw / Abram	-nd-	-nd-	19,400
Leigh	-nd-	31,300*	20,900
Orrell / Billinge / Winstanley	-nd-	21,500*	23,600
Shevington / Standish / Aspull	-nd-	37,300	29,700
Tyldesley	22,200*	32,400	25,300
Wigan / Pemberton / Ince	22,800	23,700*	22,500

-nd- no data available * low level of data

3.2.2 The increase in average prices has a direct and significant impact on the income requirement to access owner occupation and the change from January 2003 to June 2005 is shown below in Table 3-2.

Table 3-2 Average Income Requirements 2003 – 2005 (£)

Property Type	2003 (£)	2005 (£)	Increase %
Terraced	14,571	25,500	75.0
Flats	17,640	32,214	82.6

2003 requirements relate to Land Registry price report, 1st Quarter 2003

2005 requirements relate to Land Registry price report, 1st Quarter 2005

- 3.2.3 Table 3-2 above shows that the Borough-wide level incomes at which the Housing Market can be accessed have increased since 2003. The income needed to access terraced properties has increased to £25,000 (75.0%) and access to flats / maisonettes requires an income of £32,214 compared to £17,640 in 2003, an increase of 82.6%.

3.3 Rental Income Thresholds

- 3.3.1 The cheapest rental prices of the smallest units have been assessed in order to calculate the rental income threshold levels. These are based on rent at 25% of gross income (equivalent to 30% of net income). Table 3-3 below shows the income levels needed to enter the private rented market in the Borough.

Table 3-3 Rental Income Thresholds 2005

Area	Income Thresholds (£)		
	1 bed Flat	2 bed Flat	2 bed Terrace
Atherton	16,800	19,000	16,800
Ashton / Bryn	12,000	14,400	18,500
Golborne / Lowton	14,200	19,000	16,800
Hindley / Platt Bridge / Bickershaw / Abram	-nd-	21,600	16,800
Leigh	12,000	20,400	13,200
Orrell / Billinge / Winstanley	14,400	-nd-	19,200
Shevington / Standish / Aspull	17,300	20,200	19,000
Tyldesley / Astley	16,300	19,000	14,400
Wigan / Pemberton / Ince	13,000	22,600	15,600

-nd- no data available

- 3.3.2 The income thresholds for each property type are in a relatively narrow band across the Borough. Based on rent at 25% of gross income a one bed flat in Ashton/Bryn and Leigh require £12,000 per annum, rising to £17,300 in Shevington / Standish / Aspull. A 2-bed flat requires an income of £14,400 in Ashton/Bryn, rising to £22,600 in Wigan / Pemberton / Ince. To rent a 2-bed terraced house would require an annual income of £13,200 in Leigh, rising to £19,200 in Orrell / Billinge / Winstanley. Incomes generally required are below the Borough average income of £22,141 as found in the Annual Survey of Hours and Earnings 2004, reflecting the relatively low housing costs in the Borough.

3.4 Annual Survey of Hours and Earnings

- 3.4.1 Income data is always difficult to gather at local level. Most data is regionally based and we have used the 2004 Annual Survey of Hours and Earnings (ASHE) prepared by the Office for National Statistics (formerly known as the New Earnings Survey). This provides data at County and Borough-wide level of full time employees on adult rates who have been in the same job for more than a year.
- 3.4.2 The ASHE 2004 shows an average income of £22,141 for the Borough of Wigan, a 6.0 % increase on the 2003 figure of £20,866, which was the timing of our previous survey.
- 3.4.3 Although the ASHE does provide useful data on income distribution, the data produced refers to income related to a person's place of work, not income distribution in their resident area. There are indications within the new ASHE of unreliable and unavailable data within certain areas; where this applies to data that affects the Local Authority being assessed by DCA, the County wide level data has been used as a more reliable source.
- 3.4.4 It is particularly important to examine the distribution of income rather than the average figure, especially in relation to the proportion of households with the capacity to access the private sector market for rent or sale.
- 3.4.5 There is a wide distribution of earnings illustrated from the ASHE. Analysis of the data for the Borough shows that: -
- 10% earned less than £10,892;
 - 25% earned less than £14,146;
 - 50% earned less than £19,271;
 - 75% earned less than £26,941;
 - 90% earned less than £36,851.

** Data used has been termed as 'acceptable' and 'reasonably precise' by ASHE.*

- 3.4.6 The ASHE data on the spread of incomes, important in any area, with diverse house prices and markets, shows that for the Borough at April 2004, 10% of people earned less than £10,892; 50% less than £19,271 and 90% of people earned less than £36,851.
- 3.4.7 The increases in house prices over the last two years have excluded a large proportion of 'first-time buyers' from the owner occupied market. We believe therefore that the proportion of affordable housing provided on new sites should encompass more subsidised low cost market housing than would have been the case two years ago when it was a more marginal element of affordable need.
- 3.4.8 Access to the market has been based on the updated house price information detailed in Section 2. We have also undertaken analysis of the income levels of local households, to be able to assess the proportion of people now able enter market housing.
- 3.4.9 Table 3-4 highlights the 2003 and 2005 incomes of existing households from the 2003 Housing Needs Survey (HNS). As the average incomes for the Borough have increased by 6.0% between the years 2003 and 2004, as highlighted by the ASHE, the 2003 annual income boundaries taken from the 2003 HNS have an income inflation of 12.0% applied to determine the 2005 annual income boundaries.

Table 3-4 Incomes of Existing Households 2003 & 2005

Annual Income 2003		Annual Income 2005		%
Below	£5,000	Below	£5,600	9.1
£5,001 - £10,000		£5,601 - £11,200		20.3
£10,001 - £17,500		£11,201 - £19,600		22.8
£17,501 - £23,000		£19,601 - £25,760		14.4
£23,001 - £30,000		£25,761 - £33,600		12.5
£30,001 - £40,000		£33,601 - £44,800		10.3
£40,001 - £50,000		£44,801 - £56,000		5.8
Above	£50,000	Above	£56,000	4.8
Total				100.0

3.4.10 Table 3-5 below highlights the 2003 and 2005 incomes of concealed households from the 2003 HNS. The 2003 annual income boundaries taken from the 2003 HNS have an income inflation of 12.0% applied to determine the 2005 annual income boundaries.

Table 3-5 Incomes of Concealed Households 2003 & 2005

Annual Income 2003		Annual Income 2005		%
Below	£5,000	Below	£5,600	7.7
£5,001 - £10,000		£5,601 - £11,200		19.4
£10,001 - £17,500		£11,201 - £19,600		37.0
£17,501 - £23,000		£19,601 - £25,760		19.1
£23,001 - £30,000		£25,761 - £33,600		10.2
£30,001 - £40,000		£33,601 - £44,800		6.6
Above	£40,000	Above	£44,800	0.0
Total				100.0

3.4.11 **Table 3-6** below outlines the income required by concealed households to access owner occupation based on the lowest and highest purchase income thresholds across the Borough for 1 and 2-bed flats and 2-bed terraced properties, as illustrated in Table 3-1.

Table 3-6 *Concealed Households – Incomes Needed to Enter the Market through Owner Occupation and % Unable to Buy*

Type of Property	Area	(£) Income Required	% of concealed households unable to purchase
1-bed Flat	Ashton / Bryn (cheapest)	17,400	54.1
2-bed Flat	Shevington / Standish / Aspull (most expensive)	37,300	95.6
2-bed Terraced	Hindley / Platt Bridge / Bickershaw / Abram (cheapest)	19,400	64.1
2-bed Terraced	Shevington / Standish / Aspull (most expensive)	29,700	86.5

3.4.12 Table 3-6 shows that 54.1% of concealed households are unable to buy a 1-bed flat in Ashton/Bryn and 95.6% cannot afford a 2-bed flat in Shevington / Standish / Aspull. In Hindley / Platt Bridge / Bickershaw / Abram, 64.1% cannot afford to buy a 2-bed terraced property, this rises to 86.5% of concealed households in Shevington / Standish / Aspull.

3.4.13 Table 3-7 below outlines the income required by concealed households to access the private rented accommodation based on the lowest and highest rental income thresholds across the Borough for 1 and 2-bed flats and 2-bed terraced properties, as illustrated in Table 3-3.

Table 3-7 *Concealed Households – Incomes Needed to Enter the Private Rented Market and % Unable to Afford to Rent*

Type of Property	Area	(£) Income Required	% of concealed households unable to Rent
1-bed Flats	Ashton Bryn / Leigh (cheapest)	12,000	27.1
2-bed Flats	Wigan / Pemberton / Ince (most expensive)	22,600	73.6
2-bed Terraced	Leigh (cheapest)	13,200	34.5
2-bed Terraced	Orrell / Billinge / Winstanley (most expensive)	19,200	60.4

- 3.4.14 Table 3-7 above shows that 27.1% of concealed households in the areas of Ashton / Bryn and Leigh cannot rent a 1-bed flat and 73.6% cannot rent a 2-bed flat in Wigan / Pemberton / Ince For 2-bed terraced properties 34.5% cannot afford to rent in Leigh, rising to 60.4% in Orrell / Billinge / Winstanley.
- 3.4.15 Overall the calculation of the proportion of concealed households unable to access the private sector takes account of those who need one, two and, for some with children, three bedroom housing in the lowest quartile cost stock across the Borough The proportion who cannot meet their needs in this sector is 77% unable to buy in the general market and 48% unable to afford private rental.

3.5 Summary

- 3.5.1 An income of around £17,400 is needed to buy a one bedroom flat in Ashton/Bryn, rising to £22,800 in Wigan / Pemberton / Ince. A two bedroom flat requires an income of £21,500 in Orrell / Billinge / Winstanley, rising to £37,300 in Shevington / Standish / Aspull. On average the incomes needed to access flats and terraced properties have increased by 82.6% and 75.0% respectively over the last two years.
- 3.5.2 Similar cost variation applies in the private rented sector across the Borough. Based on rent at 25% of gross income a one bed flat in Ashton/Bryn and Leigh require £12,000 per annum, rising to £17,300 in Shevington / Standish / Aspull. A 2-bed flat requires an income of £14,400 in Ashton / Bryn, rising to £22,600 in Wigan / Pemberton / Ince. To rent a 2-bed terraced house would require an annual income of £13,200 in Leigh, rising to £19,200 in Orrell / Billinge / Winstanley.
- 3.5.3 The Annual Survey of Hours and Earnings (ASHE) 2004 show an average income of £22,141 for the Borough, a 6.0% increase on the 2003 figure of £20,866. The ASHE data on the spread of incomes, important in any Borough with diverse house prices and markets, shows that for Wigan at April 2004, 25% of people earned less than £14,146, 50.0% less than £19,271 and 90% less than £36,851 per annum.
- 3.5.4 The implication of incomes having risen by 12.0% since 2003 to 2005 directly impacts concealed household's ability to access the market through owner occupation. Updating the incomes of concealed households from the 2003 survey to reflect current 2005 income levels; 54.1% of concealed households cannot purchase a 1-bed flat in Ashton/Bryn and 95.6% of concealed households cannot access a 2-bed flat in Shevington / Standish / Aspull. 64.1% of concealed households cannot afford a 2-bed terraced house in Hindley / Platt Bridge / Bickershaw / Abram, rising to 86.5% in Shevington / Standish / Aspull.
- 3.5.5 A similar pattern is found when looking at concealed household's ability to access the market through private rented accommodation. 27.1% of concealed households in Ashton / Bryn and Leigh cannot rent a 1-bed flat and 73.6% cannot rent a 2-bed flat in Wigan / Pemberton / Ince. For 2-bed terraced properties 34.5% of concealed households cannot afford to rent in Leigh. This figure rises to 60.4% in Orrell / Billinge / Winstanley.

4 POPULATION GROWTH AND HOUSEHOLD FORMATION PROJECTIONS

4.1 Introduction

4.1.1 In this section of the report we provide a short background commentary to the demographic element in housing demand in Wigan. The purpose is two-fold. First, to provide a context in which the results of the postal questionnaire from the 2003 Housing Needs Survey can be interpreted. Secondly, to give a more specific focus on the demand for affordable housing provision and to make projections for five and ten year periods.

4.1.2 Modelling housing needs is a very complex procedure and it is only very recently that attempts have been made to model local housing needs. Most of the established procedures are aimed at the provision of national level estimates of housing need, including:-

- ◆ simple estimates such as those provided by the ODPM, which measured the crude dwelling to household surplus (and concluded no additional building was necessary to meet need);
- ◆ a second approach by the Audit Commission measured household growth minus expected private sector output;
- ◆ Glen Bramley's work focused on local supply and demand to calculate for a particular point in time the proportion of new households unable to buy in the market (minus social sector re-lets);
- ◆ Steve Wilcox described a 'Net Stock' approach which calculates net household increase and adds a factor for concealed households before deducting new private sector output to arrive at estimates of need in the social sector.

4.1.3 Kleinman and Whitehead have devised a so-called 'Gross Flows' approach which looks at gross household formation, tenure choice, demand from in-migrants and deducts these from new social output and re-lets to yield a measure of social housing requirements.

4.1.4 How these national models translate to the local level is not at all clear. Kleinman and Whitehead have attempted a 'Gross Flows' analysis for Cambridge but relied entirely on secondary data for their estimates. This is a problem in the model particularly for the incorporation of measures of concealed households and factors relating to affordability are not considered directly but by modelling the tenure propensities of new households.

4.1.5 Our method emphasises the affordability issue and gives much greater weight to the issue of concealment of households than most of the 'national' level studies.

4.1.6 The affordability measure is derived from primary data collected in the household's surveys and from access to the Land Registry database on house prices and the concealment issue is also addressed through the survey findings. We are mindful that because our study is targeted at Wigan, there are inevitable limitations because local housing markets encompass much wider areas than a single Council area.

4.2 Demographic Analysis

- 4.2.1 There are four basic components to changes in the number and composition of households. The aim of this section of the report is to highlight the issues which are relevant to the evaluation of housing needs in Wigan particularly the changes in:-
- ◆ the age distribution of the population arising from births, deaths and ageing of the indigenous population;
 - ◆ family units such as marriage, divorce and child bearing patterns;
 - ◆ the number and composition of households arising from migration, particularly due to employment opportunities in the area;
 - ◆ the probabilities that family units form a separate household, particularly in response to changes in incomes in the labour market area.
- 4.2.2 In local area forecasting new household formation is mainly due to responses to income and employment opportunities. New household formation is also affected by life cycle patterns. This purely demographic influence on the number of households contributes to about 40% of the growth in the number of new households at any one time (Dicks, 1988; Ermisch, 1985).
- 4.2.3 The general demographic forecasts in the tables in this section have been provided by Wigan Metropolitan Borough Council and are 2003-based trend population projections. The 2001 Census data has been taken into consideration in the production of these projections.
- 4.2.4 The factors which combine to produce the population and household forecasts are:- population age-sex structures, headship rates, survival factors, infant mortality, fertility rates, base numbers of dwellings, vacancy rates, building / demolition programmes and the age-sex structure of migrants. The summary of this data is provided in the following tables with the population changes disaggregated for 5 year intervals from 2003 – 2026.
- 4.2.5 DCA have discussed the updating of the Household Projections Model with AGMA (The Association of Greater Manchester Authorities) and they, like all other Counties, will not be in a position to update the model to reflect the actual figures at 2001 from the Census for some time.

4.3 Population Projections

- 4.3.1 The projections in Table 4-1 are based on the predictions made by Wigan Metropolitan Borough Council (2003-based). These figures are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.4 regarding mortality, fertility and migration etc, and are contained in population projections for Wigan for the period 2003 - 2026 provided by Wigan Metropolitan Borough Council.

Table 4-1 Population Change in Wigan, 2003 - 2026

	2003	2006	2011	2016	2021	2026	Change
Total Population	303,800	306,200	310,300	315,000	319,100	321,700	
Change		+2,400	+4,100	+4,700	+4,100	+2,600	+17,900
% Change		+0.8	+1.3	+1.5	+1.3	+0.8	+5.9

- 4.3.2 The table shows an increase in the population of Wigan of 17,900 (5.9%) over the forecast period. A steady increase is seen across the forecast period, with the main increase occurring between 2011 and 2016 (4,700; 1.5%).

4.4 Age Structure Forecast 2003 - 2026

- 4.4.1 The next stage in the forecast is to disaggregate the population data into age bands because there may be changes in the population structure with significant housing implications. Table 4-2 is based on the net migration model and for this purpose best represents the position.

Table 4-2 Population Age Band Forecast, Wigan, 2003 - 2026

	2003	2006	2011	2016	2021	2026	Change
0 - 19	76,300	74,600	71,200	68,700	68,000	67,400	-8,900
20 - 29	34,800	35,800	38,400	38,800	36,200	34,100	-700
30 - 44	70,600	69,600	64,800	61,700	62,900	65,100	-5,500
45 - 64	77,700	80,000	83,900	86,500	88,800	87,400	+9,700
65 +	44,500	46,200	52,000	59,500	63,100	67,900	+23,400
Total	303,800	306,200	310,300	315,000	319,100	321,700	+17,900
% Change		+0.8	+1.3	+1.5	+1.3	+0.8	+5.9

Percentage change is measured between year bands, not the base population. This is a better representation of the incremental change.

- 4.4.2 As we show above there will be an increase in the population of Wigan of approximately 17,900 over the forecast period according to the forecast model.
- 4.4.3 The 0-19 age range shows a decrease overall (8,900; 11.6%). A decrease is seen throughout the period with the largest decrease seen between 2006 and 2011 (3400, 4.5%).
- 4.4.4 The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows a decrease in population (700; 2.0%). The population is seen to be fairly constant throughout forecast period. The largest decrease is seen between 2016 and 2021 (2,600; 6.7%).
- 4.4.5 The 30-44 age group, the main economically active group shows a decline overall (5,500; 7.7%). A steady decline can be seen throughout the wide forecast period, until 2021 when an increase occurs. The largest decrease occurs between 2006 and 2011 (4,800; 6.9%).
- 4.4.6 The 45-64 age group shows an overall increase in numbers. Over the forecast period there is an increase of 9,700 people (12.4%). Numbers rise steadily throughout the whole forecast period with a slight decrease between 2021 and 2026, with the largest increase occurring between 2006 and 2011 (3,900; 4.8%).
- 4.4.7 The most significant feature here is the growth of the population in the over 65 age group. An increase of 23,400 individuals is seen over the forecast period, the largest increase is seen between 2011 and 2016 (17,500; 14.4%).

- 4.4.8 Numbers in the 80+ age group increase by 8,000 (74.0%) up to 2026. The greatest rise proportionately in percentage terms occurring between 2021 and 2026 (22.9%). Given the resource demands often associated with very elderly people, these are significant figures.

Table 4-3 Numbers of 80+ in Wigan, 2003 - 2026

	2003	2006	2011	2016	2021	2026	Change
80+	10,800	11,000	11,400	12,900	15,300	18,800	
Change		+200	+400	+1,500	+2,400	+3,500	+8,000
% Change		+1.8	+3.6	+13.1	+18.6	+22.9	+74.0

4.5 Summary

- ◆ The forecasts to 2006 are based on the assumptions outlined in paragraphs 4.2.1 to 4.2.2 regarding mortality, fertility and migration etc, and are contained in population projections for Wigan Borough for the period 2003 - 2026 provided by Wigan Metropolitan Borough Council.
- ◆ The population is projected to increase by 17,900 people, 5.9% over the 23 years to 2028.
- ◆ The 0-19 age range shows a decrease overall (8,900; 11.6%). A decrease is seen throughout the period with the largest decrease seen between 2006 and 2011 (3400, 4.5%).
- ◆ The 20-29 age range comprises new households forming and will have implications for future affordable housing need both in the short and longer term. Overall this age group shows a decrease in population (700; 2.0%). The population is seen to be fairly constant throughout forecast period. The largest decrease is seen between 2016 and 2021 (2,600; 6.7%).
- ◆ The 30-44 age group, the main economically active group shows a decline overall (5,500; 7.7%). A steady decline can be seen throughout the wide forecast period, until 2021 when an increase occurs. The largest decrease occurs between 2006 and 2011 (4,800; 6.9%).
- ◆ The 45-64 age group shows an overall increase in numbers. Over the forecast period there is an increase of 9,700 people (12.4%). Numbers rise steadily throughout the whole forecast period with a slight decrease between 2021 and 2026, with the largest increase occurring between 2006 and 2011 (3,900; 4.8%).
- ◆ The most significant feature here is the growth of the population in the over 65 age group. An increase of 23,400 individuals is seen over the forecast period, the largest increase is seen between 2011 and 2016 (17,500; 14.4%).
- ◆ The "older" retirement group, those 80 and over grows by 74.0%, 8,000 more people by 2026. This group represents 18,800 people in the area by 2026 who are much more likely to have care and support needs which should now be assessed in detail.

5 HOUSING NEEDS ASSESSMENT MODEL

- 5.1.1 In undertaking this update we have re-run the data file based on 2005 resident household numbers, using 2001 Census tenure proportions (adjusted by three years new dwellings) to draw key data used in the Model.
- 5.1.2 The total households in the 2005 Assessment are 128,595, 1,642 (1.3%) more than the households based numbers of 126,953 used in 2003. The nature of the households in the tenure adjustment, fewer outright owner occupiers and more private tenants, has made only a marginal impact on key data. The decrease in concealed households is only 57 per annum (1,486 – 1,543) as neither group tend to contain these important households.

Table 5-1 Tenure of Present Households

Question 1

Tenure	2005 %	N ^{os} implied	Local Area Census 2001 *
Council rented	18.4	23,638	17.7
HA rented	2.7	3,492	2.2
Shared ownership	0.1	104	0.4
Private rented	6.8	8,723	5.1
Other / tied to employment	0.0	39	2.8
Owner occupier - mortgage	42.2	54,245	41.9
Owner occupier - outright	29.8	38,354	29.9
Total	100.0	128,595	100.0

* © Crown Copyright (Census)

5.2 Affordable Housing Needs Requirement

- 5.2.1 In this section, we calculate the overall affordable housing needs requirement on an annual basis. The need requirement calculation is structured from the survey data to take account of the key demand sources, households requiring subsidised housing, homeless households not assessed in the survey, households living in unsuitable housing whose needs can only be resolved in a different dwelling and concealed household formation emanating from demographic change.
- 5.2.2 Each category has been adjusted to ensure that proper account is taken of households who can access the owner occupied market without assistance (income > £19,400 / £29,700) and to eliminate any double counting between categories. The Private Rent Sector costs significantly exceed those in social rent. These are estimated at an access cost of £275 / £400 per month for the vast majority of households in this sector, requiring an annual income of at least £13,200 / £19,200 per annum to rent a 3-bed property.

5.2.3 The model has been prepared in accordance with the ODPM Good Practice Guidance.

	The Backlog of existing housing need is as follows:-	
1.	Households living in unsuitable housing in Wigan Borough	HNS
2.	RSL tenant households living in unsuitable housing are excluded because a move would release a unit of affordable housing and it is therefore assumed that there would be no overall net effect.	HNS
3.	Households in unsuitable housing who can have their need resolved in situ, including private tenants.	HNS
4.	Proportion unable to buy (i.e. income < £19,400 / £29,700) or rent (i.e. income <£13,200 / £19,200) depending on location and need to move.	HNS 2005 update
5.	Priority homeless in temporary accommodation.	(WBC)
6.	Total Backlog need.	
7.	Quota to progressively eliminate backlog over a 5-year period (20%) as recommended in ODPM guidance.	ODPM Guidance
8.	Total net annual need.	
	Newly Arising Need is as follows:-	
9.	Concealed households identified in the survey, forming in the next year.	HNS
10.	Percentage of households forming with a partner living elsewhere in the Borough	HNS
11.	Percentage of households on Waiting List	HNS
12.	Proportion unable to buy (i.e. income < £13,500 / £26,250) or rent (i.e. income <£14,400 / £19,200)	HNS 2005 update
13.	Ex-institutional population moving into community p.a.	(WBC)
14.	Housing Register new applicants 2004-2005 in priority need, less cancellations.	(WBC)
15.	In-migrant households over the last year who live in social housing.	HNS
16.	Total newly arising need.	
	Supply of Affordable Units is as follows:-	
17.	Existing social stock re-lets from RSL's and the local authority net of transfers.	(WBC)
18.	Increased vacancies and units taken out of management (demolition and Right To Buy).	(WBC)
19.	Future new supply each year based on average level over next three years.	(WBC)
20.	Total affordable supply per annum.	
21.	Total affordable need per annum.	
22.	Overall annual shortfall.	

5.3 Affordable Housing Needs Assessment Model

		2005
1.	Households in unsuitable housing	15,349
2.	MINUS – RSL / tenants	5,674
3.	Cases where in-situ solution most appropriate	<u>6,934</u>
		12,608
	<i>Households in unsuitable housing and need to move</i>	2,741
4.	TIMES - Proportion unable to afford to buy or rent	50%
5.	PLUS - Backlog (non-households)	51
6.	TOTAL BACKLOG NEED	<u>1,421</u>
7.	TIMES - Quota to progressively reduce backlog	20%
8.	ANNUAL NEED TO REDUCE BACKLOG	
	<u>Newly Arising Need:</u>	
9.	New household formation (gross p.a.)	1,486
10.	MINUS - Two person formation (33.5%) x 0.5	249
		<u>1,237</u>
12.	TIMES - Proportion unable to buy (76%) or rent (48%) in market	48%
13.	PLUS - Ex-institutional population moving into community	0
14.	Existing households falling into priority need	1,081
15.	In-migrant households unable to afford market housing	335
16.	TOTAL NEWLY ARISING NEED	<u>2,010</u>
	<u>Supply of Affordable Units:</u>	
17.	Supply of social re-lets p.a.	2,245
18.	MINUS - Increased vacancies (if applicable) and units taken out of management. Right To Buy / Demolition	(677 x 9.1%)
	<i>Net Re-let Supply</i>	<u>2,183</u>
19.	PLUS – Committed units of new affordable supply	5
20.	AFFORDABLE SUPPLY	2,188
	Annual need to reduce backlog	284
	Newly arising need	2,010
21.	TOTAL AFFORDABLE NEED	2,294
	MINUS - Affordable supply	<u>2,188</u>
22.	OVERALL ANNUAL SHORTFALL	<u>106</u>

* Elimination over a five year period is recommended in the Guidance for model purposes but the Council can make a Policy decision to do so over a longer period.

5.4 Model Structure

- 5.4.1 The model we utilise is the Basic Assessment Model in the Good Practice Guidance although there are still a number of different ways of calculating backlog and newly emerging need. The table in 5.3 shows the current assessment alongside the figures for 2002.
- 5.4.2 The model is structured on a ‘flows’ basis, taking account of recent experience over the previous three years and examining projections over the next two years. It has to be assumed that this ‘annualised’ data will occur each year to 2011. The primary data gathering will of course be undertaken again twice by 2011, but unless there are major changes, up or down, in house prices and incomes it is unlikely that there will be much variation in the overall situation.
- 5.4.3 The data from HIP returns for the two years to 31/3/2005 shows the following trends:-

Table 5-2 2003 to 2005 Affordable Supply,

Supply	2003	2004	2005	Average
Council Re-lets	2,277	1,955	1,857	2,030
RSL Re-lets	647	543	388	526
	2,924	2,498	2,245	2,556
New RSL Supply	<u>17</u>	<u>12</u>	<u>5</u>	<u>11</u>
Other New Supply	0	2	0	1
Total New Supply	<u>17</u>	<u>14</u>	<u>5</u>	<u>12</u>
Total Supply	2,941	2,512	2,250	2,568
Right to Buy / Demolition	531	806	694	677

- 5.4.4 New average annual supply of 12 units over the 3 years to 2004/05 was significantly lower than the 677 level of right to buy and demolitions each year, reducing social stock by 665 units a year on average.
- 5.4.5 The average level of re-lets over the last three years is 2,556 units. However the figures show a significant and consistent downward trend from 2,924 in 2002/2003 to 2,245 in 2004/2005 and we have therefore used this most recent figure (which is 311 less than the three year average) in the Assessment Model.

5.5 Homeless Households

- 5.5.1 Households accepted as homeless and in priority need have increased continuously, rising from 662 in 2001/02 to 1,445 in 2004/05. This level of need creates increased pressure both on temporary accommodation and on the use of voids of rented units. Homeless households were 11.5% of lettings in 2002/2003 but trebled to 36% in 2004/2005.

5.6 Needs Assessment

- 5.6.1 The total affordable housing need annually is for 2,294 units. Supply from net re-lets of the existing social stock, after RTB impact (2,183) and the very small level of new units (5) totals 2,188 units. After allowing for this level of supply and new units, there will be an affordable housing shortfall of 106 units a year, a large number in relation to past new supply.

6 KEY FINDINGS

6.1 The Housing Market, Costs and Incomes

- 6.1.1 The house price inflation increase for the Borough over the last two years is 48.2%.
- 6.1.2 The entry level stock, (flats/maisonettes) has increased by 57.4% and average terraced house prices have increased by 29.9% in the last 12 months to April 2005.
- 6.1.3 In terms of the entry level stock, terraced houses are assessed to be the main access property for first time buyers, due to sales levels, 44.7% of all sales in the Borough and the average price at £80,528.
- 6.1.4 The sales levels of semi-detached and detached properties in 2005, 35.0% and 15.5% respectively are lower than 2003 levels (54.5% and 30.7% respectively).
- 6.1.5 The increase in the price of terraced houses (75.0%) and flats / maisonettes (82.6%) is massively in excess of wage inflation in the two year period from 2003. Incomes in Wigan are assessed independently to have increased by 12.0% to April 2005.
- 6.1.6 Access to market housing has therefore become much more difficult for new households than it was in 2003, increasing the need for subsidised housing of some form.

6.2 Population and Household Changes

- 6.2.1 The most significant feature in terms of population change is the growth in the population of the over 65 age group. An increase of 23,400 individuals (52.5%) is seen over the forecast period, the largest increase between 2011 and 2016 (17,500; 14.4%).
- 6.2.2 Another prominent feature is the fall in the 30-44 age group. This main economically active group shows a decrease over the forecast period (5,500; 7.7%). The largest fall occurs between 2006 and 2011 (4,800; 6.9%).
- 6.2.3 Numbers in the 20-29 age group also decrease (700; 2.0%). As this age range comprises new households forming this will have implications for future affordable housing need both in the short and longer term.
- 6.2.4 The "older" retirement group, those 80 and over grows by 74.0%, 8,000 more people by 2026. This group represents 18,800 people in the area by 2026 who are much more likely to have care and support needs which should now be assessed in detail.

6.3 Affordable Housing Needs Requirement

- 6.3.1 The total affordable housing need annually is for 2,294 units. Net re-lets of the existing social stock, after RTB impact, average 2,188 units.
- 6.3.2 Even after allowing for this level of supply, there will still be an annual affordable housing shortfall of 106 units a year, a large number in relation to past new supply. These units will need to come from new sites, conversions and market purchase by RSL's to reduce the shortfall figure each year.

- 6.3.3 Essentially planning should be providing for balanced communities, which acknowledge the need for social compatibility if the problems of housing in the past are not to be repeated. The Local Development framework should provide a policy basis for future affordable housing delivery.
- 6.3.4 The increases in average house prices of between 83% and 75% for flats and terraced houses over the last two years have excluded a large proportion of 'first-time buyers' from the owner occupied market.
- 6.3.5 We believe therefore that the proportion of affordable housing provided on new sites should encompass more subsidised low cost market housing than would have been the case three years ago when it was a more marginal element of affordable need.
- 6.3.6 The 2003 survey found that 77% of concealed households forming wanted to be owner occupiers. In view of the huge increases in house prices since the original survey, their ability to enter the market has become far more difficult has incomes have increased by only 12% in the same period. The households would not have been natural candidates for social rented accommodation and there is a danger that unless they can access the type of housing they feel they need and would prefer locally, many of them will leave the Borough altogether.
- 6.3.7 In regeneration projects to improve neighbourhoods it will be important to provide a better balance of housing stock and in economic terms vital to develop accommodation for households who will be able to provide a better and more sustainable social and economic balance within the neighbourhood. The mix of affordable units in our view from new unit delivery should be moving closer to an equal split i.e. 50/50 between social rent and affordable market housing. Actual balance in individual areas will depend on the overall objectives for the neighbourhood and the existing social rented stock availability.
- 6.3.8 New Planning Guidance is due in the Autumn of 2005 following many consultation documents on affordable housing and sustainable development and balancing housing markets. The focus of the emerging guidance is very strongly towards maximisation of delivery through the private housing market.
- 6.3.9 This Guidance will also contain the review of the 2000 Good Practice Guidance on Local Housing Needs Assessment and 2006 will be a key period for a full up-date of the 2003 Housing Needs Survey.