
Local Housing Needs Assessment: A Guide to Good Practice

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Contents

	<i>Page</i>
<hr/>	
Chapter 1 - Context: Local Housing Strategies and Planning	
1.1. Introduction	01
1.2. What is a local housing strategy?	01
1.3. What is the purpose of a local housing strategy?	02
1.4. Why do local housing needs assessment?	04
1.5. How does local needs assessment relate to the statutory land use planning system?	05
1.6. How does local housing needs assessment relate to other local service planning processes?	06
1.7. Who should be involved in needs assessments and local housing strategies?	07
1.8. How is the context for local strategies and assessments changing?	09
1.9. Where can further guidance on strategies be found?	11
Agenda for Action	12
 Chapter 2 - General Framework, Definitions and Approaches	
2.1. Introduction	13
2.2. Essential requirements	14
2.3. Basic needs assessment model	15
2.4. Major sources	18
2.5. Checking overall requirements	21
2.6. Tailoring the approach to local circumstances	23
2.7. Refinements	25
Agenda for Action	27
 Chapter 3 - Commissioning Housing Needs Surveys	
3.1. Introduction	28
3.2. Types of survey	28
3.3. Survey costs	30
3.4. Frequency of surveys	31
3.5. Who to interview	31
3.6. The questionnaire	32
3.7. Sampling	35
3.8. Working with consultants	39
Agenda for Action	47

Chapter 4 - Analysing Housing Needs Survey Data

4.1. Introduction	48
4.2. Validation and re-weighting of survey data	48
4.3. Backlog need among existing households	50
4.4. New households and newly arising needs	56
4.5. Assessing the housing needs of vulnerable groups	60
4.6. Projecting demand for affordable housing	61
4.7. Disaggregation of housing needs survey results	63
Agenda for Action	64

Chapter 5 - Stock and Condition Surveys

5.1. Introduction	65
5.2. Issues covered by housing condition surveys	66
5.3. Types of house condition survey	67
5.4. Managing a house condition survey	70
5.5. Further information	71
Agenda for Action	72

Chapter 6 - Use of Local Administrative Data

6.1. Overview	73
6.2. Housing Registers	74
6.3. Other demand data	81
6.4. The supply side	84
Agenda for Action	90

Chapter 7 - Use of Economic and Market Data

7.1. Introduction	91
7.2. Demographic data	91
7.3. Housing market data	93
7.4. Incomes	96
7.5. Defining housing market areas	97
7.6. Using data from national surveys	98
Agenda for Action	100

Chapter 8 - Bringing it Together

8.1. The overall approach	101
8.2. Local housing needs and planning	104
8.3. Local housing needs and decision making	107
Agenda for Action	111

Appendix 1 – Key Issues in Local Housing Strategy	112
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Appendix 2 – Glossary of Terms and Definitions	116
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Appendix 3 – Sample Specification for a Housing Needs Survey	122
---	-----

Appendix 4 – List of Recommended Questions for a Housing Needs Survey	133
Appendix 5 – Key Secondary Sources	138
Appendix 6 – Pathways and Other Models for Care and Support Needs	142
Appendix 7 – Examples of Forecasting/Projection Methods	149
Appendix 8 -- Illustrative Comparison of Numerical Assessments	163
References	169

CHAPTER 1

LOCAL HOUSING STRATEGIES AND PLANNING

Section 1.1 - Introduction

- 1.1. This guide has been prepared to assist local authorities in fulfilling their responsibilities for assessing local housing needs, to promote good practice and greater consistency, and to help ensure that the information underpinning local housing strategies is sound. Local housing needs assessment is an integral part of the development and review of local housing strategies. Therefore this guide starts by describing local housing strategies, showing how needs assessment fits in. It also describes the way in which local housing strategies relate to other planning activities in related areas, particularly land use planning and service planning, for example in relation to community care.
- 1.2. This chapter answers the following questions
 - What is a local housing strategy?
 - What is the purpose of a local housing strategy?
 - Why do local housing needs assessment?
 - How does local housing needs assessment relate to the statutory land use planning system?
 - How does local housing needs assessment relate to other local service planning processes?
 - Who should be involved in needs assessments and local housing strategies?
 - How is the context for local strategies and assessments changing?
 - Where can further guidance be found on strategies?

Section 1.2 - What is a Local Housing Strategy?

- 1.3. Local authorities have been expected to produce a local housing strategy, as part of the 'Housing Strategies and Investment Programmes' (alias HIP) system since 1977. Although the detailed policy emphasis within government guidance to local authorities has changed from time to time (the most recent guidance being contained in DETR 1998), the basic idea has remained the same. There is general agreement among practitioners, experts and published guidance that the main essential elements of a local strategy are as follows:
 - Broad vision and aims for the area and its housing

- Sound and up-to-date information on and analysis of local housing needs and problems
 - Establishment of priorities between different needs and problems and setting of more specific objectives
 - Consultation with various stakeholders
 - Identification of resources
 - Development and appraisal of options
 - Setting of specific plans and targets
 - Implementation
 - Monitoring and review
- 1.4. Local housing needs assessment is clearly identified with one of these essential elements, the second of those listed. The HIP system is intended to be one where strategies are led and driven by considerations of need.
- 1.5. However, needs assessment also plays a part in other elements of this checklist. For example, the consultation with stakeholders may involve a two-way exchange of information, with the local authority learning more about specific needs of particular clients, for example, while the local Registered Social Landlords (RSLs) learn more about ‘the bigger picture’ of need in the area. Appraisal of options will be influenced by needs assessments; a critical appraisal criterion must be how far a particular option meets priority needs. For example, if there is limited or no requirement for small rented flats in a particular area, it may make more sense to demolish a high rise block with defects than to refurbish it. Lastly, part of the process of monitoring and review is to take account of ongoing changes in the evidence of needs and supply from year to year, to check the assumptions of the previous assessment built into the strategy.

Section 1.3 - What is the purpose of a Local Housing Strategy?

- 1.6. In broad terms local housing strategies have three main purposes.
- to inform and influence the distribution of resources to local authorities and other agencies
 - to guide local authority decision-making on its housing and related programmes
 - to guide other partners and agencies in their decisions regarding housing provision
- 1.7. The HIP system has often been seen as simply a ‘bidding’ system for capital spending permissions from central government. Inevitably this is part of its function, but the purpose of the system goes broader than this, and this is why the investment programme is embedded in a local housing strategy.

- 1.8. Even in the resource distribution aspect, it should be remembered that the authority is trying to attract and direct resources through routes other than the housing Annual Capital Guideline/Credit Approval for its own capital spending. These other routes include the Housing Corporation's 'Approved Development Programme' (ADP), special regeneration programmes like the Single Regeneration Budget (SRB), and private resources levered in various ways, including through the use of the planning system (as discussed further below). Overall the trend is for these other routes to become more important. Bodies like the Housing Corporation and the Regional Development Agencies (RDA's) rely heavily on the local authorities to provide a detailed, realistically validated picture of local needs to guide their decisions.
- 1.9. It is also important to distinguish straightforward 'bidding' from the process of resource allocation as it has evolved, which is much more based on evidence of the 'quality of local strategies' (DETR 1998; Bramley et al 1999). The needs assessment part of the strategy is one essential part of the strategy development process which is being assessed here.
- 1.10. The strategy is emphatically not just about investment of public money in social housing, central though this element is. It should consider the potential contribution of new private housing, and of existing housing in all tenures, to the meeting of current and anticipated needs and preferences. New provision will never be more than a marginal addition to the existing stock. The supply of available accommodation from turnover within the existing stock is typically 10 or more times as great as new provision. Therefore it is very important to consider what is happening in the existing housing system, including in the major part of it which is in the private sector. How far can people meet their needs and aspirations through the market, and in what ways can the local authority and its partners enhance the effectiveness of that contribution?
- 1.11. The local housing strategy process is intended to be a model for good planning and decision-making in local government. It strongly encourages local authorities to go through the steps outlined above in the belief that this will lead to better decisions, which use scarce public resources in the most cost-effective way and which promote 'Best Value'. The aim of the assessment process is to provide a framework to assist in the decision-making process. In particular, the assessment should be transparent, with assumptions made explicit, and flexible in being readily able to accommodate alternative assumptions.
- 1.12. Even with the existing process in place, there are concerns that some strategies are not soundly based in evidence of needs, as is illustrated rather graphically by some examples of new developments which have turned out to be 'difficult to let' (DETR 1999b). This is one reason for the production of this new guidance document at this time.
- 1.13. The DETR's (1998) *Guidance on Local Housing Strategies* defines the role of the strategy as follows

"Local authorities have responsibility towards their tenants and residents to make sure that the best use is made of all the housing in their area. This can only be achieved by means of a comprehensive, forward-looking strategy which encompasses the local authority vision for the future and has been developed using a corporate approach. This approach is at the heart of the Government's policy on Best Value: the

duty which will be placed on local authorities to deliver the quality of services local people want at a price they are prepared to pay.”

Section 1.4 - Why do local housing needs assessment?

- 1.14. Local housing programmes have always been driven by considerations of housing need. This reflects the basic rationale for public intervention in the housing market (Fordham et al, 1998, pp 5-7; Hills 1991, Ch.2). If significant sums of public money are to be spent on housing programmes, it is important to be clear that there are people in need of this kind of help, and that the kind of help offered is in the right places, of the right kind and in an appropriate quantity. Similar arguments apply where local authorities intervene through planning controls or other regulations on housing need grounds.
- 1.15. Local authorities and their partners have to make a variety of decisions within their strategies. These range from basic questions about the total need for additional housing in general, and affordable housing in particular, through to more detailed decisions on such matters as social housing allocation priorities and private sector renewal options. Appendix 1 illustrates this by providing a fuller list of the kinds of decisions which must be addressed in a local strategy and how evidence of housing needs, preferences and conditions should inform such decisions. The concept of ‘evidence based policy’ is an important one in national government; these are examples of how local policies can and should also be evidence-based.
- 1.16. DETR (1998) guidance on local strategies suggests that most needs fall within one of the following broad categories:
 - Need for additional housing
 - Need for work on the existing housing stock
 - Need for care and support
- 1.17. More specific examples of types of need arising under each of these headings are given in Appendix 1. It is essential to provide some information within the needs assessment on each of these broad aspects. However, in differing local circumstances there will be differences in the importance of these types of need, and of particular aspects within the broad categories.
- 1.18. Although local (district) authorities are the primary unit responsible for Local Housing Strategies and for Local Plans, they should give careful consideration to the choice of appropriate geographical bases on which to assess housing need and supply. In some areas, most typically around conurbations, housing markets may operate across district boundaries. In such cases, overall assessments should be coordinated with those of neighbouring authorities and of the relevant regional organisations – Government Offices (GOR’s), Housing Corporation, Regional Planning Bodies and Regional Development Agencies (RDA’s).

- 1.19. In other areas, most typically rural areas, housing needs may differ markedly between different settlements or sub-areas of the district. In these cases it will be particularly important to disaggregate assessments geographically. These issues of geographic scale are discussed further in Chapters 2, 7 and 8 and in Appendix 1.
- 1.20. Just as Local Housing Strategies and Local Plans look forward, so should local housing needs assessment. It is recommended that the assessment should project numerical needs and supply forward over a period of 3-5 years, with a broader indicative assessment of longer term requirements.

Section 1.5 - How does local housing needs assessment relate to the statutory land use planning system?

- 1.21. Planning has always been relevant to local housing strategies in the sense of providing a broad framework for development and background intelligence on demographic and economic trends. However, since the publication of Circular 7/91 and Planning Policy Guidance Note 3: Housing in 1992, a closer relationship has been established by virtue of the scope given to local authorities to include policies and mechanisms for the provision of 'affordable' housing within Local Plans and Development Control procedures. It is clear from research that most local authorities now seek to take advantage of these provisions and that much of the investment in needs assessments is directed towards supporting Local Planning policies as well as Local Housing Strategies.
- 1.22. The land use planning system in England has had a comprehensive statutory basis deriving from the 1947 Town & Country Planning Act and subsequent legislation up to and including the Planning and Compensation Act 1991 and the Town and Country Planning Act 1990. The system involves a hierarchy of plans including Regional Planning Guidance, Structure Plans (in shire areas), Unitary Development Plans (in metropolitan and unitary authority areas) and Local Plans. These plans include a significant housing component, primarily geared to ensuring that sufficient land is allocated for new housing development to meet projected household requirements while taking account of environmental and economic considerations. Current planning policy guidance also emphasises the importance of providing a range of housing to meet diverse needs and to support the creation of mixed and inclusive communities.
- 1.23. Local authorities have both housing and planning responsibilities. A central function of local planning authorities is the preparation of local plans and unitary development plans. In addition, they take charge of development control decisions in relation to specific applications undertake development of housing and other land uses. Although they may exercise discretion in these decisions, they are required to have regard to the provisions of the current plans as well as any other 'material considerations'. The 1990 legislation strengthens the presumption that the provisions of the Local Plan will normally take precedence (the so-called 'plan-led system').
- 1.24. Authorities must take account of government policy in planning policy guidance notes in the preparation of development plans. This guidance may also be material to decisions on planning applications. Policy on planning for affordable housing is set out in Planning Policy Guidance Note 3 *Housing* (PPG3; DETR 2000a) and is elaborated in Circular 6/98, *Planning and Affordable Housing*.

- 1.25. This policy makes clear that, in addition to ensuring that there is sufficient land to meet agreed total numerical need, authorities should also ensure that there is a mix of dwelling types and sizes to cater for a range of needs and should encourage the development of more mixed and balanced communities. Where there is evidence of need for affordable housing, local plans should include a policy for seeking an element of such housing on suitable sites, and such policies will be a material consideration in determining planning applications. Affordable housing policies should be based on a clear and up-to-date assessment of local need for affordable housing. This requirement underlines the importance of local needs assessment and emphasises the criterion of affordability.
- 1.26. Affordable housing encompasses both subsidised housing, whether social rented or low cost home ownership, and low-cost market housing. The legal framework of the planning system does not permit detailed prescription of tenure, ownership or financial arrangements, although the Circular does encourage the involvement of Registered Social Landlords as an effective way of controlling occupancy. While the definition of affordable housing relevant to planning is a broad one, for the purposes of Local Housing Strategies authorities will wish to assess needs and supply in relation to several bands of affordability (CIH et al 1999).
- 1.27. The Local Plan may indicate the number of affordable homes to be provided throughout the plan area, and may set indicative targets for specific suitable sites, as a basis for negotiating with developers. Suitability of sites is determined by general suitability in planning terms, costs/economic viability, and the size of sites relative to general thresholds (25 dwellings/1 hectare; 15/0.5 in Inner London; thresholds may be locally determined for smaller rural settlements of under 3000 population). There are also special provisions for 'rural exceptions sites' which provide for only affordable housing on small sites outside local plan allocations. Affordable housing is treated primarily as a local issue, with any targets to be determined at the level of Local Plans and individual sites. Indeed, in some circumstances, including rural areas, needs assessments and affordable housing targets may have to be geared to particular sub-areas within districts.
- 1.28. At the regional level, PPG3 (DETR 2000, para 14) recommends that Regional Planning Guidance (RPG) should estimate the future balance between market and affordable housing in an indicative way. The advice and information to be provided through RPG should reflect the particular needs and circumstances of different areas, such as those of low demand for housing and rural areas.
- 1.29. Need assessments to support affordable housing policies in Local Plans must be rigorous, up-to-date and clearly derived from relevant evidence. They should avoid double-counting and take full account of the existing availability of affordable housing as well as the opportunities to promote supply through bringing vacant housing and land back into use and through conversions.

Section 1.6 - How does local housing needs assessment relate to other local service planning processes?

- 1.30. It has already been emphasised that local housing strategies should be developed in a corporate fashion. Close working between housing and planning departments is required to apply affordable housing policies within local planning as described above.

However, the requirement for corporate approaches goes much wider. The Government is concerned that spending on different programmes, including education, transport, economic development, health care and personal support should be mutually reinforcing at the local level. Spending on housing should support improvements in other areas of people's lives such as health and personal security and contribute to achieving balanced, sustainable communities. This approach also entails working closely with a wide range of agencies outside the local authority, as discussed in the next section.

- 1.31. Within the local authority sphere, housing strategies should mesh in with the development of new approaches to Community Planning, which seek to relate all spending programmes and services to the changing needs and aspirations of local communities. This process will focus particularly on the neighbourhood level, reinforcing the case for disaggregating housing needs assessments to this level where possible.
- 1.32. Housing will often play an important role in area regeneration initiatives, although these are increasingly conceived as holistic, multi-faceted approaches to improving opportunities and the quality of life in particularly disadvantaged neighbourhoods (SEU 1998).
- 1.33. There is a particularly important link with planning processes for community care and supporting vulnerable people, which involve LA Social Services Department and Health Authorities usually in leading roles as well as a wide range of voluntary provider and user groups. *Supporting People* (DETR, DOH et al 1998), which will involve joint working between agencies to plan and fund support services, will expand local authorities community leadership role in this area. Much of the evidence on qualitative and quantitative needs for care and support related to housing will be derived from these processes.

Section 1.7 - Who should be involved in needs assessments and local housing strategies?

- 1.34. It is essential that local authorities involve a wide range of other bodies when developing or reviewing their local housing strategies. These 'stakeholders' may have views to express, but also particular experiences, perceptions and hard evidence to give relating to aspects of housing needs in the area. They will also have views relevant to other aspects of the strategy process, such as the priorities between different needs, the possible options to be considered, or the feasibility of implementing particular solutions.
- 1.35. Stakeholder bodies to be consulted fall into three broad groups: those representing consumers and the community; those representing partners in housing provision; those engaged in providing other related services. The list in Box 1.1 is based in part on CIH/LGA (1998, p.49), although that and other reports (CIH/CML 2000) make clear that only some of these organisations are currently routinely consulted about these matters by many authorities. It is recommended that authorities seriously consider involving some of these other organisations, including key partner RSLs and private sector organisations, as active partners in the design and commissioning of local housing needs assessments.

***Box 1.1: Stakeholders in Local Housing Strategy
Consumers and the community***

- Elected councillors
- Local MPs
- Parish Councils/Rural Community Councils/Rural Housing Enablers
- Tenants' associations
- Residents associations
- Local churches
- Voluntary associations involved with homelessness, care and support
- Women's organisations
- Black & minority ethnic organisations
- Major local/regional employers
- Chambers of Commerce/Trade
- Universities and other institutions of further/higher education

Partners in provision

- Registered Social Landlords (RSLs)
- Housing Corporation
- Government Office for Region (GOR)
- Regional Development Agency (RDA)
- Other local authorities (neighbouring, or upper tier)
- Charitable & voluntary sector providers
- Private developers, housebuilders and landowners
- Private landlords
- Estate agents
- Banks, building societies, financial institutions

Other services

- Planning
- Education
- Social Services
- Health authorities/trusts
- Police & Probation services
- Leisure & environmental services
- Training & Enterprise Councils

Section 1.8 - How is the context for local strategies and assessments changing?

- 1.36. Wider changes in society, including demographic changes (e.g. less family households) and economic changes (e.g. more job changes), can mean changes in the demand and need for housing (Murie et al, 1998). Owner occupation has come to be the dominant tenure, not just in actual current numbers but even more in terms of people's aspirations (IPPR, 1998). These changes inevitably affect to some degree the demands and needs which fall upon the social rented sector and the role of housing agencies in meeting them. The particular client group mix, with a stronger emphasis for example on very low income people, transient non-family groups, and people with support needs, may pose additional challenges to the management of social housing.
- 1.37. At the same time, local authorities must pay more attention to what is happening in the private housing sector. Problems may be arising because of the very broad spectrum of people and dwellings in the sector, the ageing of the stock, fluctuations in the market, or for other reasons. The revival since 1989 of the private rented sector, which may with provide an alternative acceptable means of housing some groups in need, adds a complicating factor into the assessment. The availability of this option depends to some extent upon the operation of the Housing Benefit (HB) system, itself subject to review in the context of the Green Paper on Housing and reviews of the Social Security system.
- 1.38. Local authorities have not been much engaged in direct provision of new social housing for a number of years, with RSLs taking on this role as well as broadening and diversifying their activities. A considerable number of authorities have transferred part or all of their housing stock to RSLs. Local authorities have been increasingly encouraged to adopt an 'enabling' role in housing. This approach entails securing provision to meet the full range of needs and problems across all tenures through a combination of different partner agencies and funding mechanisms including the market. The local authority's role remains central in developing the strategy and coordinating its implementation, using its legal and regulatory powers (including planning), funding, own housing stock, nomination agreements, information resources and democratic legitimacy to support and steer activities in the right directions.

Comprehensive and credible information on housing needs is a crucial element in local authorities' ability to fulfil this role effectively.

- 1.39. Nevertheless, it will remain the case that many authorities, particularly larger urban authorities, will continue to retain substantial stocks of housing in direct ownership and management. For these authorities the good management and physical improvement of this stock will remain a priority and will be a central issue in the ongoing annual HIP process. The performance of this function will be subjected to the Best Value regime with its requirement of continuing improvement in performance, quality and responsiveness to the interests of tenants. A new Resource Accounting framework is to be introduced which will entail a new approach to accounting for the value, condition and improvement of the housing stock. This system will place new demands on aspects of the local housing needs assessment task, particularly in relation to house condition assessment, option appraisal and the planning of maintenance, repair and improvement programmes.
- 1.40. Part of the general social climate for these changes is a growing emphasis on service quality and on the empowerment of consumers, in this case primarily tenants. This has implications for local housing needs assessment in terms of placing greater emphasis on qualitative aspects housing and associated services and on regular monitoring of tenant views, preferences and satisfaction.
- 1.41. A related issue is the changing approach to housing people with care or support needs. The introduction of Community Care and increased attention to individuals' preferences is changing the requirements for different types of housing, with greater emphasis on enabling people to live in self-contained accommodation where they wish to.
- 1.42. Some of the general changes mentioned at the beginning of this section have implications for the balance of types of need to be assessed and responded to in local strategies. For example, there has been a shift in emphasis from meeting general mainstream needs for family housing towards meeting a more diverse and specific set of needs of different groups for particular kinds of housing and in some cases associated support services. There has also been a shift, more pronounced in some areas than others, to a concern with the condition of the existing housing stock rather than the quantity of additional stock to be provided. The greater role of the private sector, both owner occupation and private renting, implies that local strategies must give more attention to monitoring and responding to conditions and problems in this sector. The greater emphasis on affordability in housing needs assessment is one aspect of this.
- 1.43. There is also more pronounced local and regional variation in the balance of needs and priorities between different areas. This is part of the basis for local strategies being seen as having such a central role in housing policy. Imbalances in economic and demographic growth between regions and between cities, suburbs and rural areas are accentuating differences in the types of pressures and problems which are being experienced. Some areas have seen an emergence of serious problems of low demand, creating problems of abandonment and dereliction and leading to reappraisals of who social housing should be targeted on. Other areas have seen extreme variations in the popularity of different neighbourhoods and estates even within a general context of high demand. Other areas again, including some rural areas, are experiencing high

levels of growth and demand. Concerns about the social and demographic balance of local communities are being taken more seriously and are reflected in current government guidance on planning new developments.

- 1.44. All of these factors mean that there is a requirement for local authorities to examine evidence of demand, what kind of housing and neighbourhoods people are willing to live in, as well as traditional measures of need. This has to be set against evidence of the kinds of housing available to identify imbalances. Again, this has implications for approaches to local housing needs assessment, including the importance of disaggregating by sub-area and type of housing and of taking account of preferences.

Section 1.9 - Where can further guidance be found on strategies?

- 1.45. The most recent *Guidance on Local Housing Strategies* was issued by DETR in May 1998. This accompanies the annual guidance note to local authorities accompanying each year's HIP round. Annex C to the latter document provides a comprehensive list of all of the relevant official guidance on aspects of the process, including private sector renewal, homelessness, planning, energy efficiency, empty homes, private renting, rural needs, housing community care and support for vulnerable people, and national surveys.
- 1.46. The CIH/LGA (1998) booklet *Designing Local Housing Strategies; A Good Practice Guide* provides a fuller discussion on what is entailed in designing an effective strategic process. It places considerable emphasis on 'involving others in developing the strategy', both within the organisation, in other agencies and in the community. It demonstrates the central role of information gathering and analysis, including on needs, and also deals with option appraisal, implementation and monitoring. Many local examples of good practice are presented.
- 1.47. Earlier contributions to discussion of local strategies and the enabling role include Audit Commission (1992) Bramley (1993), Goodlad (1994, 1998), Aldbourne Associates (1997), GSS (1997).
- 1.48. Guidance on the use of the planning system is covered by Circular 6/98, *Planning and Affordable Housing*, by the paper *Planning for the Communities of the Future*, and Planning Policy Guidance Notes 3 and 7.
- 1.49. 'Best Value' is described in DETR (1998) *Modernising Local Government, Improving Local Services Through Best Value*. 'Resource Accounting' for local authority housing is discussed in the Consultation Paper *Business Planning for Local Authority Housing with Resource Accounting in Place* (DETR 1999) and further guidance on the new system will be issued in parallel with this document, including new guidance on Stock Condition Surveys.
- 1.50. The key strategic guidance on private sector renewal is DOE Circular 17/96 *Private Sector Renewal: A Strategic Approach* (TSO) and DETR (1997) *Private Sector Renewal Strategies: a good practice guide*.
- 1.51. For housing and Community Care the Dept of Health and DETR published a joint document in 1997: *Housing and Community Care: Establishing a Strategic Framework*. (DoH publications). There are also recent publications by the Audit

Commission (1998) and NHF (1998). *Supporting People: a new policy funding framework for support services* (DSS et al 1998) sets out the principles of how housing authorities will be expected to work with social services and other agencies to support vulnerable people in the community, in co-ordination with their housing strategies.

- 1.52. The forthcoming CIH/FBHO report by Blackaby and Chahal (2000) on *Black and Minority Ethnic Housing Strategies: a good practice guide* provides much useful material on assessing the housing needs of BME communities.
- 1.53. Particular issues in rural areas are covered by publications of the Rural Development Commission (1996, 1997), now part of the Countryside Agency. A new *Guide on Preparing Housing Strategies in Rural Areas* prepared jointly by the Countryside Agency, Housing Corporation, Chartered Institute of Housing and the Local Government Association is due to be published in May 2000.

Agenda for Action

- ⇒ Develop and maintain a comprehensive, forward looking strategy based on a corporate approach and embodying the principles of Best Value
- ⇒ Undertake and update housing needs assessments covering the need for additional housing, work on the existing stock, and needs for care and support
- ⇒ Consider the appropriate geographical basis for housing assessments
- ⇒ Develop Local Planning policies for the inclusion of affordable housing in new housing developments, backed up by sound assessments of need
- ⇒ Strengthen corporate working within the local authority to ensure effective integration of housing strategies, local planning, community planning, regeneration programmes and community care
- ⇒ Involve a wide range of other bodies in needs assessment and strategy development, including representatives of the community, partners in provision, and other services
- ⇒ Have regard to the changing demographic, social and economic context for housing strategies, including changes in the mix of provision and the growing importance of choice, demand and preferences

CHAPTER 2

GENERAL FRAMEWORK AND APPROACH

Section 2.1 - Introduction

- 2.1. This chapter provides a general overview of the task of assessing local housing need as a whole. It recommends a general approach for local authorities to follow. This comprises an essential core, and a further set of desirable features. The scope for more sophisticated approaches is indicated in certain places. Not all authorities will be in a position to pursue these, but all are encouraged to consider ways of improving their estimates whenever possible.
- 2.2. Housing needs assessment inevitably involves the use of some technical or specialised terms. In order to be clear what is meant and to promote a common understanding, it is helpful to clarify terminology. Certain key concepts are briefly introduced in this chapter. A fuller glossary of terms and definitions is provided in Appendix 2.
- 2.3. The next step is to clarify the essential requirements of local needs assessments, given their purposes as set out in Chapter 1. This includes questions of scope and coverage, the time dimension, robustness and so on.
- 2.4. The following section (2.3) sketches out a basic model for assessing the quantitative requirement for affordable/social housing provision. This would be undertaken for the local authority as a whole and, in principle, for sub-divisions in terms of area, and size/type of accommodation. The model comprises a series of numerical estimates which are to be related and compared. The different data sources from which these numbers may be derived are indicated.
- 2.5. It is useful to see how and where different data sources fit into the overall assessment. Subsequent chapters provide guidance on the development, use and interpretation of these different data sources. As indicated in Chapter 1, the main general types of data source are household surveys concerned with housing needs (Chapters 3-4), house condition surveys (Chapter 5), local administrative systems (Chapter 6), and economic and market data (Chapter 7).
- 2.6. It is important to emphasize that an assessment of need is not simply a question of going to one source of data, such as a survey or a waiting list, and counting numbers. In general, it is necessary to draw on several different sources of information to obtain even the minimum core numbers required for an assessment of need. For example, we require numbers relating to supply as well as demand, and for demands arising in the future as well as demands which are evident at the moment. It is also desirable to draw on several sources of information to provide a check on the information from particular sources, which may have limitations.
- 2.7. It is also important to realise that a needs assessment involves interpretation and judgement, particularly when it is translated into programmes of action. For example, judgements are involved in deciding who needs affordable/social housing and who should have priority. We suggest general categories based upon widespread

professional good practice, but recognise that local priorities may vary. Assumptions and judgements about priority should be transparent.

- 2.8. Judgements and interpretation of a more technical kind are involved in making use of the data derived from surveys and other sources. Sometimes different sources suggest different values for the same entity; professional experience and consideration of other evidence may be involved in judging where the best estimate lies.
- 2.9. Lastly, policy judgements may also be involved in deciding exactly what provision to make. This may not be the same as the numbers suggested by the needs assessment. There are various reasons for this: insufficiency of financial resources; limited land supply; concern to ensure mixed and balanced communities. As the last chapter suggested, these judgements should ideally be set in an option appraisal framework. The final chapter of this guidance picks up this point again. Any policy judgements of this sort should be transparent, and should not be a reason for not showing the full picture of need, including parts which may not easily be met within the locality and the time frame of the strategy.
- 2.10. Appendix 1 provides a fuller glossary of terms.

Section 2.2 - Essential requirements

- 2.11. Local housing needs assessments in the context of local housing strategies, local plans and other local policies must attempt to meet certain basic requirements:
- they must estimate need both in relation to the existing backlog of unmet need and newly arising need (see Appendix 2 for definitions of these terms);
 - they must project need forward over the strategy period (at least three years, and possibly up to five years) and provide broader indications of need (subject to review) over a longer time period;
 - need must be expressed in annual terms and related to annual supply from within the existing stock of affordable housing together with committed additions to that stock;
 - supply estimates should take account of expected turnover from relets of social housing, vacant or unsuitable housing which can be brought back into use with renovation/repair, and conversion of existing housing or other property;
 - need should be related to affordability as well as to the existing and desirable housing circumstances of households; ideally different levels of affordability should be distinguished, to indicate the scope for different forms of provision (e.g. forms of Low Cost Home Ownership, including shared ownership, and medium cost private rental housing);
 - account should be taken of the size/type mix of housing needs and requirements of the full range of households of different types, including black and minority ethnic (BME) households;

- housing needs should be assessed for the range of vulnerable groups with potential needs for care and support, and the needs or preferences of some people for specialised housing; these assessments, involving joint work with other agencies and parallel consideration of care and support options, should be included within the overall total need and requirements figures (but without double-counting);
- need and supply estimates must take account of existing house condition problems and the implications of likely measures to tackle these, including possible conversions, decanting requirements, and possible demolition/disposal of particularly unsuitable/unsustainable/unpopular stock;
- net need estimates should allow for (discount) need which can be best met through moves within the existing housing stock or ‘in situ’ solutions (e.g. adaptations or improvements), and should not count lower priority needs where it is unlikely that the households involved would choose to take up a social tenancy or other affordable option;
- net need estimates should so far as possible be demonstrably consistent with agreed overall housing requirements and household projections for the area, including where local housing markets significantly cut across district boundaries taking account of the situation in neighbouring districts;
- care should be taken to avoid double counting of needs, for example between different data sources, different access routes, or different suitability problems, insofar as it may be the same households who are being counted;
- when used for the purposes of benchmarking, comparison, and assessment of relative priority for resources, it is highly desirable that key numbers are calculated in a consistent way between different authorities, using the framework recommended below.

Section 2.3 - Basic needs assessment model

- 2.12. The following chart and table presents a basic needs assessment model which all local authorities should try to follow, so far as is practicable. This provides a common core to the assessment which attempts to meet the essential requirements set out above in a logical way.
- 2.13. An essential feature of the model is that need and supply are expressed in a common currency of *annual flows*, that is, the number of units per year, over the strategy period (3-5 years). A ‘flow’ is a count of households or dwellings which change status over a period of time (one year), for example the number of new households forming, or the number of council housing relets. Some housing needs numbers are flows, others are typically ‘stocks’. A *stock* is a snapshot count of the number of households or dwellings with a particular problem or characteristic, at a point in time. Examples of ‘stocks’ in this context include the numbered registered on a housing waiting list, or the number of households living in unfit dwellings. A general term for the stock of housing need at a point in time is the *backlog of need* (see Bramley et al 1999, section 3.4; Holmans 1995, Holmans et al 1998; and Appendix 2).

- 2.14. A homely example of this distinction would be a bath. The flow of newly arising need comes through the tap, the supply of affordable units is the plughole, and the backlog of need is the level of water in the bath.
- 2.15. For the purposes of this model assessment, backlog stocks should be converted to flows. This involves making assumptions about the period of time over which the backlog is to be reduced. *It is not generally appropriate to add together stocks and flows; total housing needs numbers constructed by adding together backlogs and new need flows are misleading.*

CHART 2.1: OUTLINE OF BASIC MODEL

$$\begin{array}{c}
 B: \text{BACKLOG OF EXISTING NEED} \\
 \text{(times a quota)} \\
 \\
 \text{plus} \\
 \\
 N: \text{NEWLY ARISING NEED} \\
 \\
 \text{minus} \\
 \\
 S: \text{SUPPLY OF AFFORDABLE UNITS} \\
 \\
 \text{equals} \\
 \\
 \text{NET SHORTFALL (SURPLUS)} \\
 \text{affordable units per year}
 \end{array}$$

- 2.16. In Table 2.1, the left hand column shows the stages in the numerical calculation, while the right hand column identifies the data sources which can be used to feed in relevant information. At a minimum, these calculations should be carried out on a ‘number per year’ basis for the 3-5 year strategy period for the whole local authority. A very desirable refinement would be to disaggregate this into size/type categories, and by sub-areas where relevant. Any requirements identified for specialised housing options for vulnerable people could also be separately identified, while being included within the overall totals.

Table 2.1: Basic Needs Assessment Model: stages and sources

<i>Element and Stage in Calculation</i>	<i>Data Sources</i>
<i>B: BACKLOG OF EXISTING NEED</i>	
1. Backlog need existing households	HN Survey households with unsuitability problems; HC Survey households with serious condition problems; Housing Register (HR) existing applicants (households) with needs (including transfers).
2. <i>minus</i> cases where in-situ solution most appropriate or don't want social housing	HN Survey preferences and severity/type data; HC Survey preferences and severity/type data; HR estimate for insurance/deadwood cases.
3. <i>times</i> proportion unable to afford to buy or rent in market	HN Survey incomes vs house prices/rents; HC Survey incomes vs house prices/rents; HR incomes (if asked, or proxies); CORE incomes information new tenants.
4. <i>plus</i> Backlog (non-households)	Priority homeless in temporary accommodation; Hostel move-on requirements.
5. <i>equals</i> total Backlog need	(1-2)x3 +4
6. <i>times</i> quota to progressively reduce backlog	Policy judgement (standard assumption 20%).
7. <i>equals</i> annual need to reduce Backlog	5x6 (carry to line 18).
<i>N: NEWLY ARISING NEED</i>	
8. New household formation (gross, p.a.)	Household Projection; Census or Current Population x Propensities; HN Survey potential households/period; HN Survey recent moves not previous households.
9. <i>times</i> proportion unable to buy or rent in market	HN Survey incomes of potential hhds or recent new hhds vs house prices/market rents; HR* new applicants (lodgers) net of deletions and those with higher incomes; National survey tenure propensities; Census etc income proxies vs house prices.
10. <i>plus</i> ex-institutional population moving into community	Community Care plans.

11. <i>plus</i> existing households falling into priority need	HR* new applicants (existing households) with priority need net of deletions. Direct rehousing priority cases outside normal housing register (e.g. decants, medical, emergency, referrals, mobility)
12. <i>plus</i> in-migrant households unable to afford market housing	HN Survey recent migrants profile HR data on origins of applicants Mobility, key worker and other direct allocations to in-movers
13. <i>equals</i> Newly arising need	8x9+10+11+12 (carry forward to line 18)
<i>S: SUPPLY OF AFFORDABLE UNITS</i>	
14. Supply of social relets p.a.	Lettings/voids system: gross relets (terminations), including both LA and RSLs; CORE data for RSLs
15. <i>minus</i> increased vacancies & units taken out of management	Lettings/voids system; Development programmes of LAs & RSLs
16. <i>plus</i> committed units of new affordable supply p.a.	Development programmes of LA & RSLs, including conversions, LCHO.
17. <i>equals</i> affordable supply	14-15+16 (carry forward to line 18)
18. Overall shortfall/surplus	7+13-17

* Housing Register (HR) applicants are taken to include transfer and nomination requests, homeless applicants and local RSL lists.

HN = 'Housing Needs' household survey; HC = 'House Condition survey; HR = 'Housing Register' or waiting list. RSL = 'Registered Social Landlord'; LCHO = 'Low Cost Home Ownership', including shared ownership; 'CORE' = Continuous Recording System for new RSL lettings/tenants.

Section 2.4 - Major Sources

2.17. For many of the elements of this calculation there may be *more than one potential source of information*. This may be valuable for cross-checking estimates (sometimes called 'triangulation'), but there are likely to be some differences. Judgement should be used to assess which sources may be more reliable, or to correct for known omissions or definitional differences. Having done this, it may be appropriate to average estimates from different, equally valid sources (see Appendix 8 for examples). In general, great care should be taken, when referring to multiple sources of information, *to eliminate or discount for double-counting of the same people*.

Housing Registers (Waiting Lists)

2.18. Housing Registers or Waiting Lists have traditionally been the main immediate and ongoing source of information of need and demand for social housing. Where recent housing needs surveys are not available, they are still a key source. Where housing needs surveys are available, they are likely to be most useful for monitoring and

updating demand estimates over time between surveys. Good practice in the administration and use of information from housing registers is discussed more fully in Chapter 6. However, some of the key points are summarised here:

- where RSLs play an important role, Common Housing Registers (CHRs) would ideally provide a consistent, consolidated picture of needs registered with all providers; where CHRs do not exist, some allowance must be made for people registered on different providers' lists, but making allowance to eliminate double-counting.
- for monitoring new need, it is essential to monitor the number of new applications and the number of existing applicants whose application is deleted or suspended on re-registration; the key number here is 'net applications' (i.e. new applications less deletions); this may be calculated indirectly as the change in the active list less cases rehoused or nominated (see Chapter 6, section 6.2)
- as noted above, housing registers should generally include all homeless households, so that this group are included but not double-counted
- housing registers should preferably be open to all, but even then it is likely that not all need, and possibly only a minority of need, will be registered; estimates based only on housing registers are likely to be an underestimate for this reason, but this may be offset by the inclusion of 'deadwood' and 'insurance' registrations; Housing Needs surveys are valuable for assessing the extent of unregistered need

Housing Need Surveys

- 2.19. Housing needs surveys are clearly valuable as a source of data on a number of key elements in the assessment, but they do not provide data on all elements, including supply and some types of non-household and special needs. Good practice in the design and commissioning of surveys is covered in Chapter 3, while Chapter 4 discusses the interpretation of results in more detail, including the derivation of key numbers for this framework.
- 2.20. The largest element of need identified in most HN surveys is what is termed here the '*backlog*' of existing households who are in need because their current housing is in some respect unsuitable. Care is needed in netting off from this the part of this need which is likely to be met through in situ solutions or moves within existing tenures, taking account of potential affordability and preferences. For example, the majority of owner occupiers with unsuitability problems are likely to have enough equity and income to trade into a more suitable house, or to improve/modify their existing house. Furthermore, most of these households will not wish to move into social rented housing. The analysis and interpretation of this aspect of needs surveys is discussed more fully in Chapter 4.
- 2.21. It is also unrealistic to expect to meet all of any backlog in the planning period (Holmans 1995). It is recommended that all authorities apply a standard factor of 20% here for comparability (this implies eliminating the backlog over a 5 year strategy period). LA's may then make policy judgements to determine the practical rate at which this backlog can be reduced, which may involve a quota of less than 20% (using a quota reduction rate of more than 20% is not recommended). The assessment should

show the projected reduction of backlog over the planned period for the assumed level of new provision. This can then be monitored later.

- 2.22. On *new need*, HN surveys may estimate numbers of new households expected to form in the coming period (e.g. 1-2 years), but these should be treated with caution, for a number of reasons. The people involved are usually not directly interviewed, and their circumstances may change considerably over the planning period. Use should also be made of data from surveys on the number and characteristics of households which have actually newly formed over the recent period (1-2 years), where these households have moved from a previous tenure of living with parents/relatives/friends/others. These are likely to be more reliable, although even here care is needed. Some potential households may not have been able to form owing to lack of suitable, affordable accommodation. HN surveys may also be able to provide some information on newly forming households who are moving into or out of the district.
- 2.23. Assessment of *affordability* entails referring to data derived from sources other than the survey on housing market prices and rents, as discussed in Chapter 7. Affordability may change over the plan period, because of changes in both prices/rents and in incomes. Assumption should be made about likely changes, together with sensitivity tests for key assumptions. It is recommended that affordability is assessed in terms of bands, distinguishing households who may be able to afford low cost sale, subsidised LCHO (including shared ownership), middle rent private or RSL housing (without resort to HB), as well as households requiring social rented housing (many of whom will also require HB support). Affordability assessment is further discussed in Chapters 4 and 7, and in a recent report by CIH et al (1999).

Supply

- 2.24. The most important source of supply is typically relets of existing social housing (line 14 of Table 2.1). The monitoring of relets is covered in Chapter 6. A basic projection should assume continuance of the same rate of net relets as in the last year or an average over the last 3 years. Possibilities of forecasting changes are discussed below under 'Refinements', and in Appendix 7.
- 2.25. The model refers to gross available relets, including those generated by internal transfers and moves between social landlords. These moves should also be represented on the demand side of the equation (transfers, nominations). In general, transfers contribute equally to demand and supply, but mismatches between priority transfer demand and the stock released may increase pressure on particular areas and types of stock. This is particularly important in disaggregated assessments. The requirements and preferences of existing tenants should especially be considered in designing programmes of improvement and conversion.
- 2.26. The model provides for changes in the number of vacant social rented units (line 15 of Table 2.1). Units expected to be taken out of management for possible demolition, disposal or conversion should also be deducted from total new voids. These numbers should be based on a realistic interpretation of development programme proposals for the 3-5 year strategy period, as well as recent trends. The idea of target vacancy numbers is discussed further below (para 2.27). Changing vacancy numbers may be implied by renovation and renewal programmes. Successful measures to reduce social

sector vacancy numbers would be reflected in a negative entry in this line (i.e. reducing the net need for new provision).

- 2.27. Authorities usually include committed new provision within existing programmes, and this is shown (at line 17) in the table. The net need shortfall (line 18) then relates to additional provision which may be required beyond existing commitments. This is helpful in the context of annual HIP and ADP submissions and discussions. In other contexts, for example when considering Local Plan targets, it may be more helpful to combine committed and shortfall figures to obtain an overall affordable need estimate, which can then be related to overall planned housing requirements and provision.

Section 2.5 - Checking overall requirements

- 2.28. The framework set out in Table 2.1 above is designed to assess the annual number of affordable housing units required to meet existing and new need, set against projected supply. It may be described as an annual flow assessment for the affordable/social housing sector.
- 2.29. While not essential for this purpose, it is desirable to check key numbers and assumptions here for consistency with the overall housing requirements for the district embodied in the local plan. This assessment of overall requirements is generally done using a total or net stock balance sheet approach, as set out in Table 2.2.
- 2.30. The assessment would normally look forward over a planning period. Typically, for Local and Structure Plans this would be 10-15 years; for local housing strategies, 3-5 years. Projections are made of changes in the numbers of households and dwellings, in total and in particular categories, over this planning period. But these can then be divided by the length of the period to give an annual rate, for comparison with the assessment of affordable needs and for general benchmarking.
- 2.31. It should be noted that several figures in Table 2.2 correspond with figures in Table 2.1. This applies most obviously to figures in line 2, which relate to part of the backlog of unmet need, and to lines 3 and 6 which relate to vacancies and units going out of housing use (but this time covering all tenures). Not all of backlog need may be eliminated over the strategy period; consistency with the policy judgements on reducing the backlog (para 2.18 above) should be reflected in the figures entered here.

Table 2.2: Projected Net Stock Balance Sheet Calculation for Total Housing Requirements (number of additional units over strategy period)

<i>Stage/element in calculation</i>	<i>Sources and comments</i>
1. Projected net increase in number of households	Censuses; Household projection; Local/Unitary Development Plan.
2. <i>plus</i> allowance for quota reduction in concealed & involuntary sharing households, and those in temporary/communal accommodation	Existing numbers (Table 2.1, lines 1 (part), 4 & 10) x quota (Table 2.1, line 6)
3. <i>plus (minus)</i> allowance for increased (reduced) vacancies to target level	Voids monitoring; Council Tax records; Vacant property strategies; Renewal plans and requirements.
4. <i>plus</i> allowance for increased second and holiday homes	Council Tax records; Planning records or estimates.
5. <i>minus</i> allowance for net gains from conversion	Planning & Building Control records & estimates.
6. <i>plus</i> allowance for demolition and changes to non-housing use	Renewal plans; Local Plan.
7. <i>equals</i> total new dwelling requirement	1+2+/-3+4-5+6 carry to line 9.
8. <i>minus</i> forecast or projected new private building for market	Housing land supply monitoring; Recent completions rates; Economic forecasts.
9. <i>equals</i> remaining requirement for new affordable housing provision	7-8=9 Compare with Table 2.1, line 17

- 2.32. The change in vacancies is a key factor in the net stock approach. The general principle is that there should be a target vacancy rate to allow normal movement in the housing stock. Typical recommended allowances would be 4 per cent for the private sector, with 2 per cent being more appropriate for the social sector. To this target should be added vacancies which are unavoidably entailed in planned renewal programmes, and vacancies of particularly unpopular or problematic stock which cannot reasonably be brought into use or decommissioned in the strategy period. The number entered in the model is the difference between current vacancies and this *adjusted target vacancy number*.
- 2.33. For planning purposes, the main emphasis is on total numbers (line 7 in Table 2.2). The final stage, dividing this between market and affordable provision, may be regarded as optional but is useful for comparison with the more detailed affordable need assessment. Traditionally, affordable need was derived in a net stock approach by

forecasting or projecting private market new building rates. The affordable element was then treated as a residual.

- 2.34. However, this may not be wholly appropriate in some local circumstances, for example where a buoyant market for in-migrants may mean that most or all of the new provision would be taken up by the market and local needs for affordable housing would go unmet. An alternative approach would be to take the affordable needs from the detailed model described above and then treat the private market provision as a residual amount. However, this approach might not be fully satisfactory in meeting the requirement for choice and social balance.
- 2.35. Another circumstance which this exercise might throw up is the potential emergence of housing surplus. The sum of modest affordable needs and a low predicted takeup of land allocations in the market might indicate that there was overprovision in the plans, either within the district or for its wider housing market area. This might suggest a review of the overall planned provision level. The desirability of coordinating assessments across wider housing market areas is covered elsewhere in this guidance (Chapters 1, 7, 8). The net stock assessment may be a useful starting point for this coordination exercise.
- 2.36. It is important to remember that affordable housing to meet need may not always entail new building. It could involve acquiring or leasing private sector stock, including vacant stock, bringing social sector vacancies back into use, promoting LCHO through mechanisms such as 'Homebuy', conversions, or other mechanisms. Table 2.2. should be constructed and interpreted to reflect these possibilities, for example in the entries for conversions and vacancies.
- 2.37. The final figures should represent a balanced policy judgement, informed by both the detailed affordable housing needs assessment and the broad projections and forecasts represented in the net stock model. Authorities should try to learn from experience, by monitoring outturns against previous projections, and thereby gain more insight into the way the local housing system adapts.

Section 2.6: Tailoring the approach to local circumstances

- 2.38. This guidance recommends and promotes a common approach to the core elements involved in local housing needs assessment. However, within and around that common framework there is scope to vary the emphasis considerably. Given the variation in housing circumstances between different localities, there are good reasons in practice for expecting local assessments to vary quite a bit, both in terms of which aspects of the core framework receive most attention and in terms of which extra elements are added to this. Local authorities should, before commissioning surveys and assessments, ask themselves the question: 'what are the key problems in our area?'
- 2.39. *Rural areas* provide an obvious general example of this point. The typical situation of many rural districts differs from that in many urban areas in a number of respects (Countryside Agency et al 2000). Examples include the low existing share of social rented housing and the low rates of turnover supply within that housing (Bramley & Smart 1995). Remaining social rented housing is often in reasonable condition and popular. Local working households may not be highly paid, but have to compete with commuters, retirement migrants and second home buyers in a buoyant private market.

Private sector housing which is in poor condition may be common, but scattered rather than concentrated in meaningful potential renewal areas. Geographical dispersal means that issues of locational connections, constraints and preferences are very important. There are also direct knock-on effects into other service areas, as for example when the lack of rehousing opportunities for young families in a village may mean the decline and closure of the local primary school. (Case C exemplifies this kind of authority).

- 2.40. These characteristics tend to have an impact on the balance of housing needs assessment activities. There is more emphasis on new provision relative to existing stock condition, compared with many urban authorities, and more emphasis on the use of the planning system to secure that new provision, including through exceptions sites. Geographical disaggregation of assessments is essential, but the limited resources of typically smaller rural authorities make conventional interview surveys ineffective as a means of giving this coverage. Hence there is more interest in postal and self-completion surveys, including those involving local communities themselves. Issues of vacant housing and second homes, and of involving the private rented sector, may be important.
- 2.41. Some rural areas are experiencing quite rapid population and *household growth*. However, districts characterised by large volumes of housing growth tend to be at least partially urbanised, and include a number of former New and Expanded Towns as well as other districts which, on both economic and planning grounds, have been identified as major growth areas (Case B in Appendix 8 is an example). In these districts, the needs of the existing residents may be relatively less important than the needs of in-migrants, although such areas often generate substantial 'second generation' housing demand from the children of in-migrants. Conventional housing needs tools, including surveys, may be less satisfactory in these circumstances, and perhaps more planning-oriented tools, such as household projections and employment forecasts, may be more important.
- 2.42. Many London boroughs exemplify the situation of authorities which experience *high pressures* in the form of homelessness (including asylum-seekers and other in-migrants), an expensive local housing market, and limitations of space and other resources for expanding supply (Case A in Appendix 8 illustrates this situation). Again, housing needs surveys, focussed on existing resident households, may not cover all of the groups whose needs are most pressing, and homelessness will inevitably be a major focus of attention. Projections of need may well exceed feasible supply by a wide margin, and realistic programmes will have to anticipate a range of solutions including out-migration, nominations to other areas, private sector leasing, and LCHO. The needs assessment process in this kind of case may have to be 'iterative', involving a re-adjustment of basic assumptions in order to reconcile supply and demand. There is also obviously a strong case for metropolitan area-wide coordination of needs assessment in cases of this kind.
- 2.43. Some authorities in the high pressure category also have large Black and Minority Ethnic (BME) populations, although there are other authorities (particularly some northern metropolitan districts) which combine a high BME population with low or mixed demand conditions. BME populations may well have distinctive characteristics which affect their levels and types of housing need. Examples include very distinctive demographic patterns, including a younger age profile, larger and extended families, and generally more rapid growth. Some BME groups are particularly affected by low

incomes and employment difficulties. They may have a very distinctive existing tenure profile, which may reflect some combination of preferences and constraints, including constraints on access into mainstream social rented housing and the possible problem of harassment affecting choice of location. Partly because of these constraints, some BME residents may be concentrated in areas of private rented and owner occupied housing which is old, in poor condition, and of poor general quality by today's standards.

- 2.44. Investigating housing needs in areas with significant BME populations will require a sensitivity to these possible characteristics, without taking any of them for granted as prior caricatures. In addition, surveys will have to address the issues of language/interpreting and cultural sensitivities, if they are to obtain a high and meaningful response from all groups. Involvement of BME groups in the design and commissioning of studies is desirable. Further guidance and example can be found in the report by Blackaby and Chahal (2000).
- 2.45. Some larger urban authorities in the midlands and north are currently experiencing a situation of *low demand*, or at best uneven demand, for social housing, and in some cases for part of the private sector stock too (Case D in Appendix 8 is one such example; see also Bramley et al 2000 forthcoming). A major factor in such authorities is often the volume of turnover or relets, and better monitoring and forecasting of these numbers, as well as understanding of the underlying reasons for these trends, are important. Better data on demand and preferences will be a priority in surveys and other research, as well as traditional housing needs. The poor condition, structural defects or design weaknesses of particular estates may make these candidates for decommissioning or redevelopment, and low demand may materially alter the cost effectiveness of different options. Authorities like this are often part of a wider conurbation housing market, and demand in one area may be affected by provision (private and public) in another. Coordinated assessments across this wider area are important in this context.
- 2.46. Authorities of this kind, and indeed many other authorities, are often significantly engaged in *regeneration programmes* within which housing has a major role. Increasingly, the emphasis is upon holistic, 'joined up' multi-sector approaches to regeneration, so that housing led and dominated estate regeneration schemes may be less common. The organisational basis is likely to be a partnership and the priority issues to be addressed are likely to include employment and training, crime and security, environmental improvement and local service provision, as well as housing. Research, both work based on small area analysis of existing data and surveys targeted on regeneration areas, is likely to reflect this wider, multi-faceted concern with disadvantage and the functioning of neighbourhoods.

Section 2.7 - Refinements

Demographic components

- 2.47. Being able to break the overall household growth down into the main components of change provides some additional ways of linking Table 2.1 (rows 8 & 12) and Table 2.2 (row 1). Net household growth can be broken down into gross new household formation, the dissolution of existing households, and migration into and out of the district. The relationships between these components, and possible ways of estimating

them, are discussed in Appendix 7. The advantage of doing this is that it can help to anchor the local housing needs assessment into a reasonable, realistic household growth projection for the area which has been agreed and is reflected in Structure and Local Plans. This in turn would be a major safeguard against inflated assessments and a basis for a clearer shared understanding of needs and policy priorities between the housing and planning systems at local and regional level.

- 2.48. Migration is one particular demographic component which is of special interest. Migration estimates are normally embodied in the household numbers estimates included in structure and local plans and plan monitoring. Some information about the profile of in-migrants, and some categories of out-migrant, may be obtained from HN Surveys. As noted above, migration may be a key factor in certain types of district, most obviously those experiencing rapid growth (or decline), but also those which are tightly constrained.

Gross Flows

- 2.49. A further development of the approach in Table 2.1, together with the demographic components just mentioned, is to try to build a model showing the gross annual flows of households between each of the main tenures within the district. This would also show the flows of new and migrant households into the system and of dissolving and out-migrating households out of the system. This kind of approach is discussed and to some degree tested in Whitehead & Kleinman (1992), Kleinman et al (1993), Bryan (1999). It has so far been more difficult to apply this approach at the local level than at the national and regional level, although some experimental and prototype applications exist.
- 2.50. The gross flows approach may be thought of as a matrix of housing ‘origins and destinations’. Appendix 7 discusses and illustrates how some of the extra numbers in this matrix could be filled in, using a combination of local and national survey numbers. The value of this approach is that it makes the connections between what is happening in the private sector and the social sector explicit. It keeps track of households, who can’t just disappear without trace, and draws particular attention to the roles of migration and private renting.

Forecasting Relets

- 2.51. Relets are a key number on the supply side of the assessment, whether in the basic model (Table 2.1) or more sophisticated versions. The basic advice given above is to project on the basis of average net turnover rates experienced over the last three years. Forecasting changes in relet rates is more ambitious, but might be attempted given the importance of these numbers. Possible approaches are outlined in Appendix 7.

Further reading

- 2.52. General reviews of housing needs assessment methods are provided by Whitehead & Kleinman (1992), Audit Commission (1992). Fordham et al (1998) provides a comprehensive treatment with a particular emphasis on the role of surveys and a critical review of the wider context into which local needs assessments fit. Particular methodological developments by other practitioners are described in Hall et al (19??), Cardiff CC (1995), Kleinman et al (1993), Aldbourne (1997). Critical reviews of

recent local practice include work for DETR by Bramley et al (1999) and Bryan (1999), and a recent study (CML/CIH 2000) provides a critique of local assessments in terms of their treatment of private sector and housing market issues.. Important national studies which discuss relevant conceptual and methodological issues and apply these to national data include Holmans (1995) and Holmans et al (1998).

Agenda for Action

- ⇒ Local housing needs assessments involve the use of a range of existing data sources, as well as any special surveys which may be commissioned from time to time
- ⇒ Assessments involve judgements of both a technical and a policy kind; the latter in particular should be transparent
- ⇒ All local needs assessments must fulfil a number of essential requirements
- ⇒ For this reason, and for the purposes of comparison and promoting shared understanding, a common approach to the core elements of local housing needs assessment should be followed
- ⇒ A basic model to fulfil this aim involves estimating and combining the backlog of existing need, the rate of newly arising need, and the supply of affordable units
- ⇒ Particular elements in this model may be estimated from different data sources, and different estimates may be compared and reconciled to increase confidence in the numbers
- ⇒ The basic assessment for affordable housing should be checked against a broader 'net stock' assessment consistent with local and subregional plans
- ⇒ Assessments should be made in detail for 3-5 years ahead, and in indicative form for a longer planning period
- ⇒ Assessments should be made for the district as a whole and, preferably, for relevant geographical sub-areas and for different size/type categories of housing
- ⇒ With this common framework as a foundation, it is appropriate to tailor the detailed emphasis and development of the assessment to particular local circumstances
- ⇒ Authorities may wish to take whatever opportunities they can to refine their assessments, particularly in relation to issues which are important locally, in relation for forward projection and forecasting of key numbers, and in relation to gaining a fuller understanding of the role and contribution of the private market

CHAPTER 3

COMMISSIONING A HOUSING NEEDS SURVEY

Section 3.1 - Introduction

- 3.1. Most English local authorities have carried out sample household surveys concerned with housing needs over the past decade, and these are now widely recognised as valuable tools for local authority housing needs assessments (Bramley et al, 1999). Few authorities, however, have the necessary expertise to carry out this kind of specialist survey and therefore, require the help of an external consultant.
- 3.2. A number of firms - currently there are four or five main ones - specialise in this field and offer packages which have broad similarities, but differ considerably in matters of detail. In appointing and working with consultants, however, local authorities may find themselves at a disadvantage, because they do not have a good background in the theory and practice of surveys, or of how to brief, choose and work with consultants.
- 3.3. This chapter sets out to provide this background information. It is divided into two main sections. The first deals with the basics of survey design such as: types of surveys; questionnaire design; and sampling. The second deals with issues relating to working with consultants such as how to brief, choose and work with them in a fruitful way. More detailed guidance, in the form of a model specification for a survey and a list of recommended questions, is included in Appendices 3 and 4. The analysis and interpretation of data from housing needs surveys (HNS) is dealt with in Chapter 4.

Section 3.2 - Types of survey

- 3.4. *Household Interview (or 'Social') Survey* - a 'typical' housing need survey involves face to face interviews with a sample of households (usually between 1,000 and 2,000) drawn from all tenures across the local authority. This may be supplemented by a postal questionnaire with a more limited range of questions but sent to a much larger sample. Topics covered include: the demographic characteristics of the household; incomes; living conditions; problems faced (eg in finding and in keeping a home); future housing intentions; and preferences over tenure, location and type of dwelling.
- 3.5. Over the last five years or so the methodology involved has developed considerably, and to some extent there has been a growing together of ideas about what should be covered in such surveys. The overall objective is to assess the total pattern of need in the area, including the problems faced by households and inadequacies in the stock of dwellings. A key development has been the method used to identify the number of households (existing and potential) who are living in unsuitable conditions, and how many of these are unable to afford suitable housing at the lower end of the market. In addition to the household survey, this approach also requires information to be collected about local house prices and rents, about homelessness, and about housing supply.
- 3.6. Social surveys can also be used in certain specialised situations such as village planning, area renewal and discovering needs of ethnic groups and of disabled people.

London Research Centre have published a good practice guide on assessing the needs of BEM households (LRC1998).

- 3.7. *Postal questionnaires* - housing need surveys can be conducted by using a postal self-completion questionnaire only. This method is much cheaper than a face-to face survey and it is therefore possible to survey a much larger sample. There are, however, severe disadvantages to this approach. The range of questions that can be asked is smaller and there is no opportunity to clarify or follow up on interesting points. Moreover the response rate is often poor, and tends to be biased against lower income households who are the main target for a housing needs survey. In practice the main use of a postal survey may be to supplement face-to-face interviews - this can be very useful in boosting the sample on some of the key questions.
- 3.8. *Village/parish surveys* - in some cases a postal (or specially delivered/collected) questionnaire may be the only practical way to proceed in the context of an individual village or parish. This is because, although a sample survey will be able to say how many households are in need across the whole local authority or a large sub-areas within it, it will not be able to identify needs in a particular village, where there may only be a handful of households in need among a few hundred households.
- 3.9. As specific village information is required to estimate affordable housing needs, the best approach may be to conduct a 'mini-census' with questionnaires distributed to all households. It has been argued (Hall et al 1998) that households in need will have an incentive to return the form and this will reduce the bias that might be expected against low income families. Using local village organisations to distribute and collect forms and to explain the survey can improve the response rate. Rural Community Councils and (where they exist) Rural Housing Enablers have considerable experience with these approaches.
- 3.10. *Linked needs and condition surveys* - a neglected refinement of the basic housing needs survey is to link it with a house condition survey carried out at the same addresses (for more on house condition surveys see chapter 5). Unfitness and disrepair constitute an important component of housing need and ideally these aspects should be examined by a qualified surveyor. Such a surveyor will be able to spot defects that residents are unaware of and estimate repair costs on a consistent basis. These surveys can also collect housing quality indicators and information about energy efficiency.
- 3.11. The extra cost of a linked survey and the fact that the mix of skills required have not, at least until recently, been readily available from any one contractor has been a major disincentive to this approach. It should be pointed out, however, that not all aspects of assessing house condition require an expert surveyor. For example, it is possible to ask occupiers about basic facts such as: the availability of amenities; double glazing and loft insulation; the age of the dwelling; heating problems; and problems of disrepair such as dampness. In this way, a basic HNS can be enhanced to provide at least partial house condition information of an objective kind, as well as the problems as perceived by the occupiers.
- 3.12. The *choice of survey methods* is ultimately a judgement, dependent upon local circumstances and priorities. However, it is important to remember that surveys are not the only source of information on many aspects of housing need and supply. The optimum approach is some combination of periodic survey and regular monitoring of

secondary and administrative data sources. In general, an interview-based approach carried out less frequently and at higher cost is to be preferred to more frequent and cheaper postal/self-completion surveys, because the former is more reliable and informative, while interim changes can be covered by monitoring other sources. Postal/self-completion surveys may have a greater role to play in rural areas, whether or not in combination with interview surveys. Authorities should certainly consider the case for coordinating needs and condition surveys.

Section 3.3 - Survey costs

- 3.13. At 1999 prices a 'typical' urban housing needs study, carried out by consultants, valid at local authority level and with some breakdowns possible for up to five sub-areas and with a sample of 1,250 interviewed households, might cost around £40,000. A study in a rural area with the likely need for additional information at village level obtained by a supplementary postal questionnaire might add another £5,000 - £10,000 to the cost. A house condition survey using qualified surveyors linked to the needs survey is likely to double the total cost.
- 3.14. Cost largely depends on the level of detail required. Geographical or population sub-group detail required determines the sample size. Obviously a large or rural local authority that requires breakdowns for many local areas is likely to need a much larger sample than a smaller authority only requiring breakdowns for two or three sub-areas. Additional detail in the form of additional questions will also add to cost. Costs can be reduced if the local authority takes on some of the work itself (e.g. producing the sample from the council tax register, or writing up the report of survey). Such savings are not likely to be large in proportion to the total cost. Also the need for experience and skill in analysing and report writing should not be underestimated.
- 3.15. Costs are usually estimated on the basis of an average per interview including an allowance for fixed overheads. The cost of preparing and presenting a report of the survey also has to be taken into account. The level of costs is mainly determined by the number of interviews held and the time spent travelling between interviews. The length of the interview itself has some impact on the total cost, though for other reasons (see below) it is unwise to allow an interview to last longer than about three quarters of an hour. Rural interview surveys generally cost more than those in urban areas, because of interviewer travel, and costs within urban areas can be reduced further by clustering the sample.
- 3.16. A house condition survey with surveyors inspecting all properties where household interviews have been obtained, could cost roughly the same amount as a housing needs survey. Limiting inspections to the private sector and/or training the surveyors to conduct the household interview would lead to savings. If the social survey and the condition survey are carried out separately it is often not possible to regain access to some of the sample. Using surveyors to conduct the social survey at the same time they carry out the condition inspection avoids this problem. As explained in chapter 5 it is also possible to reduce the costs of a house condition survey by only inspecting a proportion of houses internally but conducting more external inspections.
- 3.17. Funding for surveys normally comes from the local authority's general fund, though a contribution from the housing revenue account is possible. Local authorities may also

be able to supplement funds from external sources such as health authorities, housing associations, private housebuilders and other local businesses.

Section 3.4 - Frequency of surveys

- 3.18. Surveys become out of date and have to be repeated from time to time. As a general guide, a repeat once every five to seven years would be appropriate, although this should depend on local circumstances. Demand for housing changes mainly in response to changes in demographic and economic factors. Demographic factors, such as the age structure of the population and household formation rates are usually fairly stable and predictable over five year periods. Levels of inward and outward migration can vary more, in response to changing economic conditions. Changes in house prices, rents and incomes - key elements in an assessment - can be more variable, with reasonably stable periods being interrupted by periods of instability, particularly in house prices.
- 3.19. Face-to-face household surveys are expensive and cost is clearly a factor to consider but also there may not be much change to record in a period of less than five years. The results of surveys are always computerised, so it should be possible to rework the results to take into account some of the effects of changes in price levels and incomes. One way of avoiding heavy extra expenditure is may be to up-date a good baseline survey by using a postal questionnaire to obtain new figures for key variables. Other methods of updating, using secondary and local administrative data sources, are described in Chapters 4, 6 and 7. In practice, these may be more robust than a postal survey update.

Section 3.5 - Who to interview

- 3.20. The unit of measurement in a housing needs survey is the *household* - what is known as the 'household response unit' in Government surveys and the Census. In most circumstances the person interviewed is either the head of household or the head of household's partner. The standard definition of a household used in Government surveys is given in Appendix 2.
- 3.21. Within some households there will be other adults living as part of the household and who may or may not have plans to become a separate household. When assessing housing need, this is an important group and the survey should attempt to discover the intentions of these *concealed households*. This group includes: grown-up children living at home; grandparents living as part of an extended family; couple or lone parent families living with their parents or relatives; and groups of adults sharing a flat. Concealed households should be distinguished from separate households *sharing a dwelling*. For example, a grandparent living with a son or daughter may either eat separately and have their own bed-sitting room, and thus be counted as a separate sharing household; or share the use of the family's living room and therefore be counted as a concealed household. Sharing households, like concealed households, may wish to have separate accommodation, and in both cases it is appropriate to obtain information on needs, preferences and intentions.
- 3.22. When an interviewer finds two or more households sharing a dwelling, then normally only one is interviewed. But it is important that the one chosen is determined by random selection, or otherwise the results will be biased. Market research firms have

standard techniques to do this. In houses in multiple occupation, where there may be many households rather than just two households sharing a dwelling, it may be worth interviewing more than one household, as these are likely to be among the groups with a high proportion in housing need.

- 3.23. The housing requirements of concealed households vary considerably. Some will be quite happy as they are for the time being, though they may be expecting to move eventually. Others (e.g. a grandparent living as part of an extended family) may not be planning to move at all. However, some will be in the process of, or at least wanting to set up home on their own or with someone else. Housing need surveys try to identify this group, known as *potential households*, from among the concealed households.
- 3.24. Ideally concealed households should be separately interviewed about their plans. Separate or additional forms, perhaps in different colours, may be included for this purpose, or separate columns may be added for answers to selected questions. While these techniques may work adequately in a postal/self-completion survey, in an interview survey a supplementary interview is to be preferred.
- 3.25. However, because these households represent a relatively small proportion of all households and as, in most cases, repeat visits would be required to obtain the interview, the extra cost of obtaining it may not seem to be justified. As an alternative, the main respondent can be asked to give their understanding of the future intentions of the concealed household or households living with them. This information must be regarded as somewhat less robust than a direct interview. Results from housing needs surveys suggest that around three-quarters of couples, families and lone parent concealed households can be classified as potential households while the equivalent figure for single person potential households is around one-third.

Section 3.6 - The questionnaire

- 3.26. Questionnaire design is a specialised area of expertise and most potential contractors will have good experience of this and be able to advise. All questions should be as clear and concise as possible. This is aided in a housing need survey because questions are largely factual, and most are pre-coded so that respondents only have to work out into which of a number of possible categories they fall. A suggested list of suitable questions for inclusion in a housing needs survey is provided in Appendix 4. Authorities may wish to include additional questions, subject to overall length constraints. Authorities are advised that, wherever possible, questions should be included and worded for comparability with (a) other housing needs surveys, and (b) official national surveys.
- 3.27. Care should be taken, however, to ensure that the question asked will obtain the precise information that is required. The Survey of English Housing (SEH), for example, found that a significant proportion of respondents gave different answers to the question 'In which year did your mortgage begin?' to the question 'In which year did you buy this accommodation'. This is thought to be due to the increasing practice of households remortgaging their property independently of any house move.

Questionnaire scope and length

- 3.28. A wide range of issues can be tackled in the questionnaire and the temptation is to ask too many questions. An interview that lasts for too long can lose the interest of respondents, who may then give inaccurate answers or refuse to continue. Furthermore, all too often, information is collected without a clear idea of precisely how it will be used and is never properly analysed. The average SEH household interview lasts for about 30 minutes and this is a reasonable target to aim for. If a pilot of a draft questionnaire shows that it lasts longer than 45 minutes then consideration should be given to reducing the number of topics covered.
- 3.29. A recommended list of topics that should be covered in a housing needs survey is included at Appendix 4. Local authorities can, of course, customise the precise list of questions to reflect their own circumstances and problems. Contractors can usually be relied upon to provide sound guidance about questionnaire design and most will have questionnaires that have already been used many times and, therefore, are known to work. If a well tried questionnaire is to be used then there is no need to test (or ‘pilot’) it further in the field. But if a local authority wants to customise it to any great extent, it is important to test it out on 12-20 households to ensure the questions are understood and the routing is correct.
- 3.30. An important initiative to harmonise questions and concepts in Government surveys, including many housing related matters, has been in operation for several years. It is very desirable that local authorities should also use the wording of questions and the definitions used agreed under this initiative. These questions are well designed and thoroughly tested, and moreover, their use will facilitate comparisons between different local authorities. Details of the questions and concepts are set out in three booklets (GSS 1995, 1996 & 1997) and are also available on the internet at [www.statistics.gov.uk/harmony/harmonfp.asp]. The web site will be updated with new definitions as these are developed so it is well worth a visit to check the latest position.
- 3.31. A developing technique in social surveys is ‘Computer Assisted Personal Interviewing’. This is discussed further in Box 3.1.

Establishing respondents’ future intentions

- 3.32. One of the most difficult areas is trying to establish the future housing intentions of the household (or potential household), because it is necessary to distinguish between vague hopes and real possibilities. The best way to tackle this is to ask, in addition to general ‘want to move’ questions, very specific ‘intention’ questions such as ‘Do you intend to move home within the next 12 months?’ followed up by asking ‘What steps have you taken towards moving in the next 12 months?’ Questions about visits to estate agents, steps taken to obtain a mortgage and analysis of income data will help to establish whether intentions are serious and feasible. (See, also, discussion about speculative questions in Section 4.3).
- 3.33. Some questions require judgements on the part of respondents, for example: what they think they can afford by way of a mortgage; whether they consider they are likely to be successful in finding a property they can afford; whether their property has serious repair problems. These questions involve subjectivity, but they can still be of value

because they provide a guide to perceptions which will influence the housing market. It is important, however, that all questions relate specifically to the respondent's own experience and that he or she can reasonably be expected to have the knowledge to be able to answer the question.

- 3.34. The question of location will be important in many local assessments, particularly in rural areas. Respondents should be asked about where they would prefer to live, and it should not be assumed that all needs arising in particular sub-areas would be met within those sub-areas.

The income question

- 3.35. An accurate estimate of household income is one of the most important pieces of information that has to be obtained from a housing needs survey, but it is often the topic that causes the most controversy. Experience from Government surveys (e.g. SEH) has shown that by asking the right questions and using good interviewing technique it is possible to get a high response rate and reasonably accurate answers. The questions used in the SEH are highly recommended (DETR 1998).
- 3.36. Recent research (Bramley et al, 1999) has shown that incomes derived from HN surveys actually tend to underestimate income compared with official surveys including the Family Expenditure Survey (FES) and SEH. Underestimates of income could lead to overestimates of housing need, though it is possible that the effect will be small as under-estimation is more likely to occur with higher income households with multiple sources of income than with low income families in housing need. These issues are further discussed in Chapters 4 and 7.
- 3.37. The decision of the Government not to include an income question in the 2001 Census is one reason why HN surveys, including income questions, will continue to be valuable.

BOX 3.1: COMPUTER ASSISTED PERSONAL INTERVIEWING (CAPI)

CAPI is often used in Government surveys and by leading market research firms, and is increasingly being used in housing needs surveys. Interviewers use laptop computers from which they read the questions and they type the answers directly into the computer as they conduct the interview.

There are several advantages to CAPI, especially in complex surveys where there are several alternative routes through the questionnaire (e.g. for different tenures or different household types). Interviewers are warned if they miss out questions or ask the wrong question. Consistency checks are carried out as the interview proceeds which gives the interviewer the opportunity to clarify and correct these while still with the respondent. Data only has to be entered into the computer once, thus eliminating data errors arising from the separate data entry required when paper forms are used. Sensitive personal questions can be answered by the respondent without the interviewer or any other person present seeing or hearing his/her answer.

CAPI has to be set up very carefully in advance and it takes longer to prepare than conventional methods. This may make it uneconomic for small or one-off surveys. It also has the disadvantage that interviews are not always conducted as an uninterrupted flow through the questionnaire. Respondents occasionally change their answers to earlier questions as the interview proceeds and it is difficult to backtrack to correct these. Overall, interviewers usually find it a very helpful tool and the people being interviewed respond positively to it.

Section 3.7 - Sampling

- 3.38. The techniques involved in sampling and the benefits derived from it are frequently misunderstood and this can lead to a lack of confidence in the results that is unjustified. On the other hand, if the method of sampling is not sound and/or it is imperfectly carried out, the results may indeed be misleading. Fortunately, the statistical basis of sampling and how these are utilised in a typical survey are all fairly straightforward.
- 3.39. HN surveys usually involve interviews with relatively small number of households; typically between 1,000 and 2,000. As the results obtained from these households represent a known proportion of all households (eg 1 in 20), the results can be multiplied by this *sampling fraction*. This is known as *grossing up* results so they represent estimates of the characteristics of all households living in the area. As explained further in Chapter 4, grossing up may also make allowances for biases in responses to the survey.

Choosing the sample

- 3.40. The most important concept is that of the *random sample* which means that all the households living within the area being sampled have an equal chance of being picked – just as when a dice is thrown there is an equal chance that any one of the numbers one to six will come up. Selecting a random sample of households is not nearly as easy as throwing a dice, but by paying attention to the basic rules a sample can be chosen that, for all practical purposes, can be regarded as random. Such a sample is likely to

represent the characteristics of the whole population, within margins of error that can easily be calculated from the size of the sample.

- 3.41. A random sample is picked from a *sample frame* which as nearly as possible represents a complete list of all the households living in the area. In practice there is no reliable list of households living in an area (the electoral register is the nearest equivalent, but is not accurate enough for the purpose) The sample frame used in HN surveys is usually a list of addresses, either the Council Tax (CT) register or the small user file of post code addresses (Postcode Address File or PAF). Both sources are reliable and reasonably up-to-date, but the CT register is most often used because it is accessible to local authorities. In addition, many CT registers distinguish between local authority, registered social landlord and private sector stock, and some distinguish private rented units, thus assisting with stratifying the sample (see below). It should be noted, however, that the London Research Centre have found that some registers are not completely reliable in recording tenure, especially in the case of RSLs. The small user file of post code addresses is a list of addresses which receive less than 20 items of mail a day and therefore largely consists of residential rather than business addresses.
- 3.42. Using a sample frame of addresses rather than households has some advantages for a housing needs survey, because interviewers are able to identify empty addresses and record basic details about them, such as whether they are flats or houses and when they were built. This is a useful guide to vacancy rates and to the unused potential within the housing stock to cater for housing needs. Authorities may wish to refer to the methods used by the English House Condition Survey (EHCS; DETR 1998), SEH and the Census to record information about vacant addresses, including possibly information about the surroundings.
- 3.43. In most cases an address is a unit of self-contained accommodation and is lived in by one household, but this is not always the case. 'Non-self-contained accommodation' is defined in Appendix 2.
- 3.44. It is often appropriate to consider sampling a different proportion of households in some areas (or categories) than in others, in order to obtain information about key groups in need or problem areas in a cost-effective manner. This is known as *sample stratification*, and is discussed in more detail in Box 3.2. Table 3.1 provides an illustration. Stratification of a conventional HN survey is not the only way of addressing the particular needs, preferences and constraints of particular groups, for example BME households. Consideration should be given to the use of other, complementary research methods, for example the use of Focus Groups. Consultants providing HN surveys may also have expertise in such techniques, or other specialist consultants may be sub-contracted.

BOX 3.2: SAMPLE STRATIFICATION

A problem faced in housing needs surveys is that the households that are of most interest (e.g. low income households, those in housing need) represents a relatively small proportion of the population. On average around 10 per cent of households, and rarely more than a quarter in even the most deprived areas, can be defined as having some form of housing need or problem. A simple random sample of all households in the area will not therefore, yield enough of those households of most interest for the purposes of the survey. This problem is overcome by using a *stratified sample*, which increases the proportion of addresses sampled in areas known to be the most deprived. These areas can be identified using indicators of deprivation at enumeration district, ward or postcode level. Local authorities should have access to such information from the Census and other sources.

Stratified samples may also be used to increase the representation of other groups of particular interest: BEM households, or RSL or private renting tenants, for example. Stratification can only be undertaken where the status of every address in the sampling frame is known. Thus, for example, we do not know the BEM status of individual addresses; all we know is that Ward X is a 'high-BEM' ward, and that an address is in Ward X. Where the sampling frame does specify the relevant indicator (e.g. tenure in the CT register), stratification may be done by dividing (sorting) the address list on this variable prior to sampling. However, stratification by area is more common.

The easiest way to stratify a sample is to pick separate random samples for the target areas and other areas. A stratified sample can be quite complex with several different levels of stratification and/or using different criteria for selecting the areas. As the proportions sampled within each level of stratification are known, the results can be grossed up from the samples so that they represent the population as a whole. It is usually advisable, however, to keep the sampling scheme as simple and straightforward as possible.

Table 3.1 below provides a simple illustration of how a stratified sampling scheme works. If the area contains 20,000 addresses and the target is to achieve responses from 2000 households, the sample can be split into two. In sample A 1 in 4 households would be sampled and in area B 1 in 20. The results for each area are multiplied by these sampling fractions and added together to produce figures representing the town as a whole.

Table 3.1. Illustration of a stratified sampling scheme

	<i>Total no of households</i>	<i>Target sample</i>	<i>Sampling fraction</i>
Sample A: selected from the 25% of wards with the highest deprivation levels	5,000	1,250	1 in 4
Sample B: other areas	15,000	750	1 in 20
Total	20,000	2,000	1 in 10

- 3.45. A *cluster sample* is a particular refinement of the above method of stratification, where interviews are clustered within each area to be sampled, both as a means of targeting the most deprived areas and as a way of reducing costs by saving on the time interviewers spend travelling to and from addresses. The clusters are assumed to be typical of the whole area and are selected at random from within the particular ‘strata’ (types of area) being selected. Clustering is less reliable than random selection, but its use can reduce the costs of the survey while still producing acceptable results. Clustering is normally used in major national surveys, but the case for using it in local HN surveys is less clearcut, because the reduction in travel distance is significant. Some form of clustering may be justified in very rural areas to reduce the costs of travel, but here the alternative of a shorter postal/self-completion survey may also be considered.

Sample size

- 3.46. A very common misconception about sampling is that it should be based upon a certain *percentage* of the population being studied. In fact it is the total *number* of cases sampled which is important. As the sample size increases, the results become more reliable but at a decreasing rate, until eventually a point is reached (around 2,000 cases) when the additional accuracy obtained by continuing to increase the sample is not worth the extra effort and cost.
- 3.47. It is not a simple matter to decide on the appropriate sample size for any particular survey, as this depends upon the main objectives of the survey. The accuracy of the results obtained on any particular question hardly increases after 2,000 cases have been sampled and this provides a useful starting figure. In many surveys, however, a sample of 1,000 is regarded as sufficient for reasonable results. When a housing needs survey is being analysed, it is often necessary to consider in detail information about sub-groups of the households (e.g. council house tenants, one-parent families, people living in houses in serious disrepair). These results will be less reliable than those for the whole sample. As explained above, stratification of the sample can help to overcome this problem.
- 3.48. It is rarely possible to obtain completed questionnaires from all the addresses sampled. Some addresses will be empty, some households will decline to participate and others will be out each time the interviewer calls. *Non-response* varies according to the type of survey and the type of area but a loss rate of between a quarter and a third can be anticipated in most surveys. This is allowed for by selecting a larger sample of addresses than the required number of responses.
- 3.49. Care has to be taken to ensure that results are not biased as a result of allowing for non-response, because households living at addresses which do not produce a response are unlikely to be typical of all households. The most common problem is an under-representation of one person households and working households, who are more likely to be out when the interviewer calls. This is in part catered for by devising careful rules which the interviewer must follow such as the number and timing of recalls. Furthermore after a survey is completed it is usually possible to check some of the basic characteristics of the respondents, such as household size and type, with other sources, such as the Census, to check the results are reasonable. A correction for bias can be made if there are alternative reliable benchmark figures to adjust the results to (see also Chapter 4, section 4.2).

- 3.50. Non-response bias is a much more serious concern with postal surveys, where response rates as low as 25-30% are common. This is one of the major reasons for favouring an interview survey approach.
- 3.51. The degree of accuracy of a survey, based on its sample size and design, can be quantified, at least as far as the effects of chance in a random sample are concerned. This issue, relating to sampling errors, significance tests and confidence intervals, is dealt with in Box 3.3.

BOX 3.3: SAMPLE ERRORS AND SURVEY ERRORS

Significance tests are a means of establishing the probability that the results observed in the survey reflect real differences between categories or are due to chance. As explained in the main text, the larger the sample size the more reliable the results, though the increase in reliability for every extra case sampled decreases quite sharply after 1,000 or so responses have been obtained. To take a simple example, spinning a coin 10 times may produce 7 tails and three heads but after 100 spins the ratio can be expected to be much closer and after 1,000 throws to be almost exactly the same.

This principle can be applied to any of the tables produced from a sample survey and the probability of the results being due to chance or to real differences between responses calculated. Significance tests are important in HN surveys, particularly where some tables may have been grossed up from a small number of responses. By convention results are often only regarded as being significant if there is a 95% probability that they represent real differences between cases; or in other words there is only a 5% probability that they have arisen by chance. This is described as a *confidence limit*. These are sometimes expressed as a range ('confidence interval') within which the true figure has a 95% probability of falling (e.g. 8% of households were found to be in housing need + or – 2%).

Significance tests and confidence limits only reflect the probability of errors arising in the figures from chance, and do not in any way take account of errors arising for other reasons, such as faulty sampling, non-response bias or poor interviewing. The existence of the other kinds of error can, however, often be detected by internal checks in the processing of the survey. This can for example make sure that answers to related questions are consistent, and can compare the results with other sources of data such as the Census. The key variables that can be checked from other sources include: tenure; household size; dwelling size; and household type. Local authorities may be able to use internal records, particularly with regard to their own stock, to check the validity of survey results.

Section 3.8 - Working with consultants


- 3.52. The amount of work involved for local authority staff should not be underestimated even if a consultant is used. One member of staff should be given overall responsibility for coordinating the project and be given adequate time to carry out this function properly. Housing and planning departments will have most interest in the results but others will also be interested. It is advisable to set up a small inter-departmental working party to ensure that the survey reflects all corporate requirements. If, as recommended in Chapter 1, other key local partner organisations are involved in commissioning or using the study, then they might be represented on this working

- party. Alternatively, they could join an external reference group to which the working party could report.
- 3.53. There are sometimes disagreements between departments over the specification and methods of a survey and these should be addressed and resolved at the start of the process. For a working party to be effective, the overall objectives of the survey should be clearly established, in part so that the temptation to cover too many topics be avoided. As already stated, the household interview should not taken much more than a half-an-hour to complete.
- 3.54. What do consultants offer? There are around four or five firms who regularly tender for housing need surveys. Some of these are small firms that specialise almost exclusively in this field, while others are larger, with surveys being part of a much wider management and research consultancy. Most of these firms have considerable experience and offer a very good service. Usually a fairly standard package is offered involving: the design of the questionnaire; fieldwork; the collection of supporting information (eg local house price and rent data); and a report of the results of the survey. Most will also provide the local authority with a computerised database containing the results and give staff training in how to use and update this.
- 3.55. Nearly all consultants sub-contract the fieldwork to market research firms who employ their own interviewers. As the quality of the fieldwork is so important, the tendency is for the firms to develop close links with one or more market research firms, working with them on a regular basis. This helps to maintain quality because the market researchers become familiar with the questionnaire and the concepts and definitions used in a housing survey - experience they would not normally encounter in their other work. The quality of work undertaken by market research firms can be variable, and local authorities should probe consultants very carefully on the previous experience they have of any sub-contractor that is proposed. Where consultants say they have not worked with a particular firm before, this should not necessarily rule them out but their procedures for quality control should be closely examined.
- 3.56. The methods employed by consultants have many similarities although they do differ over many matters of detail. Some of these differences may be quite important, such as: the wording of the questionnaire; the topics covered; the preferred methods of sampling; the use made of postal questionnaires; and the content and style of their standard reports. Local authorities often wish to customise the survey to suit their own requirements and consultants are normally prepared to cater for this, though any major changes are likely to add to the cost. Customization may also apply to the survey fieldwork methods and staffing, as for example when ethnic matching of interviewers is sought in BME community areas. However, it should be remembered that the main elements of housing need are the same in most areas, though the relative importance of these varies. Local authorities should therefore not conclude too readily that their circumstances are so special that they require a highly customised survey.
- 3.57. A recent development has been for firms specialising in housing need surveys to link up with others who specialise in house condition surveys. This is a very useful development for reasons explained earlier in this chapter.

The project brief

- 3.58. A formal clear brief is vital so that everyone knows who is doing what, by when and to what standard. This applies whether the survey is going to be completed in-house or by an external consultant. When asking for tenders the client obviously wants to attract high quality bids and the brief provides an opportunity to present a favourable image to the consultant. A sample brief is provided in Appendix 3. In summary, the topics which should be included are as shown in Box 3.4. Authorities may wish to refer to this guide as a checklist and benchmark for in survey briefs.

Principles for the commissioning process

- 3.59. The following should be borne in mind:
- Be clear and as specific as possible about the aims, tasks and rules and avoid mixed responsibilities. A statement such as wanting ‘to know about disabilities’ could mean just one question or half a dozen.
 - Suggest methods but be flexible – most contractors will have a lot of experience to draw upon and will be able to advise about the best methods of approach. A useful statement for the brief is that ‘Tenderers are invited to make recommendations on the programme of work, the feasibility of the methods proposed and the cost implications of the suggested approach. Alternatives that will achieve or enhance the project’s objectives will be welcome.’
 - Stress the need for quality – indicate the standards expected. Fieldwork costs will commonly be the largest single item of the budget and it is tempting for consultants to try to vary standards, for example, by using a quota sample, which might be up to one third cheaper than making calls at pre-selected addresses but which are a less reliable method of gaining unbiased information.
 - The quality of the brief says a lot about the client - a bad brief will dissuade good contractors from applying and a vague brief will make it difficult to compare tenders.
- 

BOX 3.4: SUMMARY OUTLINE OF SURVEY BRIEF

- **General objective** - a broad statement of the overall purpose of the study.
- **Specific objectives** - e.g. the policies and programmes that are to be reviewed.
- **Information requirements** - a general account of the main areas to be covered (e.g. household type, ethnicity, incomes, savings).
- **Area breakdown** - an indication of the lowest level of breakdowns required (e.g. district level vs sub-areas based on main settlements, management office area, groups of wards or parishes).
- **Methodology** - a statement of the kind of survey expected including the balance between household interviews and postal questionnaires, the sample size, and source of the sample frame. It is wise to be flexible over this but be aware that consultants, understandably, tend to stress the advantages of their own particular approach.
- **Quality control** - e.g. steps required to maximise occupier response, how queries from the public should be dealt with, provision for other languages, checks on the data required.
- **Analysis** - any requirement to blend survey data with information from local authority sources and house price data.
- **Reporting arrangements** - including a statement of the number of copies of the report required, whether a summary is required, presentations to officers, members and other bodies that may be required.
- **Project management** (e.g. the expected number of meetings, arrangements for progress reports, for sub-contacting the fieldwork or other elements of the project).
- **Software provision** - arrangements for handing over a computer file containing the survey results and training of officers on how to use the survey database. The written report will provide key findings from the survey but the data base will have to be updated from time to time, for example, to re-measure the need for affordable housing using the latest income and house price/rent data.
- **Payments schedule** – it is usual to pay in arrears in agreed phases on satisfactory completion of tasks, with a small retention payable once the database has been installed and has proved usable. It is unwise to insist on paying nothing until the job is completed as most contractors are small to medium sized firms reliant on a reasonable cash flow and onerous payment terms will discourage tenders.
- **Timetable** – a timetable for the main phases for the project which contractors should be asked to comment on in relation to its feasibility.

- **Profile of the area** - firms should be given a short appendix showing key information about the area such as geographical size, tenure, any significant ethnic minority groups and household type. This will give the contractor an idea of any language problems that might be expected and the amount of travel that might be involved between addresses.
- **Legal requirements** - this should include formal tendering requirements such as need for insurance, bona fides, approved list of requirements. These should be kept to a minimum as few things are more off-putting for a contractor (especially when work is plentiful) than a mass of documentation to wade through even before arriving at an interview stage.
- **Summary of key tendering requirements** – this can be useful so that the local authority and the contractors can be sure they have addressed all the main concerns over method and quality.

Making the choice

- 3.60. Adequate time must be allowed for following through the formal tendering process and this can easily take two months. This includes: arranging for an advert to be placed in Inside Housing (the most often used place); allowing time for firms to acquire a copy of the brief and return a tender; a period to evaluate tenders; interviewing shortlisted firms; and taking and confirming a decision. Subject to each local authority's standing orders it is possible to choose between open, selected or negotiated tenders, but there are a number of reasons why open tenders are the best option.
- 3.61. Open tendering has the advantage of being demonstrably compliant with the principle of equal opportunities and can also make it easier to reject the lowest tender. There are only a small number of firms who specialise in this field and it may be thought that it would be easier to invite these to tender. However firms do move in and out of the field and the established firms are not all likely to be available at the same time so invitations may not in the end produce a reasonable number of bids. It is wise to go out to tender as early as possible before the target date for the survey otherwise firms may already be booked up.

Evaluating the tender

- 3.62. *Previous reports* - a good starting point for evaluating the tender is to read a copy of a recent housing needs report produced by each of the firms who bid. This is a very good guide as to what can ultimately be expected. The subject matter covered and the quality of reports varies considerably: the best highlight the main findings with clear tabulations and diagrams and offer useful commentary, but others offer little more than bullet points and others again lots of statistics with little commentary. Contractors are able to vary their reporting style but will generally use the structure and approach they have used previously as this reduces costs and makes them more competitive.
- 3.63. As far as the final report is concerned, unless the local authority is confident that it has the necessary expertise and the resources available to carry out a lot of analysis for itself, then it should expect something reasonably comprehensive and rigorous. A report should not consist entirely of frequencies (i.e. one dimensional tables such as type of household, or tenure) and graphics and it should include cross tabulations (eg

number in housing need by tenure, potential movers by tenure preferred) designed to explore the needs of sub-groups in the population. A worked-through analysis of the implications of the evidence for future housing provision within the area, rather than an extensive description of the present picture, is what is ideally required from an HN Survey.

- 3.64. *Cost* - this is generally the most important factor to be considered, but all too often it is the only factor. There is usually a price on quality, although exceptionally firms trying to break into the field, or those who find themselves running short of work will offer very competitive rates. The breakdown of costs between the various elements such as questionnaire design, drawing the sample, fieldwork and report writing should be compared between bids. This can suggest areas that firms should be questioned on, for example, if the fieldwork element is very cheap in one bid compared with the others the reasons for this should be explored at the interview.
- 3.65. Hourly and daily rates for key staff should be examined closely. Some firms give a few days at high rates, others a large number of days at lower rates depending on their marketing policy and their actual staff costs and overheads. One point to bear in mind is that if more work is likely to be required after the study is completed, daily rates are important.
- 3.66. *Experience and track record* - this is generally the most important consideration after cost. It will undoubtedly prove useful to take up references from other local authorities who have recently used the tendering firms but some caution is necessary. Previous clients may have had very different expectations or objectives and some may also be unaware of failings in the survey. Sometimes they may denigrate a contractor for failings which they (the clients) were responsible for or were outside the contractor's control. As there are so few firms involved in the area reputations tend to spread by word of mouth but again such views have to be treated with care because this is a complex area and criticism (or praise) may not be based upon a sound understanding of the issues involved.
- 3.67. *Staff availability and skills* - this is an important matter. If a project depends on one very experienced individual this can prejudice a project if that consultant subsequently becomes unavailable. It needs to be clearly established who will be working on the project and the backup the firm can rely on in the event of staffing difficulties arising. An important consideration is whether it plans to use a large force of interviewers, with possible implications for quality control, or too few leaving them stretched and liable to cut corners or lead to interviewer bias.

Other key issues

- 3.68. A number of other issues should be considered in the evaluation of tenders:
- *timetable* - does it look as if sufficient time has been allowed for two key pre-fieldwork tasks; those of questionnaire design and sample address extraction, and has enough time been allowed for the fieldwork?
 - *quality of questionnaires and other forms* – it is a good idea to ask in the brief for a copy of questionnaires and forms used in the firms' most recent relevant surveys, so that these can be examined and compared.

- *data processing systems and quality control checks* – the arrangements made should be explicit.
- *response rates* – in order to create a favourable impression, the rates presented are sometimes unrealistic. These should, if possible, be checked against any other recent surveys and contractors can be asked in the brief for details of achieved rates from previous surveys. This is especially important with respect to responses on potentially difficult questions such as income.
- *methodological approach* – how well does the methodology correspond with what was asked for in the brief; particularly important is whether housing need and affordability have been defined in the ways required. Attention should also be paid to the sampling method, grossing up the results, the survey questionnaire and how the household survey results will be blended with other data sources.
- *project management arrangements* – these should be examined in detail. While a federation of individuals can bring a range of skills to the study (especially where special housing needs are concerned) it can make for problematic management. Is there one person on the contractor's side who clearly has responsibility to coordinate all aspects of the survey and for liaising with the client in the event of difficulty?

Interviewing tenderers

- 3.69. An interview with tenderers is essential to allow both parties to clarify and expand on points raised in the brief and tender and to establish whether a close working relationship looks possible. Moreover, it will show whether the firm will be able to present itself well to a committee if this is required.
- 3.70. Firms should be allowed 10-15 minutes to summarise the main points from their bid, followed by a 45/60 minute period for questions to probe the quality of the bid. Time should also be allowed for firms to raise their own concerns about the project and to develop their own ideas as to how the project should be tackled. Considerable time and effort goes into preparing a tender and attending interviews and firms that are unsuccessful do appreciate some feedback. This helps them to improve their product and leaves them with a good impression of the local authority.

Sampling and data protection

- 3.71. Local authorities carrying out surveys must take care that they do not breach the Data Protection Act, either in the use they themselves make of information or, when passing on information to contractors. Furthermore, participants will normally expect the information they provide to be confidential. As explained in Box 3.5, this should not lead to problems in a typical HN survey if this is approached in the correct manner.

BOX 3.5: DATA PROTECTION AND CONFIDENTIALITY

When conducting surveys, care must be exercised to work within the provision of the Data Protection Act 1998, which comes into force on 1 March 2000. It is not within the scope of this guide to expand on the provisions of this complex area of legislation, especially as further clarification is likely to be forthcoming at regular intervals from the Data Protection Registrar. The main concern for local authorities conducting surveys is that they must conform to the Act when passing on information to contractors. This should not cause problems in a typical housing needs survey as it is only necessary for the local authority to provide a list of addresses from the CT register (or PAF) and this is not regarded as 'personal' information under the Act.

If personal information is used (e.g. the name of the householder), then the Act applies. This might, for example, apply if names were used to try to identify Asian households when a specialist survey was being carried out. However, it should be noted that the Electoral Register, which does contain names, is a public document.

It should be noted that the 1998 Act applies particularly strict controls over 'sensitive' data, which specifically includes racial and ethnic origin, and in this case the explicit consent of the individual is required before the information can be passed on.

Great care must be taken to protect the *confidentiality* of respondents who participate in the survey, and consultants should be asked how they go about this. Reputable firms conform to the code of the Market Research Society or to guidance issued by the Social Research Association.

Survey interviewers and the people coding information ready for computer processing need access to the names and addresses in case queries have to be followed up. Once this stage is passed, it is good practice to remove the 'cover sheet' containing the information which identifies the household/address from the main questionnaire, thus ensuring that the information cannot be traced back to individuals. Researchers writing up the survey have not need to identify individuals, although it is very useful to be able to retain a reference to the type of neighbourhood.

Managing the contract

- 3.72. Once the contract has been let it is important to keep closely in touch with what is going on and to ensure the consultant is monitored and when necessary supported. The authority may wish to publicise the survey in local media, to help boost response.
- 3.73. Once a survey goes into the field the local authority is likely to receive calls from members of the public wanting to know about the survey or checking on the authenticity of the interviewers. The switchboard and other likely points of contact should be briefed about the survey and given a number to direct calls to. Arrangements should also be made with consultants as to who will deal with queries and letters sent out to households selected should contain contact numbers. It is also a good idea for local authority housing departments to inform estate management staff as council tenants may well make inquiries of their estate manager or local office.
- 3.74. Even normally competent and reliable contractors do not always perform faultlessly. Sometimes a firm wins more work than it can reasonably handle, a state of affairs that

can easily happen given the nature of the tendering process, and a client who is perceived as not paying close attention to what is going on may suffer. Provision should be made for regular formal liaison meetings at key stages in the project but the lead officer on the project also needs to chase up progress on a weekly basis.

- 3.75. Consultants sometimes ignore requirements put in the brief (e.g. a requirement to look at cross local authority implications) so vigilance should be exercised to ensure all aspects asked for are covered.
- 3.76. Monitoring should include regular checks on progress against timetable and checking of key response rates. For example, if one or more interviewers are achieving high overall response rates but are low on the income question this will prejudice the survey and this should be picked up as early as possible and if the interviewer's technique is at fault then he or she should be re-briefed or ultimately dropped.
- 3.77. To sum up in an informal way the key bit of good advice on working with consultants, Box 3.6 contains a Checklist of key points.



BOX 3.6: CHECKLIST FOR COMMISSIONING A HOUSING NEEDS SURVEY

- Do spend sufficient time when establishing the objectives of the survey - it will pay off in the long run.
- Do take a corporate approach: an inter-departmental working party to agree topics to be covered is a good way to start.
- Don't be tempted to undertake a survey which covers too much ground - the questionnaire will put respondents off and you probably will not be able to use all the data obtained.
- Do talk to several other authorities who have recently carried out a housing needs survey - their experience is likely to be invaluable.
- Do prepare a thorough brief before going out to tender (see Appendix 3 for an example) - this will clarify your own ideas and help to attract bids from consultants.
- Do form a clear view about the methodology you would prefer, but be prepared to listen to the views of the consultants - they have a lot of experience which can help you.
- Do stress the need for quality - make it clear that cost is not the only consideration.
- Don't treat cost as the only factor - there is a price on quality and experience.
- Do use open tendering: it's the best means of obtaining competitive bids.
- Do take time over the selection of your contractor - has the contractor both expertise and ability to deliver on time and to your specifications.
- Do read recent reports that all tenders have prepared - this is a good guide to what you will finally get.
- Do examine cost breakdowns (especially for fieldwork costs) between bids - it will provide useful points to probe when interviews are conducted.
- Do establish who will be working on the survey, what skills they have, and what provision the contractor has made to deal staff losses or pressure from other work.
- Do make sure that all key matters (e.g. timetable, quality control matters) are clarified at an interview.
- Do monitor the project as it proceeds - and show the contractor you are keeping a close eye on things.

Agenda for Action

- ⇒ Local authorities should consider commissioning HN surveys every 5-7 years
- ⇒ In general an interview survey (of 30-40 minutes) based on a random sample is the preferred approach, but postal/self-completion methods may be usable in some circumstances, particularly in rural areas
- ⇒ Quality of survey method and procedures should not be compromised simply to save costs
- ⇒ The survey should cover both objective indicators of circumstances, needs and problems, and more subjective information about preferences and intentions
- ⇒ Comparable question wording with national and other local needs surveys should be used wherever possible
- ⇒ Samples may be stratified or clustered to focus more effectively on key groups or areas of need
- ⇒ The client role should be performed by a small inter-departmental working party, possibly referring to a wider group of partner organisations, but with a nominated lead officer
- ⇒ The project brief should cover a standard set of issues and should include a common core of requirements as set out in this Guidance, but with room for tailoring to local circumstances and for consultants' suggested variations or developments
- ⇒ Open tendering is recommended, but in evaluating tenders particular attention should be paid to quality issues and previous experience
- ⇒ Adequate time should be allowed for the processes of designing the brief, tendering, carrying out of fieldwork (including any piloting), data preparation and analysis, and interpretation within the broader local strategy context; adequate officer time should be allowed for the client role within this, including monitoring of the consultant.

CHAPTER 4

ANALYSING HOUSING NEEDS SURVEY DATA

Section 4.1 - Introduction

- 4.1. Chapter 3 describes how to specify and manage a housing needs survey. This chapter looks at how to make use of the information collected by a survey. It is intended primarily to assist local authorities in specifying the analysis of survey data by consultants and in evaluating consultant's bids for survey contracts. However, it may also be useful to authorities opting to undertake in-house analysis of housing needs survey results and, of course, to consultants themselves.
- 4.2. First, the chapter discusses the basic validation checks which need to be applied to survey data before it is ready for use. Next it looks at how survey data can be used to calculate the components of the basic housing needs assessment model described in Chapter 2 (Chart 2.1 and Table 2.1). The model integrates 'backlog need' with newly arising need. As the table indicates, survey data can be used to inform estimates of both these need categories. However, because surveys provide a snapshot of the situation at a given point in time, they are ideal for measuring backlogs. Using them to estimate flows is less straightforward.
- 4.3. Next, the chapter looks at the contribution that needs surveys can make to estimating local requirements for specialist housing or housing with support. This is followed by a discussion of methods for projecting housing needs estimates based on survey data. Lastly, it discusses the respects in which survey data needs to be disaggregated if it is to provide the basis for practical estimates of housing needs.

Section 4.2 - Validation and re-weighting of survey data

- 4.4. Given that it is based on a sample of the population, there is a need to ensure that the coverage of a housing needs survey is, in fact, fully representative of an area's residents. Sample bias could result from the method used for sample selection, or from differential non-response. The higher the level of non-response, the greater is the risk that bias will be present. Nevertheless, validation checks are needed, even where response rates are relatively high (e.g. adjusted rates of 65-75 per cent). Aside from guarding against sample bias, there is also a role for validation checks with respect to the adequacy of particular data collected by a survey, such as on incomes.
- 4.5. The commonest method used to validate the coverage of a sample is to compare the characteristics of interviewed households (and/or dwellings occupied by interviewees) with data from an independent source. Census results are the most obvious comparator, though the utility of Census data will depend, in part, on the point in the ten-yearly Census cycle at which the survey is carried out. The key variables which should be compared, and the possible sources of benchmark data are shown in Table 4.1.

Table 4.1: Validation checks for sample representativeness

Variable	Benchmark source
Tenure	Census; CT register (if this includes an 'ownership' field); HIP 'housing needs appraisal' return estimates
Dwelling size	Census; Social landlord stock database (for social housing stock)
Household size	Census; Household projections
Household type	Census; Household projections
Age of household head	Census; Mid-year population estimates; Social landlords' tenancy records
Recent movers	Council Tax register; Social landlords' lettings databases (for new tenants in the social rented sector); CORE data (for new tenants of RSLs)

- 4.6. When comparing with benchmark sources, allowance should be made for any possible definitional or coverage differences, and for weaknesses in these other sources (even the Census!). If inconsistencies are found between survey results and benchmark sources, there may be a case for re-weighting the data in line with the distribution indicated by the benchmark source. Box 4.1 below provides an example.

BOX 4.1: RE-WEIGHTING EXAMPLE

Achieved sample: one person households – 20 per cent, other households – 80 per cent

Census results: one person households – 25 per cent, other households – 75 per cent.

Re-weight survey results: $25/20$ (1.25) for all one person households; $75/80$ (0.9375) for all other households.

- 4.7. Some impression of the representativeness of a sample in terms of housing needs could be gained by comparing survey-derived estimates of those with entries on housing registers or transfer lists against the numbers known to social landlords. The reliability of these benchmarks would depend, of course, on landlords' approaches to reviewing their registers (see Chapter 6).
- 4.8. Another possible benchmark to test the representativeness of a sample would be to compare survey results on Income Support eligibility with the official figures on the proportion of households receiving IS. These figures are now available at local authority and ward level.

- 4.9. Another potentially important validation issue concerns household incomes, a key aspect of housing needs survey data. Research has shown that surveys using conventional approaches have a tendency to understate true household incomes, sometimes by a substantial degree (e.g. London Research Centre 1989, Bramley et al 1999). Whilst there is no current official source of income data at the level of individual local authorities, income figures at regional level are available from national surveys such as the Family Expenditure Survey (FES), Family Resources Survey (FRS) and the Survey of English Housing (SEH). Such data could prove a useful benchmark against which needs survey estimates could be compared and might serve as a basis for uprating figures provided by respondents. There is also a commitment by the Office for National Statistics (ONS) to produce income estimates at district and small area level linked to the 2001 census (see Section 7.5).

Section 4.3 - Backlog need among existing households

Identifying unsuitably housed households

(basic needs assessment model Stage 1)

- 4.10. The term ‘backlog need’ refers to the number of households occupying unsuitable accommodation at a point in time. Chapter 2 provides a fuller definition. Table 4.2 below illustrates the kinds of circumstances which may be involved. ‘Newly arising need’, by contrast, refers mainly to the flow of newly forming households over a period of time.

Table 4.2. A classification of unsuitable housing

Main category	Sub-divisions
1. Homeless or with insecure tenure	i. under notice, real threat of notice, or lease coming to an end ii. living in temporary accommodation (e.g. hostel, B&B, with friends or relatives) iii. accommodation too expensive
2. Mismatch of household and dwelling	iv. overcrowded v. house too large (difficult to maintain) vi. households with children living in high flats or maisonettes vii. sharing a kitchen, bathroom or WC with another household viii. household containing person with mobility impairment or other special needs living in unsuitable dwelling (e.g. accessed via steps or containing stairs)
3. Dwelling amenities & condition	ix. lacks a separate bathroom, kitchen or inside WC x. subject to major disrepair or unfitness
4. Social requirements	xi. harassment or threats of harassment from neighbours or others living in the vicinity xii. relationship breakdown xiii. family unable to live together because of lack of accommodation xiv. need to give or receive support including living closer to family/friends xv. need to live closer to employment and/or other essential facilities xvi. want to live independently

Source: Adapted from Parker and Stirling (1995)

- 4.11. In using survey data to identify ‘unsuitably housed’ households, the simplest approach is to rely solely on the subjective response of interviewees – e.g. questions such as: ‘Is your present accommodation adequate for the needs of the household?’ or ‘Will your present accommodation remain adequate to meet the needs of everyone living in it for the next five years?’.
- 4.12. Whilst it is also essentially subjective, an apparently more sophisticated method is to ‘score’ aspects of unsuitability, much as would be done under routine prioritisation systems used by social landlords with respect to individual housing applicants. Interviewees are presented with a list of possible problems – e.g. ‘home too small’, ‘home in need of major repair’ – and asked to classify each on the scale ‘not a problem/a problem/a serious problem’. This method is elaborated more fully in Fordham et al (1998).
- 4.13. Some aspects of unsuitability can and should be more objectively assessed. For example, an interview will obtain factual information about household membership (ages, genders, relationships), and about the size and type of the dwelling occupied. This will make it possible to calculate the occupancy level for each household – i.e. whether they are overcrowded, well-matched or underoccupying their dwelling.

- 4.14. Normally, the occupancy calculation would be carried out on the basis of the ‘bedroom standard’ used in government surveys. The standard stipulates the number of bedrooms required for households of different sizes and types. The matching criteria used in most social housing allocations policies closely reflect the bedroom standard assumptions. However, provided that sufficient information is collected by interviewers, it will be possible for the occupancy calculation to be carried out according to different yardsticks.
- 4.15. In general, the ‘Backlog’ should be comprised first and foremost of households who are ‘in need’ in some sense, in terms of the local authority’s criteria and priorities. However, the HN Survey can also identify a wider ‘backlog’ group of households who perceive themselves to have some housing problem and/or would prefer different or modified housing. This wider group, in comprising a mixture of ‘need’ and ‘preferences’, is relevant to the broader decisions involved in planning housing provision.

Identifying unsuitably housed households for whom there is no in situ solution
(basic needs assessment model Stage 2)

- 4.16. Being unsuitably housed does not necessarily imply the need for a house move. As implied by Stage 2 in the housing needs model shown in Table 2.1, *in situ* solutions will be appropriate for a proportion of this group. This might involve carrying out repairs, installing adaptations or even adding a room. Another possibility is that overcrowding might be resolved by the departure of a concealed household.
- 4.17. The extent to which *in situ* solutions could be feasible can be examined by a survey in two main ways. First, a survey may collect information which enables objective judgements to be made. For example, stated income and savings levels can be considered in the context of the household’s housing costs. This will indicate whether the household could be potentially in a position to pay for outstanding repairs (objective costing of such repairs could, however, be achieved only through a combined housing needs and house condition survey – see Chapter 5). The moving intentions of any concealed household members can be considered in the context of measured overcrowding. A second approach is to base a judgement on whether the ‘unsuitably housed’ main household intends to move. Where this is the case, it may be taken to indicate that an *in situ* solution is not appropriate.

Assessing affordability for unsuitably housed households needing to move
(basic needs assessment model Stage 3)

- 4.18. This element of the needs assessment model distinguishes between unsuitably housed households who can obtain a suitable home in the private market from those who will require social housing or some other form of affordable housing. The techniques used here are also relevant for the assessment of affordability with respect to newly arising need (stage 9 in the basic assessment model in Table 2.1). Most commonly, affordability is assessed for access to conventional home ownership in the existing local (secondhand) housing market. Authorities/consultants should however consider whether the private rented sector can, in local circumstances, provide a potential housing solution for some of those in housing need. This may apply in particular to those whose housing need may be likely to be short-term.

Lending multipliers

- 4.19. The most commonly used affordability test involves comparing estimated incomes of unsuitably housed households against 'entry level' house prices. The first step in this approach involves converting a household's income into an estimated mortgage capacity. This is a calculation of the size of mortgage which could be supported on the basis of a household's recorded income. The standard multiple usually applied is three times the gross annual household income for a single earner, with a reduced multiplier (e.g. 2.25-2.5) for dual earner households. Some consultants deduct or discount some elements of income in this calculation (e.g. benefits). However, it is recommended that only means tested benefit income be deducted, as some types of benefit income (particularly non means tested benefits), plus any income from savings and investments, would in principle be capable of supporting a mortgage. A further issue here concerns income received by 'concealed households' (e.g. grown-up children) living in the household. This should be discounted insofar as this group are treated separately as potential new households in the needs assessment. Where concealed households are not expecting to move out in the short term, some allowance for their contribution to the collective household income should ideally be made, although this may be difficult to measure fully in the survey.
- 4.20. Ideally, levels of savings can also be taken into account in relation to the payment of a deposit and the consequent reduction of mortgage required. Under current conditions, 100% mortgages are commonly available and it may no longer be appropriate to apply separate affordability 'hurdles' based on savings and deposit requirements. A single lending multiplier related to the full purchase price may be appropriate. Local mortgage lenders should be consulted about appropriate assumptions here.
- 4.21. For existing owner occupiers in unsuitable housing, it is important to take account of the amount of *existing equity* owned. To obtain reasonable estimates of this may require several additional questions, to establish approximate current valuation and outstanding mortgage. However, it should be possible to obtain approximate likely values for these variables, in order to derive a reasonable statistical estimate of the proportion of such households which would probably be able to afford to move to suitable accommodation (or undertake required improvements) using their own resources. House value could be asked, and/or checked against imputed values based on the local market price assessment discussed below. Owners could be asked whether they have an outstanding mortgage, and when this was taken out, and whether they believe it is more/similar/less/much less than current value.
- 4.22. Under the lending multiplier method, having calculated a household's maximum price payable, a comparison can be made against a *threshold cost of home ownership* for a property of an appropriate size for the household concerned. Estimating appropriate threshold prices can involve drawing on Land Registry or mortgage lenders' data covering recent transactions and using this to identify a 'bottom of the market price' in the locality. Conventionally, 'bottom of the market' is usually defined in terms of the lower quartile. It is better to avoid prices which are literally at the very bottom of the market, as these are likely to reflect special circumstances or housing with particular condition or environmental problems. Which of these measures is more appropriate is ultimately a matter of judgement. However, approaches which compare maximum prices payable against *average* house prices are certainly questionable. (The use of

house price data in local housing needs assessment is discussed in more detail in Section 7.3).

- 4.23. An alternative approach to defining current threshold prices is to derive appropriate figures in consultation with local estate agents. Although it appears more subjective, this latter approach has a number of advantages. Firstly, it enables properties in poor condition to be screened out. Secondly, it is better able to reflect the whole market rather than being limited to the market share of the mortgage lender concerned. Thirdly, it may facilitate the calculation of different threshold entry prices for different parts of a local authority area. Lastly and most importantly, the properties can be specified in terms of size and type, matched to particular household types.
- 4.24. The threshold cost approach can be refined to identify separately several different bands of accessibility to different housing options. These could include: purchase of new homes at open market prices; 'low cost' new (starter) homes offered by developers; new homes with a 25-30% discount or purchased under the Homebuy scheme; new shared ownership provision. However, to cover rental options in such a framework requires a slightly different approach.

Affordability ratios

- 4.25. A contrasting approach to the calculation of affordability is to focus on housing costs as a proportion of a household's income, rather than to calculate the maximum price payable. These rent:income ratios are normally calculated comparing rent with *net income*, that is gross income minus tax, national insurance and other compulsory deductions from pay. When using these ratios, it is recommended that all income sources including benefit income and contributions from concealed households to housing and household expenses are included. A threshold level of 25-30 per cent of net income may be adopted; higher ratios may be appropriate for home ownership options than for rental or shared ownership, although allowance should be made for maintenance and insurance costs. Where the appropriate entry level house price equates to a higher proportion of a household's income, the household is deemed to be in need of subsidised housing.
- 4.26. This approach can be made more sophisticated in a number of ways. In particular, it can incorporate the concept of residual income; that is, the amount of income a household has to live on after meeting their housing costs. The more residual income, the higher the affordability ratio which is bearable – housing costs equating to, say, 30 per cent of net income are more of a realistic possibility for a household with an income of £30,000 than for one with an income of £15,000. Residual income calculations normally start from net income and take account of the number and age of household members supported by a given income. This is done through the application of an 'income equivalence scale'; examples of such scales include the Income Support/Housing Benefit 'Applicable Amounts', the McClements (19xx) scale (the former scale looks at net income after housing costs, and any HB associated with them have been taken out). Thus, a 'net equivalent income' can be calculated for each household concerned and this figure (rather than the unadjusted household income) is fed into the affordability calculation.
- 4.27. This second approach has one potential advantage over the first. That is, it can be used to assess affordability with respect to private renting and shared ownership as well as

conventional home ownership. With respect to private renting, nonetheless, it is arguable that different (lower) ratios should be used because the occupier gains nothing from the appreciation in asset values which generally render home ownership as a form of saving. It is, of course, possible to use both methods alongside each other, provided that sufficient data on incomes is collected (see below). However, the affordability ratios approach is sensitive to interest rates whereas the lending multiplier is not.

- 4.28. One point worth remembering is the fact that the two main approaches to calculating affordability discussed above use different income measures. Where the focus is on a household's mortgage capacity and its maximum price payable, the appropriate measure is *gross household income*. For models based on housing costs as a proportion of household incomes, the starting point is *net household income*. Consequently, it is advisable to consider affordability assessment methodology at the questionnaire design stage.

Subjective affordability

- 4.29. A third approach to affordability assessment is to place reliance on interviewees' stated tenure preference and (for aspirant home owners) the maximum house price believed to be affordable. Households requiring social housing are all those aspiring to it, as well as those anticipating home ownership, but whose stated maximum affordable price falls below the appropriate entry level threshold. This approach is not recommended as a sole basis for the assessment of affordability, but it may be a valuable supplementary method. Comparisons of this approach might highlight a group of households who, while they objectively can afford to buy at prevailing prices, do not themselves feel confident to afford it. This may reflect uncertainties about their future income or future costs of ownership.

Cross-referral of backlog needs estimates

- 4.30. Ideally, backlog housing needs estimates derived from survey analysis should be cross-referred against 'expressed demand' estimates – i.e. numbers of households registered on the statutory housing register, and on other waiting lists and transfer lists held by social landlords. Similarly, analysis of survey data on 'backlog need' households should differentiate between those which are registered on lists and those who are not. This will inform an estimate of the extent to which administrative records encompass the full extent of housing need in the area.

Disaggregation

- 4.31. For most local authorities the estimates of backlog need (and newly arising need) should be broken down to some extent by location within the district, and by size/type of accommodation. The locational aspect is particularly important in more rural or geographically extensive districts, where local areas may represent partially separate sub-markets (see Chapter 7). It is desirable to show a locational analysis of need vs supply on two bases: (a) based on where households are currently living, and assuming that they are to be rehoused in the same area; (b) based on where households would prefer to live. In each case, the threshold prices or rents should preferably be based upon data for each of the sub-areas separately. These analyses would help to highlight spatial imbalances within the district, which may be important for guiding future

programmes. The district-wide analysis represents the average position, and tends to assume that people in need in one part of the district can be satisfactorily housed in another part, where supply is more readily available.

Section 4.4 - New households and newly arising need

4.32. Newly arising need arises mainly out from the formation of new households, although there are other ways in which households can come to be in need. In estimating the contribution of new household formation to the need for social housing, there are two stages:

- estimating the annual volume of new (gross) household formation
- estimating the proportion of newly forming households unable to afford market prices

4.33. Data collected through a housing needs survey can help in both these calculations (though there also other methods which can be used – see Table 2.1, Section 7.2 and Appendix 7).

Estimating the annual volume of new household formation *(basic housing needs assessment model Stage 8)*

4.34. Two sets of data which can be collected in housing needs surveys are relevant here. Firstly, the stock of ‘potential households’ and, secondly, the flow of new households identified as having formed in the recent past. As methods of estimating new household formation in the future, these measures may be regarded as alternative, or complementary components within a single model.

4.35. *Potential households* are a subset of concealed households (see Chapter 3 & Appendix 2), namely those adults and families who currently live in other household units but wish or intend to move out and live separately. It would certainly be unwarranted to assume that all concealed households are also potential households. Some will be quite happy as they are for the time being, though they may be expecting to move eventually. Others, such as a grandparent living as part of an extended family, may not be planning to move at all, while some may be in the process or at least want to set up home independently.

4.36. Determining which concealed households are also potential households can be achieved by asking the main household respondent for their opinion as to whether the people concerned need separate accommodation, either at the time of the interview or within a given period ahead. It is not recommended that respondents are asked to anticipate the situation more than 1-2 years ahead. As noted in Chapter 3, a perhaps more reliable – though more costly – approach is to obtain this information from the concealed household respondents themselves. It should be noted that surveys which ask about the anticipated need for separate accommodation beyond the immediate future (i.e. beyond 2 years) risk inaccuracy because the period may extend well beyond the concealed household’s own ‘planning horizon’. Forward requirements for periods of 5 years or more should be derived by first estimating likely annual rates of new household formation.

- 4.37. Another problem in calculating the number of newly forming independent households to which potential households will give rise in a given period results from the fact that the *composition of the potential household* at the time of the survey may be a poor guide to the make-up of the subsequent independent household. Many single person potential households may decide to set up their new home with a partner or friend(s). Since most potential households are single people, there is a danger that the volume of new household formation will be overstated if this is not taken into account, and that the projected composition of newly forming households will be skewed unrealistically towards single, childless units.
- 4.38. One means of addressing this problem is to ask potential household respondents about anticipated independent household membership. However, this is possible only if concealed household members are separately interviewed. And, in any case, there must be some doubt as to the reliability of responses – particularly for a time horizon of five years rather than 1-2 years. In general, approaches which place reliance on respondents' anticipated housing choices further than two years into the future are not recommended.
- 4.39. A more reliable approach to this issue is to base the profile of new households on the characteristics of identified newly forming households in the recent past. This draws on information about the former housing circumstances of *recent movers* identified in the survey – i.e. those households who had recently moved into their current home and who were not previously head or partner of an existing household. This can be based on movers over one year, or to boost sample numbers and reliability a period such as three years could be used. Such an approach has the advantage that it is based on actual evidence of past household formation rather than on ill-formed or unrealistic expectations about the future.
- 4.40. Table 4.3 illustrates this using data for England from the SEH. This shows that only one third of actual new households were single adults, nearly 10% were lone parents, and about 60% were in couples or living with others. This would imply a significant scaling down of the number of units required, by about 31%, from the original number of potential households, had these been identified previously before they moved (this scaling down arises because of the 'doubling up' of adults who previously lived apart from each other, albeit in other households). In practice, not all of these moves would have been anticipated much in advance. The household composition of new households also has implications for the kind of income units against which affordability would be assessed. A majority of these households, for example, would have the potential to be multi-earner households.

Table 4.3: Household type profile of newly forming households in England
(percent, based on SEH movers analysis, 1995/6-1997/8 pooled data)

<i>Household Type</i>	<i>0-1 year movers</i>	<i>0-3 year movers</i>
Single (non-elderly)	31.8	29.9
Single (elderly)	1.6	1.6
Lone Parent family with children	9.0	10.0
Couple no children	33.9	33.5
Couple 1-2 children	13.3	15.4
Couple 3+ children	1.8	1.9
Complex multi-adult household	8.6	7.7

- 4.41. The volume, as opposed to the profile, of future new household formation may also be based on evidence of household formation in the recent past. This could exclude entirely the use of evidence about potential households. However, this approach remains subject to the objection that need suppressed or displaced to other areas by tight housing market conditions remains uncounted. Supplementary questions to existing households might be used to establish whether any former members of that household had moved out and left the district, and if so whether that was primarily due to lack of housing opportunities. As a general recommendation, authorities and consultants are urged to look at *both potential households and recent actual new households*.
- 4.42. In addition, it may be possible to make independent estimates of new household formation, based on *population and household data and projections*. Methods of doing this are discussed in Appendix 7. These are of potential value as a check on numbers derived from household surveys. They are of particular value insofar as they should be demonstrably consistent with the household growth projections built into regional, structure and local planning policies. Household projections broken down by age may also provide some information on the household composition profile of new households. Where there is a lack of reliable up-to-date surveys, these sources will provide the main basis for this part of the assessment.
- 4.43. Where both survey and demographically based estimates are available, a central estimate should be made by averaging these or using judgement. Where there is a wide difference, the sensitivity of the final needs assessment 'bottom line' numbers to different values for new household formation should be shown.

Estimating the social housing requirement arising from new household formation
(basic housing needs assessment model Stage 9)

- 4.44. Stage 9 in the basic needs assessment model set out in Table 2.1 involves estimating the proportion of newly forming households who will be unable to afford to access housing in the private market. The affordability test which may be applied here is similar to that used in Stage 3 in the model, as described above in para's 4.18-4.33. Most of the issues discussed there in relation to backlog households also apply to new households. However, there are some additional considerations specific to newly-forming households.

- 4.45. It is difficult to estimate the *incomes of future newly forming households*. Unless potential household members are interviewed specifically, it is not practical to collect complete income data relating to this group through a housing needs survey. Even where the fieldwork includes concealed household interviews, there are doubts as to the value and reliability of any income data which might be collected. Even if the information is accurate at the time of the fieldwork, the picture may well be quite different by the time the household moves to separate accommodation, because these are mainly young people whose circumstances change quickly. In particular, it would need to take account of any contribution to the future household's income from partners not resident as part of the concealed household. As shown in Table 4.3, half or more of new households might turn out to be multi-earner.
- 4.46. One way round this problem is to substitute a subjective judgement about future housing prospects in place of a formal affordability test. That is, to rely on the stated opinion of the respondent as to whether the potential household would be in need of social housing at the point of moving to separate accommodation. It is not possible to recommend this as a robust, sole basis for assessing affordability in this case.
- 4.47. It is recommended that the primary basis for assessing the income and household type profile of new households is the profile of *actual new households* formed over the period preceding the survey. The outcome of any affordability classifications of concealed/potential households may then be compared against this benchmark. This assumes, of course, that the survey collects reasonable income data for existing households (an essential requirement of any survey). Analysis of SEH data for households which formed up to 3 years before the date of interview suggests that successfully forming new households have average incomes not dissimilar to that for the whole population, albeit with a different distribution reflecting the different types of households involved (e.g. very few elderly).

Potential demand for Low Cost Home Ownership (LCHO)

- 4.48. For households close to the margin of affordability in terms of mainstream owner occupation, needs may most appropriately be met through subsidised entry to home ownership rather than solely through provision of social rented housing. This could include shared ownership of new, existing or improved housing, or the Homebuy scheme. The potential relevance of LCHO solutions will vary depending on the characteristics of local housing markets, with their significance being generally greater in areas where property values are relatively high. Some of these schemes are particularly relevant to new households.
- 4.49. Separately identifying potential demand for LCHO is one reason for the idea of defining affordability in terms of bands (CIH et al 1999). This may also be relevant to assessing the potential role of the private rented sector, or of possible provision by RSLs or other agencies at medium rent levels. The potential value of housing needs survey data here is that it can bring together information on incomes and affordability, on the one hand, and tenure aspirations and preferences, on the other.

Existing households falling into need

(stage 11 of basic needs model in Table 2.1)

- 4.50. The basic needs model also identifies two other ways in which new needs may arise in a locality. The first of these refers to existing households, previously satisfactorily housed, who fall into need during a period of time (per year, conventionally). A number of circumstances might give rise to such change of circumstances, including: emergency such as fire or flood; serious illness or accident affecting health/disability status; significant deterioration in structure or condition of house; harassment by neighbours; being a victim of crime; loss of income due to job change or illness leading to mortgage or rent payment difficulties.
- 4.51. HN surveys are not particularly helpful in identifying and measuring these change events, although they may identify a backlog of people who, having been affected by such events, are awaiting rehousing or other assistance. It is suggested in Table 2.1 that the main data source for these new needs will tend in practice to be the authority's (and partners') own administration systems. This will include new applications to the housing register, net of deletions, from existing households with the kinds of circumstances identified above. Also included would be certain types of direct or priority rehousing cases, such as those treated as medical or social priorities, and possibly decants in some cases, and some types of homeless case.

In-migrants unable to afford market housing

- 4.52. Households moving into the district and requiring affordable housing can be identified by HN surveys, again using data on recent movers (possibly over several years to increase sample numbers). The survey can give data on this group's household composition and income profile. As with newly forming households, there is still a problem that households wishing to move to the district, but prevented from doing so by lack of access to affordable housing, may well be under-represented. This is perhaps a more serious problem for in-migrants, because of the combined effects of the barriers of distance, lack of information, lack of eligibility or priority on waiting lists, and general affordability constraints. Such problems are most likely to affect attractive areas with high house prices and restricted access to social housing, including some rural and coastal areas.
- 4.53. Other sources in relation to this source of need could include demographic estimates of migration, housing register information on origins of applicants, nominations, HOMES mobility requests, and key worker requirements.

Section 4.5 - Assessing the housing needs of vulnerable groups

- 4.54. Conventional housing needs surveys usually focus on assessing requirements for affordable housing in aggregate terms (though results can and should where possible be broken down by area and/or property size/type – see section 4.7).
- 4.55. There are three *main limitations* on the usefulness of conventional surveys in assessing the housing needs of vulnerable groups. Firstly, since surveys generally cover only the resident household population, they cannot take account of needs arising from the institutional sector (e.g. hospitals, prisons etc). Secondly, because some special needs groups are very small, a sample survey is unlikely to be able to accurately reflect their

numbers or to reliably quantify the housing and support needs arising. Thirdly, since a conventional housing need survey interview cannot replicate a formal care or support assessment, a household's requirements will need to be based largely on the interviewee's own opinions and preferences, rather than an objective judgement of their care or support needs and circumstances.

- 4.56. Very often, administrative data from local social services departments and health authorities will be the major input into assessment of needs for different kinds of support as well as for associated housing needs. Nevertheless, all-purpose surveys can make a limited contribution to assessing some such housing needs, particularly in relation to larger groups within the household population. This would apply, in particular, to groups such as the elderly and people with mobility disabilities.
- 4.57. A specific type of backlog need which a housing needs survey should be able to assess involves people with impaired mobility or other disabilities and living in unsuitable accommodation. Interviewers can collect details of any aids and adaptations which the household requires to remedy the situation and which might permit an 'in situ solution' (see Section 4.3).
- 4.58. Similarly, a survey should be able to collect information on older people's housing preferences and expectations. This could inform the planning of retirement housing provision and feed into consideration of how care or support services should develop in the future (e.g. under community care and 'supporting people' planning).
- 4.59. In addition, qualitative focus groups targeting people with differing types of support needs can complement mainstream surveys, by giving information on what clients want and expect. This can help to inform decisions on such matters as the balance of provision between specially-built housing and floating support. Such focus groups might be undertaken in association with a major housing needs survey, but need not be done at the same time.

Section 4.6 - Projecting demand for affordable housing

- 4.60. The basic needs assessment model summarised in Table 2.1 produces an output in terms of the annual shortfall/surplus of social housing. Taking account of any components of the model likely to change in future years (e.g. relet rates, relationship between house prices and incomes), this can be used as the basis for projecting the need for affordable housing into the future. Drawing on housing needs survey data, most consultants attempt to make such projections, although the approaches used vary from a simple reading-off of data from the survey to a more complex model.

Projections drawn directly from survey data

- 4.61. The simplest approach is to base the estimates of the future flow of new household formation on interviewee responses to questions about future housing intentions over coming years. Such techniques are not recommended, and are particularly questionable when used to inform projections into the medium and longer term – e.g. where interviewees are asked about their housing intentions or expectations more than three years into the future.

Projections combining survey data with demographic and economic data

- 4.62. Another technique is to use housing needs survey data on both potential households and recent actual new households, in conjunction with estimates of the volume of newly forming households based on household projections. As suggested earlier, such estimates may be combined, by averaging or judgement. Survey data is then used to calculate an ‘affordability propensity’ for newly forming households – in other words, an estimate of the proportion of newly forming households for whom home ownership is unaffordable. This proportion is then applied to the estimated number of newly forming households over a given period.
- 4.63. The number of newly forming households may be expected to change over the medium to longer term, because of demographic processes (particularly, changes in the number of residents in key age groups). There may also be changes in supply, reflected in relets, due to changing rates of household dissolution through ageing. Demographic projections are discussed further in Appendix 7.
- 4.64. The ‘affordability propensity’ will also be expected to change if the level of house prices relative to incomes changes. While some use may be made of economic forecasts, the most helpful way of reflecting these economic changes is to show the sensitivity of results to a range of assumptions, based on experience over the last 10-15 years (perhaps demonstrated using regional data). The HN survey may be used to calculate the *sensitivity (or elasticity) of affordability* to given percentage changes in house prices, holding incomes constant.

Projections combining survey and administrative data

- 4.65. A third method through which HN survey data is used to inform housing needs projections involves combining survey results with housing register and other administrative data. The thinking which underlies this method recalls the original justification for carrying out housing needs surveys – namely that housing registers are only a partial measure of housing need. Many people potentially in housing need fail to apply – in some cases because they judge that there is little chance of their being offered a suitable property.
- 4.66. Under this approach, figures on annual changes to the register (additions and deletions) are grossed up on the basis of survey data, showing the balance between (a) those on the register and not in need, and (b) those in need and not on the register. Applying such a method depends on being able to identify the cohort of housing register applicants among those surveyed. Because the housing register involves only non-LA tenants, a similar set of calculations needs to be carried out with respect to the transfer list. Allowance must also be made for RSL lists.
- 4.67. The outcome of the calculations described above is an annual estimate of net change in housing need. The calculations are carried out for a number of previous years, which may make it possible to establish a trend (or alternatively, to suggest the continuance of levels based on the average of the last three years). This can then be projected forwards as an indication of the likely pattern of change in the immediate future. An advantage of the method is that it enables commissioning authorities to update projections annually on the basis of newly available data on housing register changes taking place during the year.

- 4.68. Forecasting of relets, the key supply side part of the assessment, is discussed further in Chapter 6 and Appendix 7.

Section 4.7 - Disaggregation of housing needs survey results

- 4.69. Housing needs estimates and projections expressed as global figures for an entire local authority area are important, but they are far from being the whole story. In specifying the analysis of housing needs survey data, it is important that local authorities consider the extent to which such outputs should be disaggregated by property size/type and also by sub-area. Geographical disaggregation will be particularly important in large authorities comprising distinct settlements and in rural areas.
- 4.70. In terms of property size, comparisons between demand and supply should be carried out separately for properties of different sizes (e.g. distinguishing at a minimum between 1 bedroom flats, on the one hand, and properties with two or more bedrooms, on the other). If this is not done, there is a danger that global figures will mask the true situation – for example, a surplus of smaller properties could act to offset a shortage of larger homes. In reality, of course, this offsetting could not occur, since the availability of small homes would be of no value to those needing family-size accommodation.
- 4.71. Disaggregation of housing needs estimates in terms of property size and sub-area will also make the survey outputs far more useful from the point of view of guiding strategic decision-making, in both the housing and the planning spheres. It is appropriate to look at supply-demand imbalances by size using both ‘normative’ rules about size allocation standards and survey data on preferred size of accommodation. The former will be the main basis for provision in the social rented sector, whilst the latter is likely to be more relevant to market provision (including LCHO) and may also be relevant in situations of low demand or when seeking to promote balanced communities.
- 4.72. In rural areas, especially, it is tempting to seek to disaggregate the analysis down to a very localised (village or parish) basis. It may be possible to do this, using a combination of postal/self-completion 100% surveys in key villages, sample interview surveys, and appropriate use of administrative data, although this may be quite costly. It is probably a mistake to try to increase the sample of face-to-face interview surveys to produce robust estimates for small areas across the board (other, perhaps, than priority regeneration areas). In the end, this will fall between two stools, costing more, putting pressure on quality by cutting back on other areas of the specification, and still not producing reliable estimates at ward level or below.
- 4.73. A related issue which could be explored through a survey is the extent to which any households in need might be considering or willing to consider housing outside their current district. Inclusion of appropriately worded questions about geographical preferences (and constraints) on potential and existing households considering moving is an important feature in survey design. This may be especially important in cases where housing market areas go beyond district boundaries, as for example in larger conurbations.

Agenda for Action

- ⇒ Survey results should be validated by comparing household profiles with data from the Census, demographic estimates and local administrative records
- ⇒ Where particular needs or problems can be measured objectively, this should be done in addition to collecting subjectively reported problems
- ⇒ Where existing households are living in unsuitable housing, it is important to try to assess which of these could find solutions in situ or by moving within their current tenure
- ⇒ Affordability should be assessed by relating appropriate measures of income to entry-level threshold house prices and rents, distinguishing different levels or bands of affordability relevant to different possible solutions
- ⇒ The amount of new household formation should ideally be checked against past rates and demographic estimates
- ⇒ The characteristics (including income/affordability) of new households should be based mainly on the profile of actual recent new households
- ⇒ General needs surveys can make a contribution to assessing the needs of certain groups for specialised housing and/or support, particularly older people and people with disabilities
- ⇒ Projections of housing need should not rely solely on surveys but should draw on demographic, economic and administrative data
- ⇒ Assessments of need relative to supply should be disaggregated by size/type of dwelling and by major geographical sub-areas, but there are limits to the ability of surveys to provide reliable data at small area level.

CHAPTER FIVE

STOCK CONDITION SURVEYS

Section 5.1 - Introduction

- 5.1. An assessment of stock condition is an important part of a housing needs survey, but house condition surveys are also carried out in their own right for rather different reasons. They can be strategic surveys limited to a sample of private sector dwellings, or they can be detailed surveys by a local authority or RSL of its own stock, providing information for planning repair and improvement programmes, or in connection with stock transfer or business planning (DETR 1999b). This chapter describes the various types of house condition survey and also illustrates how a house condition survey can form an important additional element with a housing needs survey.
- 5.2. There is plenty of detailed advice about house condition surveys readily available from the DETR and other sources (these are commented upon in Section 5.6 below) and this chapter provides an introduction and overview of the topic rather than an exhaustive account.

Present Practice

- 5.3. Around 80 per cent of English local authorities have completed house condition surveys since 1991 at average cost of £35,000 (Bramley et al, 1999). Most were not linked to even a most rudimentary household survey, and this limits the usefulness of these surveys. It is recommended that house condition surveys should always contain some information about households occupying the dwelling. The difficulty, of course, is the extra cost, for a fully linked housing needs/house condition survey can more than double the total cost.
- 5.4. In addition, until recently, it has been difficult to get consultants with the right mix of skills to bid for the work. Linking has, however, become more common in recent years and firms with experience in the different specialisms involved are starting to work together to provide a complete package. Also, if both types of survey are to be carried out anyway, linking them together will not add to costs and may on balance save some costs (although expenditure might end up being more peaked in one financial year).
- 5.5. Research has suggested that some local authorities question whether it is worth repeating house condition surveys, especially in the private sector (Bramley et al, 1999). Some thought this because the problem was believed to be small in relation to the large cost of a survey, but others argued that the results were of little value unless more resources became available to deal with problem. The counter to this argument is that unless the magnitude of problems is assessed, and progress towards dealing with them are measured, there is little chance that the required resources will be made available. It is also the case that in its enabling role local authorities should be identifying problems and encouraging other agencies to tackle them.

Section 5.2 - Issues covered by house condition surveys

- 5.6. A house condition survey involves the inspection of a sample of properties (or for some purposes all properties) by a team of qualified surveyors. The aim is to establish: the characteristics of the property (e.g. age, type, tenure, availability of amenities); defects and repairs required; the cost of remedial work; remaining useful life; heating, insulation and energy aspects; home safety; and environmental conditions around the home.
- 5.7. It should also involve establishing the characteristics of the households occupying the dwelling covering such matters as: their views about deficiencies in the dwelling; their incomes and ability to finance repairs; and what repairs and improvements they intend to carry out. In some surveys the intentions of the landlord concerning repairs, maintenance and improvement are collected.

BOX 5.1: KEY ELEMENTS COVERED IN A HOUSE CONDITION SURVEY

DETR guidance on local house condition surveys identifies the range of elements which are likely to be covered, and in summary covers the following topics:

Building description (i.e. construction date ; building type; no of storeys; size; method of construction (e.g. traditional or non-traditional); building use (e.g. converted flat, purpose built flat, HMO); whether occupied or vacant; tenure; whether adapted for disability or sheltered housing; whether in an area delimited for special action (e.g. renewal area, HAA); whether a local authority grant has been given or has been renovated by the LA.

Interior - covering: no of rooms; construction of walls, floors and ceilings; defects (e.g. damp, ventilation, disrepair); condition of windows; condition of staircases.

Amenities and services - covering work required in kitchens, bathrooms, hot and cold water distribution, internal drainage, central heating, utilities, insulation to cylinder, loft and water tank; whether lead in pipework;

Household structure - number of households; length of residence; number and ages of adults and children; whether elderly person will move in during the next year; address of landlord.

Household income - gross income of respondent and partner; whether on means tested benefits.

Disability - any longstanding illness; extent of disability (e.g. bed bound, wheelchair outdoors only); adaptations carried out; accessibility criteria.

Condensation - whether the household has problems with damp; type and degree of problems; an assessment of whether the surveyor thinks the condensation is caused by lifestyle; assessment of whether condensation is due to dwelling defects.

Security - security features (e.g. burglar alarm, strong front door); access to blocks and common parts; external areas (e.g. security lighting, car parking, street lighting).

Common parts of flats surveyed - faults in floors, walls ceilings, access doors lighting, balustrades; cause of faults; fire safety.

Shared facilities - condition of lifts, refuse disposal common rooms etc.; causes of faults (e.g. vandalism, wear and tear).

Exterior of building - condition of roofs, walls, foundations paved areas, fences etc, chimney stacks, dormers, windows, doors and frames, damp proof course.

Additional work to fabric or amenities - cost of work to make fit; cost of other works necessary;

Fitness assessment - covering structural stability; disrepair; dampness; lighting; heating; ventilation; water supply; food preparation; WC; bath/shower; drainage.

Possible course of action - whether no action required, demolition or retain; for private sector stock, grants needed to make fit; discretionary renovation work; minor works assistance; stay put. For public sector major or minor improvements and adaptations required.

Dimensions of dwelling

Environmental context - whether urban, suburban rural etc; no of voids in area; condition of surrounding dwellings; problems in local environment (e.g. vacant sites, pollution, traffic noise).

Heating and energy - open chimneys or flues; draft proofing; double glazing; main source of hot water; cylinder insulation; thickness of insulation; boiler systems; warm air systems; room heater systems; heating control systems; fuels used.

Section 5.3 - Types of house condition survey

- 5.8. House condition surveys are undertaken for several different purposes with the main distinction being between strategic level sample surveys carried out in the private sector (sometimes including local authority housing as well), and local authority stock surveys which are required for operational purposes and are much more detailed.
- 5.9. The topics listed in Box 5.1 are primarily designed for a strategic level sample survey, though, of course, many of the questions are relevant to local authority stock surveys.

Linking housing needs/stock condition surveys

- 5.10. The link between a housing needs survey and a house condition survey is an important one and the question arises as to how best to obtain this link at a reasonable cost. There are three possibilities:
- A fully integrated survey with qualified surveyors inspecting properties of households that are being interviewed in the social survey - this is the model used in the English House Condition Survey (EHCS);

- A HN survey which collects some condition information from occupants and/or on the basis of an assessment by the interviewer, but which does not include inspections by a professional surveyor - this, until recently, has been the approach usually adopted by local authorities;
 - A HC survey which includes some basic information about the household living in the dwelling inspected - this is the model included in the DETR advice referred to above.
- 5.11. Which of these models is adopted will depend crucially on cost, but also on the main objectives of the survey and what information the authority has previously collected. Ideally the house condition survey should be fully integrated with the housing needs survey. Though rare, this approach has great advantages in linking the needs of the household and their ability to satisfy their needs with the costs of repair or improvements to the property they live in.
- 5.12. Most HN surveys do collect information about condition based on the views of occupiers and/or on assessments made by the social survey interviewers. This is a reasonable approach (though it has limitations) as information can be collected about matters such as: the availability of amenities; heating systems; some disrepair items (e.g. dampness and heating problems) and improvements required. In the experience of one consultant (Fordham et al, 1998) occupiers do give reliable answers to many questions about condition. However, successive EHCS's have found that occupiers are frequently unaware of even serious disrepair problems and a building surveyor can spot these and estimate repair costs on a consistent basis. Ideally, therefore a fully integrated survey should be attempted.

Strategic level surveys

- 5.13. One of the most important reasons for doing a house condition survey is to establish a strategic level assessment of disrepair and other problems in the housing stock. This type of survey may be carried out across all tenures but is often confined to the private sector. This is because a local authority may already have good information about the condition of its own stock, and also in many areas the age and method of construction of the stock (e.g. more flats and non-traditional construction methods) is rather different and requires a different survey technique.
- 5.14. Information gathered at the strategic level is needed to assess overall needs and priorities, especially in connection with renovation grant, energy assessment and health programmes. The results can be used to back up bids for capital allocations from central government and to decide on resource allocation within the authority. These surveys require specialised skills and are usually commissioned from consultants rather than carried out in-house.

Local surveys

- 5.15. These may be carried out as part of planning area renewal programmes and may include both public or private sector dwellings. The method of approach is similar to strategic level surveys, although the sampling method may be different, more detailed information may be required on environmental matters, and a more corporate approach

adopted to designing the survey since several departments are likely to become involved in developing appropriate programmes.

Specialist surveys

- 5.16. These are designed to look at issues such as conditions in houses in multiple occupation and the production of energy profiles in connection with the Home Energy Conservation Act. These surveys are often done in-house rather than by consultants.

Condition surveys focusing on local authority stock

- 5.17. Local authority stock condition surveys are different in content and scale from private sector or other strategic surveys. This is partly because of the different nature of the housing (e.g. more flats and different construction methods) and because of the need for more complete information as the results are needed for operational as well as strategic purposes.
- 5.18. When maintenance, repair and improvement programmes are being planned or assessments related to stock transfer undertaken it is likely that information on all, or a large part, of the stock will be required rather than just a sample. A fairly standard approach is to inspect up to 100 percent of the dwellings externally, supplemented by internal inspections of 10 per cent of the stock. It may not be necessary to undertake external inspections of 100% of stock, where existing data on the age and type of stock indicate where blocks of housing are effectively identical. These surveys are sometimes conducted on a running basis, say over a five year period, or are 'snapshot' surveys carried out over a short period of time.
- 5.19. The end product of these surveys is a database showing the condition of all dwellings. This can be regularly updated (e.g. updating the main cost elements when repairs and improvements are completed, and from maintenance inspections when the property becomes empty) and used as a planning tool on a continual basis. Local authority stock condition surveys are an essential element of the *resource accounting and business planning* approach (DETR 1999b). They enable a profile of repair and improvement needs to be developed alongside short, medium and long term demands from present and future occupiers.
- 5.20. LAs also carry out condition surveys to decide whether they should *transfer stock* and as part of the preparation for stock transfer. Because of the importance of establishing a good estimate of repair and improvement costs these surveys are often more thorough and involve life-cycle modelling. The DETR has issued guidelines setting out how these surveys should be conducted (DETR, 1998).

- 5.21. In order to save the cost of carrying out a major stock condition survey an alternative is to build up a record of condition by conducting ad hoc inspections as and when properties are vacated. This allows a database to be built up over several years. This is very much a second best approach, as the information can be unreliable. There are likely to be differences of practice and interpretation between local maintenance staff and the passage of time also makes it difficult to maintain quality control and consistency.
- 5.22. The most usual way of containing costs is to conduct both internal and external inspections on only a percentage of the sample (say 10 per cent) but to conduct external inspections on all (or substantial part) of the stock. This technique is used most frequently for local authority stock surveys, where it is desired to survey all dwellings rather than a sample, though it can be used in strategic surveys as well. The results of the full inspections can be put into a computer model which then ascribes internal conditions to those properties only inspected externally. This is done on principle that, in the local authority stock, the internal condition of properties only surveyed externally will be similar to the nearest equivalent type of dwelling where there has been a full inspection.
- 5.23. If a HC survey is to be carried out, it is possible to use the technical surveyors to conduct a short household interview, rather than linking to a full HN interview survey. The list of HC survey topics in Box 5.1 illustrates this. Surveyors are not always happy with this idea but it has proved to work well, even with sensitive information such as income. This approach maintains the important link between the household and dwelling, albeit in a somewhat limited way.
- 5.24. It is also possible to train HC surveyors to undertake the full household interview for a needs survey. For a full discussion of the advantages and disadvantages of this see (LRC, 2000). The cost advantage may not be all that great as building surveyors are usually in short supply and, as far as those working for the local authority are concerned, are fully occupied with their day to day duties. This means that they are often used in overtime and cost more.

Section 5.4 - Managing a house condition survey

- 5.25. Anyone seeking advice on managing a house condition survey is strongly advised to look at a recent publication *Specifying Stock Condition Surveys* (London Research Centre for DETR, 2000). This readable report covers all that is required. Managing a house condition survey is very similar to managing a needs survey as described in Chapter 3. As a linked needs/condition survey will be more complex there is even more reason to establish clear objectives, to provide a good brief, to take care over contractor selection and to ensure close monitoring and involvement with the survey as it is carried out.
- 5.26. One point of particular relevance to HC surveys concerns *information technology*, including: the establishment of stock databases; the updating of these; imputing condition information on the basis of type/location/external inspections; the ability to model component life/life-cycle costing. These issues loom large in HC surveys, so it is important that a client-oriented member of the IT staff should become closely associated with the project.

- 5.27. The *technical expertise and experience of surveyors* is very important. Local authorities and other commissioning bodies must look closely at: the qualifications of surveyors; how consultants recruit and train staff; how they exercise quality control; how many surveyors will be used - too many (or too few) may compromise consistency.

Section 5.5 - Further information

- 5.28. There are several authoritative guides published or sponsored by the DETR/DoE which go into more detail about the technical and management aspects of carrying out house condition surveys. These are:
- New good practice guidance is being produced by the DETR due for publication in early 2000. This will update and replace the earlier guide (DOE 1993), provide for more local flexibility, and give greater emphasis on surveys of local authority and RSL stock.
 - *Specifying Stock Surveys: A Good Practice Guide* from the London Research Centre (2000) is also a must for anyone setting out to do a stock condition survey. It covers the policy context, setting objectives, drawing up a brief, managing the survey and reports and outputs. Appendices cover sample survey briefs, questions to use when interviewing consultants and source of information.
 - *Housing Transfer Guidelines* (DETR, 1998) - this deals with surveys carried out in connection with stock transfer. It is recommended as a key contextual guide for one of the main reasons that stock surveys are conducted. The advice is relevant whether stock is transferred or retained and the range of stock action categories (e.g. catch up repairs, future major repairs) are similar to business planning categories.
 - *Private Sector Housing Renewal Strategies: A Good Practice Guide* (DETR, 1997) shows the range of contexts in which private sector stock surveys should operate, particularly in terms of helping to achieve strategies to tackle stock conditions at the same time as other needs such as energy conservation, crime and disorder, health and economic development.
- 5.29. The National Housing Federation (NHF) has produced two guides for RSLs, which local authorities may also find useful:
- *Stock Condition Surveys: A Guide for RSLs* (NHF, 1994) - an excellent guide to the principles and practice of stock condition surveys, with an emphasis on explaining how a survey can fit in with other sources of information to produce short, medium and long term maintenance and repair plans.
 - *Reinvestment Strategies: A Good Practice Guide* (NHF, 1997) deals with how to deal with needs as a whole including: stock condition, supply and demand, integrating with other agencies, and ensuring that the organisation thinks corporately in terms of linking finance, maintenance and management issues.

Agenda for Action

- ⇒ Stock condition information is required to support business planning in the social rented sector and to fulfil the strategic enabling role across all tenures, but particularly in relation to the private sector
- ⇒ Local authorities should seriously consider combining condition surveys with housing needs surveys
- ⇒ It is essential to be clear about the aims and priorities of the exercise in order to determine the most appropriate survey model
- ⇒ Local authorities will often find the most effective approach to their own stock will involve comprehensive external inspection, sample internal inspection, and the setting up and updating of a stock database with associated modelling facilities
- ⇒ Local surveys in regeneration areas may need to cover a wider range of topics, including environmental and security issues, and should be commissioned on a corporate/partnership basis
- ⇒ The expertise, training and monitoring of surveyors is a critical element in quality control with condition surveys
- ⇒ When commissioning condition surveys, the very extensive published guidance should be referred to.

CHAPTER 6

USE OF LOCAL ADMINISTRATIVE DATA

Section 6.1 - Overview

- 6.1. This chapter discusses the use of data derived from the administrative records of local authorities and other local organisations (including RSLs). This is one general type of ‘secondary’ data (i.e. data which already exist). Other types of secondary data, mainly available from Government and national organisations, are discussed in the next Chapter.
- 6.2. Although housing needs surveys can provide much new and valuable information, and most local authorities find such surveys worth undertaking periodically, this does not mean that local administrative data are unimportant for local needs assessment and can be ignored. On the contrary, recent research (Bramley et al 1999, ch. 5) showed that, for example, housing registers (waiting lists) remained the most important practical source of information on social housing need across the country.
- 6.3. Even with periodic housing needs surveys, local administrative records remain more or less essential for at least three general types of information:
 - finer-grained analysis of demand and supply at the level of smaller geographical areas and for particular household size/type requirements including special needs
 - monitoring and updating the picture year-by-year
 - monitoring and profiling the supply of accommodation
- 6.4. However, the research also indicated that the full potential of local administrative systems was often not realised, and that obtaining information analysed in ways which would be most useful is often difficult if not impossible. In the medium term, it is important that local authorities and other agencies invest some effort in improving the reliability, consistency and flexibility of information flow from these systems, in addition to whatever resources they may invest in commissioning new surveys.
- 6.5. The chapter first discusses the most important tool for recording and monitoring demand for social housing, the housing register or waiting list. A number of aspects are examined, including categories of need, what information should be collected, dealing with overlaps and double-counting, and monitoring flows as well as stocks. This discussion applies to RSLs as well as local authorities.
- 6.6. The chapter then considers a wider range of administrative sources having some bearing on the demand for housing of different kinds. These include homelessness, new and existing tenants, Right to Buy and other sales, referrals from other agencies including health and social services, housing advice services and benefits data.
- 6.7. The last part of the chapter considers data on housing supply, particularly turnover/relets and voids information. Although much of the emphasis in this chapter is on social landlords’ information, where appropriate attention is given to information

systems which relate to private sector housing as well (e.g. Council Tax voids information).

- 6.8. Where appropriate in this chapter, references are made to particular Government statistical returns (e.g. HIP 'housing needs appraisal' form) where particular information is recorded. [raises issue of access to data and benchmarking].

Section 6.2 - Housing Registers

- 6.9. Housing registers (often called waiting lists) are a key tool in both the allocation of social housing and in assessing the potential need and demand for it. Under the Housing Act 1996 (s.162), local authorities have a statutory duty to maintain a housing register, although some which have transferred their housing stock to an RSL have also contracted out this function to the new landlord.
- 6.10. The DETR also recommends that local authorities maintain sub-registers of applicants needing specialised types of accommodation, together with lists of properties suitable for certain types of applicants (e.g. sheltered housing or housing specially adapted for people with disabilities) (DETR, 2000b). Specific guidance on disability housing registers has also been recently published (Shaw, 1999).

Eligibility

- 6.11. Traditionally, local authorities in England have had wide discretion over most aspects of housing registers, including deciding who may or may not be eligible to join the register. This meant that in many LAs certain groups were excluded from consideration. Groups commonly affected were owner occupiers, younger single people, and people not living in the local authority and not having some other form of local connection.
- 6.12. In general, the greater the restrictions on housing register eligibility, the less complete and the less useful the housing register is as a tool for measuring housing need in the broad sense. It may still be a reasonable measure of the numbers of people whom the local authority, on current policies, may consider housing. But, particularly in areas where gross shortages of affordable housing may deter potential applicants, it will not give a full picture of the range of needs and requirements within the whole community which the LA, as planning authority, is required to consider. In addition, there are reasons for considering the rehousing of a wider range of households in socially rented housing, including promoting balanced and sustainable communities and dealing with problems of unpopular housing.
- 6.13. For all of these reasons, authorities with restrictions on eligibility to join a housing register are encouraged to review and consider the appropriateness of such restrictions. An alternative strategy, favoured by good practice guidance (Britain and Yanetta, 1997) is to restrict eligibility for rehousing rather than eligibility for registration. In this way, it is open to landlords to hold certain applications in indefinite suspension either because they do not meet housing needs criteria or for another reason such as outstanding rent arrears. If and when circumstances change, suspended applications can then be transformed into live cases.

- 6.14. Restrictions on eligibility may make a significant numerical difference to the needs and demands recorded. Authorities with open lists often report, for example, substantial demand from younger single people. As owner occupation becomes the most common tenure, for a wide range of households, rather more owner occupiers may (for a variety of reasons) wish to apply for social housing. Similarly, areas with high employment growth or a very tight housing market may have considerable potential demand from people moving to work in the area. However, if eligibility restrictions debar owner occupiers and/or people from outside the district from registering for housing, expressed demand will be, to some extent, suppressed.
- 6.15. Authorities or RSLs may have changed eligibility limitations at some point in the recent past. It is important to allow for any such changes when considering trends in housing register numbers.

Categories of need

- 6.16. Households may be in need for different reasons. The nature of the housing problem which leads them to join a housing register may vary, but probably falls within one of the following general types:
- insecurity of tenure, including homelessness and affordability problems
 - mismatch between household and dwelling in terms of size, type
 - substandard amenities/condition of dwelling
 - social reasons, including needs for support

These categories are, in principle, the same as the categories of housing need, or 'suitability problem', identified in typical housing needs surveys (see Chapter 4, section 4.3, Table 4.2).

- 6.17. Local authorities are encouraged to try to match these categories more closely in practice as well as in principle. When designing HN surveys, the categories defined by the LA's (and where appropriate RSLs') application form(s) and allocation scheme(s) should be reflected in the survey. Conversely, when reviewing application forms and allocation schemes, LAs (and RSLs) should consider the categories identified in typical housing needs surveys (as summarised in Table 4.2) and where appropriate review forms to include relevant questions and categories.
- 6.18. It must be recognised that the information held on a housing register may in some cases be more detailed, and more independently validated, than the information on a housing needs survey questionnaire (particularly in self-completion postal surveys). The applicant may have been subject to a series of searching questions by a housing officer, and may have had to produce documentary or supporting evidence for particular factors. In addition, there may have been a housing visit to the applicant's existing accommodation.
- 6.19. Information on housing register applicants broken down by need category is useful for monitoring trends and problems in the housing market, which may be relevant to the kinds of new provision required and to other policy responses. It is also useful for

matching up with housing needs survey results, firstly to assess the possible extent of under-recording of need and secondly to use trends over time to update numbers (see Section 4.3).

Prioritisation

- 6.20. Applicants on housing registers are generally prioritised by one of two types of system:
- groups scheme
 - points scheme
- 6.21. Some schemes combine these two approaches (i.e. points within groups). Group schemes are likely to differentiate some of the categories of housing need discussed above, and may further categorise by size or other attribute. Some groups may be treated as of higher priority than others, but there may also be quotas to ensure some balance between the groups in terms of access to housing. Points schemes may not apply to all cases; some urgent medical priority cases, for example, may take precedence over general applicants.
- 6.22. Prior to 1997 many authorities treated statutory homeless households as a specific group with over-riding priority for permanent rehousing. Under the Housing Act 1996, however, a local authority's immediate rehousing obligations towards a homeless household are limited to providing accommodation for up to two years. Permanent tenancies may only be offered through the housing register, where the needs of homeless households are, in theory, weighed against those of other applicants.
- 6.23. Numbers and proportions of applicants with assessed needs above certain levels, indicating relatively high priority, represent important indicators of need for LAs in developing and rolling forward their local housing strategies. It is recommended that LAs with points schemes define certain thresholds which would indicate (a) some significant need (b) pressing or urgent need, and monitor numbers of applicants above these levels.
- 6.24. It is recommended that *all authorities*, irrespective of their allocations system, *monitor waiting times* for households currently being rehoused. Averages and ranges of waiting times from first registration to rehousing should be regularly reported, broken down as appropriate by size, sub-area, and need/rehousing category. This information would be of clear value to potential applicants and to frontline housing staff, as well as for strategic purposes.
- 6.25. At the other end of the scale are households who are of *low or no priority* for rehousing, yet who may be registered. These may fall into one of the following categories:
- households with no or limited problems of the kind which attract priority, but who are seeking social/affordable housing;

- households who are not currently seeking a social tenancy, but who have registered as a contingency or ‘insurance’ policy because they feel they might need it in the future; (this may include some people who are interested in very specific dwellings which may be expected to become available in the future);
 - households who may have needs/points but who are currently suspended for consideration because of refusal of previous offers, rent arrears/debt, antisocial behaviour or other reasons
- 6.26. The term ‘*active list*’ generally refers to the housing register excluding the second and third of these groups, although some authorities might also exclude the first group. Similarly, the HIP ‘housing needs appraisal’ form makes a distinction between registrations involving households ‘in need’ (i.e. ‘wanting housing at the current time’), and others (i.e. ‘those whose need is for housing in the future’).

Review of registration and ‘deadwood’

- 6.27. It is well-known that housing registers tend to accumulate ‘deadwood’ (i.e. people no longer in need because of change of circumstances) quite quickly. In addition to the case of people registering for ‘insurance’ reasons mentioned above, the main reason for this is the fact that many applicants are in relatively fluid and unstable circumstances, either because of their age and stage in family life-cycle, or because their housing need was triggered by a major life change (illness, relationship breakdown, loss of job) which leads to further changes. The study by Prescott-Clarke et al (1994) on *Routes into Local Authority Housing* documented this, showing that at any one time as many as a half of waiting list applicants were not actively in need and contactable.
- 6.28. It is also well understood that a soundly administered housing register must contain a regular and consistent system for reviewing the status of applicants. Typical systems involve the sending out of a letter or card with prepaid return card or slip, annually either on anniversary of application (rolling review) or on a fixed date each year (periodic review), requiring applicants to confirm that they are still seeking social housing. Most authorities maintain such systems, in principle, although sometimes their administration is not rigorously pursued at all times owing to pressures of other work. Computerised housing list systems should generate such letters/cards automatically.
- 6.29. Some systems place non-responding applicants into a suspended category, so that if they subsequently re-register their previous application can be retrieved. If so, there must also be a consistent and regular procedure for culling suspended cases after a certain further lapse of time. Many households dropping off the register will not re-appear, because they have found other housing solutions or moved away.
- 6.30. All authorities are strongly recommended to maintain a consistent review system, ideally involving rolling review, and to monitor and report the number of cases deleted (and/or suspended for non-response) each year, along with other housing need and supply information (see also ‘Stocks and Flows’ below).

Treatment of homeless households

- 6.31. Prior to 1997, homeless households tended to be treated as separate from general applicants (waiting lists), although in reality there was quite a lot of overlap. The 1996 legislation and revised Code of Guidance (DETR, 2000c) was intended to bring about greater integration of homeless and waiting list channels into social housing.
- 6.32. In this guidance it is not only *recommended*, but also *assumed*, that *homeless applicants are always registered* on the general housing register. It is recommended that this is done for all applicants assessed under the Housing Act 1996 Part VII, but at a minimum it should be done for all priority households accepted as homeless for rehousing purposes. Of course, many homeless households may already be on the register; in that case it is a matter of updating information about their circumstances.
- 6.33. Given the above presumption, there should be no problem of double-counting between homeless and general applicants. Homeless numbers (particularly priority acceptances) should be reported as part of reporting on housing registers generally. There should be no suggestion that homeless numbers are additional to the overall numbers covered by the housing register.
- 6.34. However, where homeless households are placed in temporary accommodation, particularly Bed & Breakfast and Hostel accommodation, care should be taken to recognise this group as an important, high priority group within the current backlog of unmet need. It should be remembered that this group will not be included in housing needs surveys which only cover the private household population.
- 6.35. Some homeless applicants may have experienced particular social or health problems (e.g. relating to alcohol, drugs, domestic violence) and/or be particularly vulnerable (e.g. young people leaving care). Homeless presentations may be one of the key sources of information on the needs of particular vulnerable groups. In some cases the need may be more one of support than for housing per se. Some clients may display multiple problems, and this should be borne in mind when reporting on and planning provision for specific client groups.

Registered Social Landlords

- 6.36. In general, RSLs should follow the *same general guidelines* on good practice as set out here for LAs. Particularly for larger associations catering to a range of general needs, continuously open lists without arbitrary eligibility restrictions are desirable. Given the important role now played by RSLs in most areas, particularly in relation to new provision, it is desirable that analyses of housing need/demand relative to supply should be carried out for the social housing sector as a whole, including information from RSLs' own waiting lists.
- 6.37. The main problem to deal with is the *overlap* between the lists of different social landlords, including the LA. Ideally, each organisation should include, on its application form, questions about whether registered on the lists of any other local organisation (and how many). Reports on housing register numbers could then discount multiply-registered applicants to avoid double counting (e.g. the total count could be all on LA register plus those on RSL registers not on LA, with those on several RSL registers only counted as a fraction). Another possible source of data on

overlap is housing needs surveys, which can ask about registration on LA and RSL lists. Of course, these sorts of problems disappear where common housing registers are created.

- 6.38. *Large Scale Voluntary Transfer* (LSVT) local authorities present a slightly special case. Whilst the legal requirement for the LA to maintain a statutory housing register remains in place, the operation of the register may be contracted out to another agency (e.g. the stock transfer landlord). Experience suggests that the LA should have a well-specified service-level agreement with the transfer RSL covering all the possible information and monitoring requirements likely to arise, for housing needs assessment and other purposes (Bramley et al 1999; Aldourne Associates 1997). Such agreements might cross-refer to this and other guidance; it should provide for appropriate disaggregations, frequency of reporting, treatment of stocks and flows, supply of lettings, and other matters.
- 6.39. *Common Housing Registers* are an idea attracting considerable current interest, and CHRs of some kind are now operating over 100 authorities in England. Specific good practice advice on setting up a CHR is available (Binns & Cannon, 1996). The basic idea is that a single unified housing register is maintained for a LA area, combining the lists of the LA and all the RSL providers active in the area. This involves a common application form, which can provide information to meet the differing requirements of the different providers, and a common computer database into which each participant has networked access. Allocation schemes and priorities can, in principle, remain distinctive, but there has to be a degree of commonality in the application form and the information collected therein.
- 6.40. The case for CHRs is usually argued in terms of the benefits to the customer (e.g. access to whole of social housing stock through a single application) and/or efficiency gains to the participating landlords (e.g. reduced bureaucracy involving nominations). However, another point in favour of CHRs is their potential value as a comprehensive measure of expressed housing need.

Stocks and flows

- 6.41. A common source of confusion in housing needs assessments is the failure to clearly distinguish 'stocks' and 'flows'. Box 6.1 attempts to clarify this in relation to housing registers and rehousing.

BOX 6.1: HOUSING REGISTER STOCKS AND FLOWS

Chapter 2 (para. 2.13) distinguished

- *an annual flow*, that is a count of households or dwellings which change status over a period of time, in this case one year
- *a stock*, meaning a snapshot count of the number of households with a particular problem or characteristic at a point in time

A housing register or waiting list may be counted as a '*stock*', i.e. the number of households registered on the list and waiting for housing at a point in time. This has traditionally been the main way in which numbers were reported. This '*stock*' measure corresponds to the idea of the '*backlog*' of need identified in Chapter 2. ('*stock*' in this sense, meaning stock of households, should of course be distinguished from '*stock*' being used as shorthand for '*housing stock*', which is a stock of dwellings).

However, equally important, but frequently neglected, are the '*flows*' of households onto and off the register over a period of time (conventionally, one year), particularly:

- *new applications* per year
- *cases rehoused* by the LA or by RSLs
- *deletions* (including suspensions) of existing applicants as result of review process

These numbers are linked together arithmetically.

NET APPLICATIONS equals NEW APPLICATIONS minus DELETIONS

INCREASE IN REGISTER (change in stock of applicants)

equals NEW APPLICATIONS
minus DELETIONS
minus CASES REHOUSED

It can be inferred from the above that:

NET APPLICATIONS equals INCREASE IN REGISTER plus CASES REHOUSED.

This last formula provides a shortcut way of estimating net applications where direct data on deletions are not available.

It is *recommended that LAs and RSLs use net applications* (i.e. the number of new applications, minus the number of deletions), *as a measure of new need*. This should preferably be split into (a) new applications from potential newly forming households (i.e. those living with parents/relatives/others, 'lodgers'), (b) new applications from existing households in housing need; (c) new applications from outside the LA area, or potential in-migrants. This can then fit directly into the framework set out in Chapter 2 (Table 2.1, rows 8, 11 and 12 respectively).

- 6.42. Box 6.2 recommends measuring newly-arising need by monitoring net applications (i.e. new applications minus deletions), broken down into suitable sub-categories. This measure of new need from HRs can be compared with measures derived from housing needs surveys, when these are available, and possibly with estimates from other methods using demographic and socio-economic data. HR numbers may be either less than the numbers estimated from these other sources – e.g. because of eligibility restrictions, or low expectations of rehousing – or higher - because of ‘deadwood’ and insurance cases.
- 6.43. Estimates of new need, year by year, from HRs will be particularly helpful for updating estimates from housing needs surveys. Thus, if the base year estimate of new need were determined mainly from a survey (as described in Chapter 4), the percentage change in net applications to the housing register could be used to apply pro-rata changes to the base estimate.

Section 6.3 - Other demand data

Existing tenants

- 6.44. Information about existing social tenants is less critical to the basic needs assessment model. However, it may be of some value in relation to certain issues, including:
- underoccupation/overcrowding;
 - trends in and concentrations of poverty;
 - future relets arising from old age and death;
 - future relets arising from moves out into owner occupation;
 - potential demand for LCHO and RTB
 - rehousing requirements associated with renewal programmes
 - needs for support for vulnerable groups or adaptations for disabled people
- 6.45. Social landlords should, in principle, have a reasonable profile of the characteristics of new tenants. This would be based on the application form (assuming all households rehoused pass through the housing register, as recommended), some of which information could be transferred to the tenancy file. The main problem is that household circumstances change over time and there is no general, comprehensive mechanism for logging these changes. There are also data protection and system compatibility problems associated with linking data from other systems, particularly Housing Benefit. Nevertheless, certain basic facts, particularly age of tenant, should still be available.
- 6.46. HN, HC or tenant surveys could provide much fuller information, but only for a sample. Several of the uses for tenant characteristics data enumerated above actually require information at a more detailed, small area level. This is more difficult to generate without targeted surveys.

New tenants

- 6.47. Detailed information should, as noted above, be available for new tenants. In the case of RSLs, this information is recorded in a standard form on a national database known as CORE. This database is maintained by the Joint Centre for Housing Research, University of St Andrews, on behalf of the Housing Corporation and the National Housing Federation. Regular bulletins are published which provide detailed tabulations at regional level which can be used for benchmarking comparisons. There is no current equivalent database for new LA tenants.
- 6.48. It is important to recognise that profiles of new tenants are not necessarily a good guide to the characteristics of existing tenants. The household composition and economic activity of tenants change over time, and the tenant population is also affected by the differential rate of exit of different groups from the sector. The Survey of English Housing (SEH) is probably the best source for national and regional profiles and benchmarks, with which local housing needs or tenant surveys may be compared.

Right to Buy and Low Cost Home Ownership

- 6.49. RTB sales are relevant to the projection of future numbers in the main tenures, and will have some influence on future numbers of relets via the depletion of stock, although it has generally been found in past research that RTB buyers are a relatively stable group with a low exit propensity. RTB sales will also have some effects on the financial resources available to LAs through capital receipts. Numbers of applications and completions can be readily monitored and trends extrapolated. Past experience suggests that numbers tend to vary with the state of the economy and confidence in the private housing market, as well as in response to changes to the discounts regime.
- 6.50. LCHO activity (shared ownership, Homebuy) will be constrained in part by available resource allocations, but providers (RSLs) will normally also have some information on demand in terms of waiting lists and speed of sale on recent schemes. Housing registers should include information from application forms on possible interest in such opportunities and on either incomes or economic status (e.g. whether working, in receipt of benefits) which would be relevant to people's ability to afford such options.

Referrals

- 6.51. Significant numbers of households are rehoused in social housing following referral from health authorities or social services departments. In some but not all cases these households will have needs for either specialised/adapted housing and/or for continuing support. Relevant information may or may not be fully integrated in HRs. Authorities should monitor trends in numbers of referrals by category and these numbers may be projected forward by extrapolating recent trends.
- 6.52. In addition, in some areas special registers are maintained of individuals in particular categories who have been identified as having, or being likely to have in the foreseeable future, particular housing needs (see Shaw 1999). In many areas these registers are maintained jointly with the social services, health and other authorities, who are the main originators of the relevant information. In some shire areas these registers are maintained on a county-wide basis. Some of the needs on these registers may require institutional rather than conventional housing solutions.

Other rehousing demands

- 6.53. Various other groups of households present demands for rehousing in the social sector outside the normal routes of housing register and homelessness. These include
- private sector residents affected by major renewal schemes who require ‘decanting’, temporarily or permanently;
 - mobility cases wishing to move from other areas, principally through the HOMES scheme
 - key workers taking up employment in local services or expansions by major local employers.
- 6.54. In some cases it may be possible to include these cases in the mainstream housing register, but this may not always be practical. Numbers of cases directly rehoused should be recorded and monitored (and indeed there are boxes on the HIP1 form to record some of these). Demand and supply analyses should take account of these cases as well as those coming through the mainstream routes, but avoiding double counting. Where significant changes in numbers are anticipated, for example because of large renewal schemes or major employment initiatives, allowance should be made for this in forward projections.

Housing Aid and Advice Services

- 6.55. Housing Aid and Advice Services, where they exist, may provide a valuable source of intelligence on current trends in the local housing market and the prevalence of different kinds of problem. This intelligence may be a mixture of soft and harder information. Harder information mainly takes the form of caseload numbers broken down by type of problem. This information is likely to be of more use if the recording of cases is undertaken in a systematic manner using standard proformas and categories. Unless care is taken to avoid it, potential double-counting could weaken the value of evidence from such sources.
- 6.56. Some Aid and Advice services are closely tied in with local authority general housing services and the processing of homeless applications. In these cases, much of the information may end up being channelled through the main housing register. However, some of the caseload is likely to relate to people living in the private sector and not necessarily seeking a social tenancy. It would be useful if the recording of caseloads could clearly distinguish cases where people are on, or are referred to, the housing register, and other cases, to identify potential overlap.
- 6.57. The types of problem which these services are likely to be helpful for monitoring include
- actual and potential homelessness, including among those unlikely to be priority cases
 - private tenancy problems, including insecurity and harassment
 - problems of affordability for tenants, including problems relating to benefits

- mortgage arrears and repossession problems affecting owner occupiers
 - problems affecting particular groups, including BME communities
- 6.58. Local authorities are responsible for major benefit systems (HB and CTB). In addition, there is growing access to data down to small area level on a range of DSS benefits. Use of this information is discussed in the next chapter.


Section 6.4 - The supply side

- 6.59. Local administrative records are the main basis for estimating and projecting the supply of social lettings and other forms of housing provision. In this respect they play an essential role in local housing needs assessment, whether or not housing needs surveys are carried out. Variations in supply between localities and over time are just as important to the overall net need for additional provision as variations in need and demand. For example, Bramley & Smart (1995) showed that the low supply of social rented stock and the low rate of relets in that stock were the main cause of unmet need in rural areas of England.

New provision

- 6.60. New social rented (and LCHO) provision mainly involves RSLs, so close liaison with these partners is an essential part of the strategic enabling role of LAs. Recent levels of provision contribute to the balance between supply and demand being achieved at a particular point in time. Committed programmes of new development represent one part of the supply which must be taken into account when projecting forward over the 3-5 year strategy period (Table 2.1, line 17). The key policy question is generally: what additional provision, over and above that already committed, is required to meet newly arising need and to make progress in reducing backlogs of need.
- 6.61. LAs will normally, through regular liaison with RSLs and the Housing Corporation, have a detailed picture of committed new schemes, in terms of numbers of units broken down by size/type, location, and timing of completion. It is important to include all provision, including that funded through the Corporation's ADP, that funded through LA Social Housing Grant, any funding through other special programmes including SRB/NDFC, and any schemes funded by RSLs themselves from their reserves or negotiated with private developers under the planning system.
- 6.62. New building starts and completions in the private sector are recorded by LA Planning/Building Control departments, and included in quarterly returns to DETR (form P2). Land availability databases are also maintained by planning departments, which include this information at site level. Planning departments also attempt to monitor conversions, although this can be difficult. These numbers are relevant to monitoring progress in meeting total planned housing requirements, as set out in Table 2.2 in Chapter 2. Planning authorities are now giving more attention to trying to integrate affordable/social housing provision into these monitoring arrangements, so that the quantity and funding mechanism of affordable provision within the overall picture of new housing development can be clearly quantified and related to district-wide targets.

Relets/turnover

- 6.63. Relets of existing social rented housing are in most instances the major source of supply of lettings to households in need. In recent years, the rate of relets has been increasing in most areas, further underlining the importance of this source of supply (Pawson 1998). High volumes of relets may also be seen as one of the key symptoms and indicators of possible problems of ‘low demand’ or unpopularity in parts of the social housing stock (DETR 1999; Bramley et al 2000). This is a further reason for paying particular attention to relets.
- 6.64. Some care is needed over *definitions* and their consistent application in calculating the relevant supply numbers from this source. Box 6.2 outlines a recommended consistent approach.
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BOX 6.2: DEFINING AND MEASURING RELETS

Total tenancy *terminations* is the starting point - it is probably better to use this term rather than 'voids', which is better used to refer to the stock of dwellings which are actually empty/untenanted at a point in time, as discussed further below. Total terminations for all reasons gives a measure of overall turnover, which may be relevant as a measure of community instability at estate or neighbourhood level.

Dwellings which are taken out of management or '*decommissioned*', whether for major rehabilitation, conversion, demolition or disposal, should be deducted from terminations to give total *available relets*.

The key supply number in the model in Chapter 2 (Table 2.1, line 14) is *gross relets*, which is total turnover including vacancies associated with transfers and moves within the social rented stock. This number, plus committed new provision, is compared with overall needs (both new and backlog, including existing social tenants seeking transfers).

Dwellings which are let to existing tenants transferring, or to social tenants moving between different social landlords, should then be deducted in order to arrive at *net relets*. Care is needed to deduct all the relevant categories here, including mutual exchanges, council tenants nominated to RSLs, other council tenants moving to RSLs (e.g. via RSL registers), decants, and RSL tenants moving into council housing. Net relets are more relevant in some contexts, particularly when looking at the overall net need for additional social provision. However, for disaggregated assessments by size/type and area, gross relets are more helpful, as this reveals imbalances within the social sector.

Relets are sometimes inferred from *lettings to new tenants*, minus new provision, as when using data from the current HIP form. However, it should be remembered, if the calculation is approached in this way, that net relets supply is only equal to this number if the level of void properties is static and if new tenants are defined to exclude (a) moves between different social landlords and (b) 'technical' new tenancies (e.g. on succession) which do not involve a household move. If voids are increasing, this increase should be added to lettings to get to net relets.

Further complications may arise when mainstream social housing stock is used as *temporary accommodation*, with the households concerned being granted temporary, insecure tenancies. Usually, this involves homeless households, who are often permanently rehoused in a different property after a spell in their short-term home, thereby creating a new void which could be seen as contributing to gross supply. In principle, it is better to exclude such temporary tenancies, both from terminations and from new lettings (but when a temporary tenancy is made permanent, this should then count as a new letting).

A related issue concerns *introductory tenancies* which are now being increasingly used by local authorities. Introductory tenancies can be granted to new tenants and last for 12 months, during which the tenant enjoys only limited security. In the usual course of events, an introductory tenancy reverts to secure status at the end of the period, with the resident remaining in situ. While introductory tenancies might be treated in the same way as temporary lettings to homeless households, it is probably better to treat them as normal new tenancies, since they are likely in most cases to become normal tenancies in due course. In this scenario, therefore, introductory tenancies being made secure should not be added to the equation.


- 6.65. Monitoring of relets should be, as far as possible, *disaggregated* by size/type of accommodation and by sub-area within the district, in a way which corresponds with disaggregation of demand information. This will reveal imbalances of supply and demand, indicating both pressure points and possible areas of weak demand. The supply of relets with particular features or suitable to particular need groups (e.g. ground floor accommodation) should also be distinguished.
- 6.66. Social landlords should also attempt to record and monitor the *reasons for terminations* wherever possible. At a minimum the following categories should be identified:
- death of tenant
 - transfer within LA stock (or within local RSL stock)
 - nomination or other move to other local social landlord
 - other moves out, or not known
- 6.67. The following additional categories should be identified if possible:
- moved into institution (residential care/nursing home; prison; other)
 - moved out of district
 - moved to live with another household
 - moved out to buy a home
 - moved out to private tenancy
 - former tenant evicted
 - abandonment (i.e. former tenant moved to unknown destination without giving notice)
- 2.68. Under the CORE lettings monitoring system, RSLs are already obliged to monitor their newly arising vacancies using a classification similar to the above. The CORE manual provides useful guidance on definitions (e.g. the precise distinction between eviction and abandonment).
- 2.69. Some landlords manage to record information for most of their tenancy terminations, even where turnover rates are high. This suggests that if this is built into local management routines at the time the vacancy is generated, information can be found in most cases.
- 2.70. This information is of value for several purposes. It provides a general picture of what is happening in the local housing market, including changes. It may provide part of the basis for forecasting future levels of relets. It contributes to building up quantified models of the local housing market. And (in terms of the proportion of abandonments) it provides a measure of the degree of difficulty of housing management.

Projection of relets

- 2.71. Research has shown that relet supply is subject to a considerable degree of volatility over time. In most areas of England, relet rates have risen fairly steadily during the 1990s, though this trend has not been universal (Pawson, 1998). In the circumstances, therefore, it cannot be assumed that relet rates will simply remain static, and recent trends may need to be taken into account in making projections.
- 2.72. The basic approach to projecting relets recommended in Chapter 2 is to take the average percentage net relet rate over the last three years and apply this to the projected occupied social rented stock in the strategy period (3-5 years ahead). Gross relets would then be obtained by adding in planned transfer activity. If there are strong indications of an existing upward trend, this can be built into the projection, but some caution should be exercised here. Figures for individual years are somewhat sensitive to delays in recording information, or other special circumstances, which can impart some 'noise' to the data. Trends over two or three years may reflect the economic cycle, and this might therefore not continue in the same way over the next period. Policies might seek to reduce turnover rates.
- 2.73. A reasonable, if conservative, approach is to assume relets unchanged at the recent 3-year average. Results can be subject to sensitivity analysis, showing the impact of 10-20 per cent differences in relets (these could be related to observed past variations).
- 2.74. More ambitiously, landlords or consultants may try to *forecast relet rates*. Approaches to this are discussed more fully in Appendix 7. These approaches might involve the application of statistical models to data of different kinds, local or national, or the use of demographic-type projections for the social tenant population.
- 2.75. *Relets generated by transfers* are a special case, because these are determined at least in part by the policy decisions of the landlord. Using data from transfer lists and/or from housing needs surveys, it is possible to identify the profile of properties likely to be released by implementing a given number of transfers with specified levels of priority. In this way, this component of relet supply can not only be 'forecast' fairly directly; it can also be changed, for example to reflect supply/demand imbalances, if appropriate.
- 2.76. *Relet supply in the RSL sector* may be monitored through the CORE system, rather than through the internal records maintained by individual landlords. Tabulations from the CORE database for specific areas can be obtained from the Joint Centre for Scottish Housing Research (JCSHR) at the University of St Andrews. Given that new development remains significant contributor to the stock of housing among RSLs it is important to distinguish between lettings arising from relets and those resulting from new build.

Voids/vacancies

- 2.77. In this guide the term 'voids' is used to refer to properties which are vacant/untenanted at a point in time (sometimes called 'snapshot' voids). Considerable attention is generally given to monitoring voids in the social rented sector, because this is perceived as a key housing management performance indicator (Audit Commission, 1986; Pawson et al, 1997). Vacant housing has a cost (in lost revenue, as well as risks

- of vandalism and deterioration); it also attracts considerable political attention as a wasted resource alongside when household are homeless or in need.
- 2.78. In Chapter 2 we recommended the setting of *target vacancy rates* for social and private sectors, making allowance for normal mobility, rehabilitation schemes, stock to be decommissioned, and other local factors. Recognition that vacancy rates may legitimately vary because of these factors is important in the interpretation of these rates as performance indicators. In addition, vacancy rates do also reflect underlying demand and supply conditions, and areas of significantly low demand for housing do exhibit higher vacancy rates (Bramley et al, 2000). Social landlords will want to respond to these problems, and not allow vacancy rates to get out of control, but moderate rises may be unavoidable, and useful as an indicator of problems. LAs have less direct control over private sector housing, and cannot so readily act to change vacancy rates. Nevertheless, many authorities pursue ‘empty property strategies’ to bring certain categories of private sector accommodation back into use.
- 2.79. Vacancy monitoring is thus intended primarily to determine whether vacancies are on target or diverging. Vacancy rates diverging from target may be an indicator of wider problems and imbalances. Table 2.2 in Chapter 2 suggested a way in which, for medium term planning, authorities should plan for new housing provision on the assumption that vacancies move from current levels to ‘target’ levels. However, targets should be kept under review in the light of experience and changing circumstances.
- 2.80. Social landlord vacancy data are normally taken from housing management information systems, either rent rolls, general management systems, or void processing systems.
- 2.81. Private sector vacancies are normally estimated using data from the *Council Tax register*, which is normally maintained by the LA Finance Department. It appears that many LAs calculate private sector vacancies by taking total vacancies from CT and deducting social sector vacancies from management records. There may be some definitional inconsistencies between these methods. Relatively few LAs are currently able to obtain from their CT administration system a breakdown of either housing stock or vacant stock by tenure, particularly distinguishing private renting from owner occupation. Other information about private voids, such as duration or turnover, is typically not easily extractable though, in principle, it should be available.
- 2.82. It is strongly *recommended* that *Council Tax systems are modified or enhanced* so that analysis can be performed, at regular intervals, showing the tenure breakdown of the stock, the current void rate, duration of voids, and turnover of occupiers by tenure and sub-area. This would be a major contributor to the capability of authorities to monitor developments in their local housing markets, including not just void properties but patterns of movement, turnover, popularity and tenure change.
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Agenda for Action

- ⇒ Local authorities should consider removing restrictions on eligibility to join a housing register, or allow for any restrictions when assessing overall needs
- ⇒ Common categories of need between authorities, RSLs and HN surveys will aid the comparison and linkage of data from these different sources
- ⇒ Local authorities and other social landlords should monitor average waiting times (and where appropriate points levels) for rehousing, by size/type of accommodation and sub-area
- ⇒ Housing registers should be subject to regular review,
- ⇒ Applications net of deletions should be monitored as well as the backlog number on the list, broken down by type of need and whether a new household, an existing household, or an in-migrant
- ⇒ RSL waiting lists and rehousing should be monitored in the same way, and consideration should be given to the establishment of Common Housing Registers
- ⇒ Authorities should also take account of other partial or softer information about trends in housing needs, demands and problems in their areas, including information from Housing Aid/Advice services.
- ⇒ Authorities should monitor and project supply from all forms of new affordable provision (however funded), as well as supply from relets broken down by size/type and sub-area, and if possible by reason for vacancy.
- ⇒ Projections should be based on average values for the last year unless there are good grounds for projecting a change, either based on extrapolation or on some form of forecast
- ⇒ Authorities should set target vacancy rates for each main tenure, aiming to converge on this target over the planning period, whilst monitoring deviations from target
- ⇒ Greater use should be made of the Council Tax system to monitor vacancies and turnover by tenure

CHAPTER 7

DEMOGRAPHIC, ECONOMIC AND MARKET DATA

Section 7.1 - Introduction

- 7.1. Demographic data about the local population – its size, composition and trends – provides an important foundation for local housing needs assessment. Housing market data is an increasingly important component in these assessments as well, because of the emphasis on affordability and because of the wider responsibilities a strategic enabling and planning authority. Information on the socio-economic characteristics of population, particularly relating to employment and incomes, can also be highly relevant. This chapter looks at the ways that data of these kinds can be integrated into needs assessment models and discusses the sources which can be tapped for such information.

Section 7.2 - Demographic data

Census of Population

- 7.2. Demographic data, primarily drawn from the decennial census of population, can form an important element in local housing needs assessment. Census results may be used directly – for example, as a benchmark for survey validation purposes (see Chapter 4). Or census outputs may be used indirectly, in the form of population projections or other models.
- 7.3. The most important uses of Census data include the following:
- as a basis for population and household estimates and projections (discussed further below)
 - as a baseline against which the response from a household survey may be checked and, if necessary, ‘re-weighted’ (for example, using information on tenure, household type, and economic status, as covered in Chapter 4)
 - as a basis for small area profiling (for example to identify areas with concentrated poverty or other housing-related problems)
 - information on age, disability and household structure is particularly important for estimating and projecting the likely prevalence of needs of certain vulnerable groups (e.g. older people) and requirements for specialised housing (in conjunction with other information)
 - information on special groups within the population (e.g. students) and special types of (institutional) accommodation may be obtained from the Census
- 7.4. The Census is uniquely comprehensive but is unfortunately only held once every ten years, with data typically becoming available about two years after the Census date (2003 for 2001 Census). *Mid-Year Population Estimates* are made annually by the Office of National Statistics (ONS) and are available about two years in arrears. These

break population down by age and sex. Some local authorities make their own population estimates and projections. In some cases the ethnic dimension of these projections is an important additional element.

- 7.5. Some care should be exercised in comparing population figures between these sources. The Census has various different population base definitions (e.g. usually resident, present on Census night, including/excluding non-private households, etc.). In general, when preparing housing strategies reference should be made to local census and demographic expertise which will typically be available within either planning or central research units within the local authority or, in some areas, in the county authority or in a joint research and information unit (including the LRC in London).
- 7.6. Plans for the 2001 Census are well advanced. This will be similar to 1991 but there will be additional questions (e.g. on religion) and some differences in processing and definitions. More information on this can be obtained from the ONS census website (www.ons.gov.uk/census_f.htm), from the 1999 White Paper on *The 2000 Census of Population* (Cm. 4253).

New households

- 7.7. Projected growth in the total number of households is an important input into the local planning process for new housing development, as discussed in Chapter 1 (s.1.6) and Chapter 2 (s.2.5). Table 2.2 in Chapter 2 showed how this would feed into a projected net stock balance sheet calculation for total housing requirements.
- 7.8. In the basic social/affordable housing needs assessment model shown in Table 2.1, stage one involves estimating the flow of newly forming households. This can be seen as an alternative to (or a check against) data on concealed or 'emerging' households drawn from a housing needs survey. The flow of new households can be estimated by identifying the number of people shown by projections in key age groups for household formation (see Appendix 7).
- 7.9. Demographic projections are also central to some other housing needs assessment models. Under the 'net stock approach' described by Whitehead and Kleinman (1992), for example, social housing need is determined primarily by subtracting projected private sector new supply from projected household growth. This approach corresponds to one way of using the net stock balance sheet given in Table 2.2 in Chapter 2.
- 7.10. Other national studies by Holmans (1995, Holmans et al 1998) have developed this approach towards a 'gross flows' method, and this is also reflected in a few local studies (e.g. Kleinman et al 1993) and more recent regional assessments (Whitehead & Holmans 1999). This applies tenure propensities (from national surveys) to projected cohorts of households broken down by the age, sex and marital status of the household head (themselves an integral part of the official household projections)
- 7.11. It is important to distinguish net and gross household formation. *Net household formation* is the difference between new households forming over a year and the number of existing households dissolving due to death, moving to institutions or in with other households. *Gross household formation* is the number of new households forming over a year, which can be measured from a survey by the number of

household heads moving from a previous address of 'living with others'. For example, the 1996 Survey of English Housing estimated that there were 448,000 such moves in England, representing 2.22% of all households. At the same time the annual net increase in household numbers was 183,000 pa or 0.91%.

- 7.12. In the past some local needs assessments undertaken by consultants have used net household growth as a basis for projecting forward gross household formation. This is not strictly correct, although there may be a relationship between these numbers.

Migration

- 7.13. Increasing attention is being given to the role of migration in affecting local rates of household growth and change, shifting need and demand between different regions and localities. Official population and household projections take account of migration by assuming broadly a continuance of recent past trends, although local authorities are consulted about these assumptions. Data on annual gross 'in' and 'out' numbers of internal migrants, tabulated by age, are available from the National Health Service Central Register (NHSCR) for approximately 90 health authority areas in England (shire counties, met districts, grouped London boroughs).
- 7.14. These data omit certain categories of mover (e.g. armed forces). International migrant numbers and their geographical distribution are subject to more uncertainty, and involve estimates for both conventional migrants and a further group, of growing importance, known as 'asylum seekers and visitor switchers'. It is known that first destinations for international inward migrants are heavily slanted towards London, but where they end up in the medium term and what their household characteristics are is far less clear (see Champion et al 1998 for a comprehensive review of migration data and determinants).
- 7.15. For particular areas in- and out-migrants may well have different characteristics and profiles. In general, higher occupational/income groups are more likely to migrate longer distances for job related reasons. Shorter distance moves are more common and more related to environment and housing availability. The extent of such moves is relevant to the definition of local housing market areas (see section 7.4 below). The total volume of migration appears to respond positively to the general economic cycle. The DETR has commissioned the development of an initial migration policy model to explore the impact on migration of different economic scenarios. This may be available from late 2000.
- 7.16. Local demographic experts should be consulted about any assumptions made about the implications of migration for household numbers and profiles. This is likely to remain an area of some uncertainty, and authorities would be justified in testing the sensitivity of their assessments to higher and lower assumptions.

Section 7.3 - Housing market data

Market costs and transactions data

- 7.17. The relevance of data on private sector housing costs stems from primarily from the role of such data in facilitating analyses of affordability, which are central to most local housing needs assessment models, whether survey-based or otherwise. The

essential feature of such models is that they measure the extent to which a given group of households can afford to meet their housing needs through the private market (see Chapter 4). Generally, most attention is focused on the price of properties for sale. However, some models also take account of private sector rent levels. These two areas are discussed further below.

- 7.18. Data on the volume of transactions in the owner occupied housing market is also relevant to housing needs assessment, mainly because it provides a leading indicator of market changes which may subsequently impact on prices. However, whilst transactions data are now available at the local level (through the Land Registry), analyses of this sort are more likely to be carried out at the regional or national level. Nevertheless, such data could be useful in feeding into a gross flows model of the local housing market. Other advantages of the Land Registry data is that it is fairly comprehensive (unlike data produced by any single mortgage lender) and that it can be disaggregated to postcode sector level. Information about Land Registry services including the possibility of ordering bespoke reports may be obtained from the Property Information Centre, 29 Lord Street, Liverpool L2 1TA (tel: 0151 473 6010). Published national and regional information may be inspected on the Land Registry Internet site at www.landreg.gov.uk

House prices

- 7.19. The main reason that local authorities are interested in house prices is in order to set affordability thresholds for use in the analysis of income/savings data. The latter might be drawn from housing needs survey results (see Chapter 4) or from other secondary sources (see below).
- 7.20. There are other possible uses for seeking house price information as part of general market intelligence. This might, for example, be used for forecasting certain key variables, such as the rate of relets or RTB sales; it may influence the takeup of private sector land, which is particularly relevant under the net stock approach but which is always relevant from a land availability point of view. House prices taken in conjunction with building and development costs largely determine the viability of particular schemes, and this may be highly relevant to what might be realistically included in any brief or planning agreement, whether in the form of social housing or other infrastructure/amenities.
- 7.21. More generally, house prices are a general indicator of the state of demand in the private housing market and how this is changing. They may indicate areas of pressure in the local market, and also areas of weakness or 'low demand'.
- 7.22. Typically, local authorities can draw on two or three sources of house price information. These include; direct contacts with local estate agents; county-wide monitoring by county councils; local or regional data available in published or unpublished from the major national mortgage lenders (particularly Halifax and Nationwide); and data from the Land Registry (see above).
- 7.23. Monitoring of local prices through estate agents has some advantages, including the ability to specify target house types and to monitor prices for sub-areas (see Chapter 4). In analysing such data, however, it is important to appreciate that the sample of properties on the market at any one time is not necessarily representative of the flow of

all transactions. Partly depending on how competitively they are priced, some properties remain unsold for much longer than others. Such properties will always be over-represented within a snapshot sample of homes for sale and this could distort any analysis carried out. Ideally, therefore, such analyses should draw on data relating to the flow of transactions over a period, rather than properties on sale at a given time.

- 7.24. Another issue which needs to be borne in mind is that advertised house prices do not necessarily equate with actual transaction prices. The extent to which these coincide will depend on the state of the market at the time.
- 7.25. Two main choices arise with respect to house price information: which house price to use, and how to forecast an inherently volatile number.
- 7.26. Houses vary enormously and much effort can go in to methods of standardising or 'mix-adjusting' house price statistics. One approach is, therefore, to define some representative, target property size/types (e.g. 3-bed terraced houses) and seek to monitor prices of those specific dwellings. At small scales of aggregation, however, such approaches may run into problems due to small numbers of cases.
- 7.27. Another approach is to recognise the wide distribution of individual prices around average figures, and to take some quantile (e.g. lower quartile) as the threshold of entry. Such measures can be derived from Land Registry data on transactions by price band. This provides less direct information on prices by size, which most affordability models try to allow for. Fordham et al (1998) point out that in most areas minimum entry-level prices in the secondhand market are well below the prices of any newbuild housing, which implies that 'low cost market sale' new provision is of limited relevance to meeting affordability needs.
- 7.28. House prices can be volatile over time, and any attempt to forecast raises issues about the predictability of this indicator. This is important because of the need for housing needs assessment models to include projections for future years. In general, house prices are sensitive to changes in real incomes and in interest rates, though they are also influenced by planning policies and assumptions. Given the uncertainty about future house price trends, it is advisable for needs assessments projections to be tested for their sensitivity to different housing market scenarios.

Private rent levels

- 7.29. Some housing needs assessment models involve affordability tests where the incomes of households in housing need are assessed alongside private sector rents, as well as house prices. A number of possible sources for private rent data exist, though each has its advantages and drawbacks. Local authorities can draw on their own Housing Benefit records, they can refer to data on rents collected by the Rent Service, or they can monitor the market directly through surveying advertised rents or lettings.
- 7.30. HB records have the advantage that they are easily accessible to local authorities. However, the private rented sector is highly stratified in many areas, and the part of it occupied by tenants dependent on benefits may be atypical and/or inappropriate in terms of households requiring long term accommodation of a reasonable standard.

- 7.31. The Rent Service has the task of vetting HB applications in terms of how the rent sought by the landlord relates to the local market rent for a property of an appropriate size for the applicant. The statistics collected on ‘determined rents’ illustrate the Rent Officer view of appropriate levels of HB-eligible rents given the current state of the market; while ‘referred rents’ are the prevailing asking rents for these properties. These figures are published at the local authority level. However, whilst they are useful in providing an indication of changes in the market over time, they are not an ideal source of data on the distribution of rents across the whole market.
- 7.32. Direct monitoring of the private rental market usually involves periodically surveying advertised tenancies. This could draw on newspaper property pages or on estate or lettings agents’ listings. By comparison with the alternatives, such sources may be more broadly representative of the private rented housing market, as a whole. However, some of the same problems which affect the direct monitoring of house prices are also relevant here.
- 7.33. National and regional benchmarks for private rents may be obtained from the Joseph Rowntree index of private rents and returns, which is based on a regular survey of residential lettings agents [Reference]. This covers the whole market, particularly the better quality end of it. It has the added advantage of showing gross rates of return on capital value, which may be a good indicator of the economic health and future prospects for investment in the sector.

Section 7.4 - Incomes

- 7.34. Income data is the other half of the affordability calculation into which housing market cost data is fed. Generally, income data used in such computations are drawn from HN and/or HC surveys (see Chapters 3 and 4) and relate to groups of households identified as ‘in housing need’ according to specific criteria.
- 7.35. It may be possible to estimate incomes for appropriate groups by drawing on data entered on housing register application forms. Similarly, the incomes of those entering part of the social housing sector (i.e. RSL tenancies) are monitored through the CORE system. CORE data can be analysed at the local authority level and tabulations can be produced by the Joint Centre for Scottish Housing Research which currently manages the contract on behalf of the Housing Corporation. In the absence of survey data, income distributions from these sources could be ‘plugged in’ to the basic needs assessment model shown in Table 2.1 (stages 2 and 8). However, this substitution involves glossing over the fact that housing register applicants and (especially) new tenants in social housing are unlikely to be fully representative of all households in housing need, let alone all those seeking access to the private market.
- 7.36. Income data from other sources may be relevant to local housing needs assessment in a less direct way, particularly for the validation of income estimates produced by local housing needs surveys. Possible sources of *household income* data include the Family Expenditure Survey (FES), Family Resources Survey and the Survey of English Housing (SEH). Although the samples used in these surveys are not adequate to permit disaggregation below regional level, the published results at this level of aggregation provide an approximate benchmark for housing needs survey income estimates. They also provide a guide to changes for the purposes of updating, although use can also be made of national indicators published in *Economic Trends*.

- 7.37. The NES produces *earnings* data at borough and county level, but this is workplace-based which means that it describes those working in an area, not (necessarily) those living in an area. Particularly for localities where there is substantial cross-boundary commuting, therefore, the NES is of limited value as a comparator against recorded incomes derived from a housing needs survey. It is also important to recognise that earnings are not the same as household incomes, which are strongly influenced by unemployment, economic activity rates, occupational structure and household composition (Bramley & Smart 1996). Household incomes vary much more between localities than do the earnings of full time workers.
- 7.38. Consideration was given to the inclusion of income question in the 2001 Census, but it was decided not to include this so as not to prejudice response to the Census as a whole. However, ONS are committed to producing robust local estimates of income levels and the incidence of low income, using a mixture of benefit claimant data and modelling of incomes from other characteristics. An existing example of a model-based approach to local incomes is that of Bramley (Bramley & Smart 1995, 1996; Bramley 1998).

Section 7.5 - Defining housing market areas

- 7.39. One specific use for housing and labour market data, relevant to local housing needs assessment, is in defining the boundaries of functional housing market areas. Although local housing needs assessments are generally carried out within the confines of existing district boundaries, it is increasingly recognised that districts as areal units are often imperfect representations of housing market areas (HMAs).
- 7.40. A functional housing market area may be defined as ‘...the geographical area in which a substantial majority of the employed population both live and work and where those moving house without changing employment choose to stay’ (MacLennan et al, 1998). Housing market areas are indirectly related to the Department of Employment’s travel to work areas (TTWAs), areas describing the commuting reach of centres of employment. A similar concept is the local labour market area (LLMA) as devised by the Centre of Urban and Regional Development Studies, University of Newcastle.
- 7.41. Because local authority districts are commonly more tightly bounded than HMAs, housing needs assessments based on the former are often problematic because of the volume of migration into and out of the study area. This suggests that authorities preparing the groundwork for a local housing needs assessment would be well-advised to first consider whether it might be appropriate to carry out this analysis at a different scale. For example, it might be that two or three neighbouring authorities would, as a group, approximate better to a housing market area than a single district. Whilst carrying out a cross-boundary needs assessment could give rise to administrative and funding difficulties, it could be a more logical and even cost-effective approach than commissioning two or more separate studies, each bounded within essentially artificial boundaries. The dangers of ignoring housing supply and demand in neighbouring districts, particularly in and around larger conurbations, were highlighted in the recent Policy Action Team 7 report on *Unpopular Housing* (DETR 1999).
- 7.42. In considering this issue, authorities might, for example, refer to maps of TTWAs and/or LLMAs for their region. Nevertheless, it should be stressed that HMAs and TTWAs/LLMAs are not necessarily the same thing. It is generally the case that lower

income households have a smaller commuting range and tend to seek housing within a narrower area. Thus the HMA for potential social housing clients may be narrower than that for higher income owner occupiers. Treating a wide area as the HMA for affordable housing needs assessment implies that there will be some mechanisms by which demand originating in one district might be met by provision a neighbouring district treated as part of the same HMA.

- 7.43. Rather than relying on pre-determined TTWA or LLMA boundaries (determined through census analysis), authorities may explore delineating HMAs on a customised basis. This would involve analysis of migration (house move) or work (commuting) flows. The aim of the analysis is to define areas with minimum levels of cross-boundary migration or commuting. The raw materials for this analysis would be primarily Census data, and thus such an exercise would be most practical following production of 2001 Census results. Employment survey data of the type sometimes commissioned by planning departments might also be relevant. Some county planning authorities have in any case already defined housing market areas for the purpose of Structure Plans and these could provide an appropriate basis.

Section 7.6 - Using data from national surveys

- 7.44. Existing secondary data derived from large scale surveys carried out by or on behalf of central government are a growing but underutilised resource. They have some limitations, but they are also a rich source of data on the socio-economic circumstances of households and their housing conditions, including the relationships between these factors. These sources have their limitations, from a local perspective, but this should not preclude their use as inputs to local assessments.
- 7.45. National sample surveys carried out by government or other national agencies are usually not capable of generating results which are reliable, in terms of sampling error, at local authority district level. Many are not reliable or available at anything below regional level (e.g. Survey of English Housing, English House Condition Survey, Family Expenditure Survey, Family Resources Survey, British Household Panel Survey, General Household Survey).
- 7.46. Some national surveys are now available in forms which come close to the local level, i.e. large metropolitan/London/unitary authorities, groups of smaller authorities, counties. Examples include the five per cent sample survey of mortgage lending, New Earnings Survey, Labour Force Survey, and Survey of Anonymised Records (Census). Some data published at this semi-local level remains somewhat unreliable or imprecise in terms of sampling error.
- 7.47. Despite these limitations, national survey results may still be highly relevant to aspects of the local housing needs assessment process. For example:
- they provide a reliable check on the likely magnitude of certain key numbers, e.g. household income levels by household type, as a form of ‘triangulation’ or quality check on the results of local surveys or analyses of administrative data

- they provide a benchmark for comparison of the magnitude of certain key indicators, including self-reported problems, satisfaction levels, preferences to move, etc. There is a strong case for designing surveys to use forms of question which allow such national (and inter-authority) benchmarking wherever possible
 - specific analyses can predict the likely prevalence of certain problems for given types of household/dwelling in given types of area; good examples of this approach have been developed using EHCS.
- 7.48. Missing links in general models of the local housing system can be filled by making assumptions informed by the results of national surveys; for example, partial or complete gross flows models can fill missing cells in this way - e.g. numbers of movers between private renting and owner occupation; numbers of elderly movers from owner occupation to social renting, based on SEH moves in last year tables (see Appendix 7).
- 7.49. LAs can make use of the published reports, which often contain a wealth of useful tables and interpretative text. They can also refer to other research carried out by academics or consultants which carries out further analysis of the data. Those with some research capacity in-house could undertake further analysis, typically the production of special tabulations, using data supplied from the Data Archive on CD-ROM. Those commissioning housing needs studies, and those supplying such services, might wish to consider the value of including an element of such work in the brief. More ambitiously, and this may be more of an issue for specialist research carried out on a national basis, these datasets can be used as a platform for developing multivariate models to predict the incidence of certain types of problem or the propensity of households to make particular choices (see Appendix 7). Examples of such modelling are reported in some of the SEH reports, in the economic model commissioned by the DETR (1997), and elsewhere.

Agenda for Action

- ⇒ Authorities should plan ahead to make full use of 2001 Census data as this becomes available from 2003 to develop their assessments
- ⇒ Local assessments should involve some attempt to cross-check for consistency with household growth projections consistent with Structure and Local Plans
- ⇒ Migration trends should be monitored and the sensitivity of assessments to different assumptions about migration should be considered
- ⇒ House prices and transactions should be monitored to raise awareness of the state of local housing markets, including the identification of areas of pressure and of low demand
- ⇒ Appropriate threshold prices for affordability analysis should be identified and these should be monitored and updated annually
- ⇒ Private sector rent levels and numbers of lettings should be monitored, and the potential contribution of private renting to meeting certain types of need should be considered in the development of local housing strategies
- ⇒ Wider data on incomes from official sources should be used as benchmarks for survey estimates and for annual updating of assessments
- ⇒ Authorities should consider the geographical definition of local housing market areas and their implications for possible cooperative assessments involving neighbouring districts
- ⇒ National surveys may be used to provide a wide variety of benchmarks, as a basis for filling gaps in local assessments, and as a possible basis for research into the determinants of housing choices

CHAPTER 8

BRINGING IT TOGETHER

Section 8.1 - The Overall Approach

A robust strategy

- 8.1. Chapter 1 showed how local housing needs assessment was central to the process of producing and updating a local housing strategy. The Government is concerned that local authorities should have robust strategies which can stand as a basis for decision-making over several years. This has a number of implications for local housing needs assessment.
- assessments should look forward over a medium term period (3-5 years) and should be developed in the context of longer term plans for the use of land
 - assessments should make use of all available data and should apply sound judgements and technical procedures in the analysis of these data
 - assessments should recognise the inevitable areas of uncertainty and should build in sensitivity checks to see how much their central estimates would be affected by different assumptions or eventualities
 - assessments should be sensitive to the changing context and newly emerging needs/problems
- 8.2. It is unlikely to be practicable, or indeed good value for money, to undertake a major review of the housing needs assessment, including the collection of new data through surveys, every year. A more likely pattern is for these major reviews and surveys to be carried out at intervals of 3-5 years. In the intervening period, the local housing situation should be monitored and compared with the situation as projected in the major review and its underlying assumptions. The information used for this monitoring will be mainly derived from administrative and secondary sources, as reviewed in Chapters 6 and 7. If the monitoring reveals significant deviations from the projected scenario, then programme decisions may need to be reviewed.
- 8.3. Authorities will need to decide the appropriate balance of resources to devote to major reviews vs. ongoing monitoring, and to external surveys/consultants vs. internal staff and systems. Some tasks are likely to remain in-house in most authorities: monitoring, the commissioning of major surveys or studies, and the interpretation of results in terms of local policy and programme implications. This suggests that some staff resource needs to be earmarked for the task. Improving local administrative systems and the ability to analyse data derived from them, as urged in Chapter 6, may also have some resource implications.
- 8.4. Major reviews are much more likely to involve the use of external consultants, particularly where survey fieldwork is involved, but Chapter 4 emphasised the important aspects of the client role which also have resource implications. If as

recommended these major reviews only happen periodically, some recognition of the uneven budgetary impact of this may need to be given.

- 8.5. The balance between different approaches to surveys is an important issue, discussed in Chapters 4-6. There is no single right answer, because the best approach depends on the nature, scale and distribution of the problems, the nature of the area, and policy priorities. However, in general local authorities are advised to emphasise quality when undertaking surveys, even if this involves spending rather more resources and doing them less frequently. Thus, for example, a typical urban authority would probably gain more from an interview-based survey held at five year intervals than from postal surveys held at three-year intervals. However, a mixed interview-postal approach might be most cost-effective for a rural authority. The timing of surveys may need to be considered in relation to the Census, which will deliver a lot of new information for the year 1991 (but not available until about two years later).
- 8.6. House condition surveys are likely to be an important element, particularly in the social rented sector, in the next few years, with the introduction of resource accounting and more stock transfers. Thus, authorities with a large council stock may well be planning condition surveys for this stock, and there are clear advantages from linking these with a household interview element as argued in Chapter 5.

Corporate and inter-agency working

- 8.7. Government guidance on local strategies places strong emphasis on corporate and partnership working. Corporate working within local authorities is seen as being brought together under the general banners of Community Planning and Best Value.
- 8.8. Corporate working is far from being a new idea or new practice in local government. It has long been recognised that local housing strategies involve corporate inputs, whether relating to information inputs or implementation outputs. However, the changing context makes this more important than ever, especially
- the relationship with planning in making full use of the provision to secure affordable housing through Local Plan policies and planning agreements/obligations
 - the relationship with social services, health services and probation in developing the housing aspects of community care and in implementing *Supporting People*
 - the relationship with finance, information and other central departments in developing the administrative information systems which provide key monitoring tools (e.g. Council Tax, Benefits)
- 8.9. These are all examples of key relationships with other departments which can and should be providing crucial information into the local housing needs assessment exercise. Ideally, in many cases the key information required will become built into routine information systems and reported on a regularly updated basis.
- 8.10. Partnership with other key agencies and 'stakeholders' is also a key feature of the strategic enabling role of a housing authority. As Chapter 1 (s.1.9) suggested, these fall into three broad groups

- consumers and the community
 - partners in provision (including the private sector)
 - other local public services
- 8.11. The local housing needs assessment exercise can provide a basis for involving and bringing together many of these disparate groups. Many of these bodies have relevant information, quantitative or qualitative, to bring to the table. Some organisations may be willing to contribute to the costs of a needs assessment exercise. Involvement at this stage should increase the prospects that subsequent activities and schemes are more in tune with the overall strategy.

Collaboration across district boundaries

- 8.12. One particular area of collaboration deserves special mention. This is the issue of 'housing market areas' (HMAs) which go beyond district boundaries, as discussed in Chapters 1 (s.1.5) and 7 (s.7.5). Failure to consider the subregional character of some local housing markets may lead to problems, including serious imbalances in terms of overall and affordable housing need and supply, and in some cases possible oversupply leading to abandonment and the undermining of regeneration strategies (DETR 1999 - PAT 7 report).
- 8.13. In some non-metropolitan areas, the existing structure involving the County council taking a lead on structure planning and plan monitoring, and possibly on community care, with a well-established tradition of district housing officers working together, may be an appropriate vehicle for working on subregional issues. In some areas, such as East Lancashire, districts have themselves formed subregional partnerships for the joint development of plans and strategies. In other areas, particularly around conurbations, Government Offices and the Housing Corporation Regional Offices may wish to suggest areas within which joint or coordinated needs assessments should be developed.
- 8.14. In general, local authorities should demonstrate in their strategy and needs assessment that they have considered the issue of HMAs and the relationship between developments in adjoining districts and needs in their own district.

The benefits of integration

- 8.15. The research underpinning this guidance, which looked at current practice, suggested that there was much activity in local needs assessment, but some problems of a lack of apparent integration between different elements (Bramley et al 1999, esp. pp.123-9). The philosophy of this guidance is that better integration will bring much better value from both special surveys and existing information. In particular, 'triangulation' (cross-checking) between different data sources will improve confidence in the robustness of key quantitative estimates. Some more specific examples of the benefits of a more integrated approach include the following:
- having a common set of need/problem categories and criteria in both surveys and housing registers, so enabling changes to be monitored between surveys and unregistered need to be picked up


- setting key operational objectives linked to progressive meeting of need backlogs; for example, targets for the reduction of waiting times to rehousing for households of different types in different areas, which could be based on the integration of housing registers, rehousing systems, and forward projections of housing need and supply;
 - going beyond the descriptive accounts often provided of local economic and demographic trends, to show more specifically how these characteristics and trends are reflected in the picture of affordability and in any expected changes in need and supply over the strategy period;
 - more creative use of surveys, for example the modelling of transfer moves within the existing stock linked to proposed improvement programmes
 - benchmarking of key indicators against national surveys and other similar authorities (as in some Best Value programmes)
- 8.16. There have been increasing calls for a standardised approach to local housing needs assessment. It is not practicable to prescribe a fully detailed model approach which all authorities can and should follow in a mechanistic way. However, there is a common core of essential elements as set out in Chapter 2 (particularly Tables 2.1 and 2.2). This provides a basis for integration, in that it can draw on information from different sources. It also provides a basis for comparison or benchmarking.
- 8.17. Assessments necessarily have to make a wide range of assumptions. It is important that policy assumptions should be explicit and transparent. Assumptions about economic and market conditions should be made in a way which enables the sensitivity of the results to these assumptions to be tested, and for assessments to be updated and modified in the light of new information revealed by monitoring.
- 8.18. Building a fuller model of what is happening to people and dwellings across the local housing market is a desirable aim, which some authorities will work towards. This would be particularly significant in relation to groups of households moving in and out of the district, and those using the private rented sector. Developing the ability to forecast certain key numbers, for example relets or the division of new households between social and private sectors, will be another way in which some authorities may wish to make their approach more sophisticated.

Section 8.2: Local housing needs and planning

Housing needs and land allocations

- 8.19. Chapter 1 (s.1.5) explained the role of Local Plans in affordable housing provision and the importance of having a robust needs assessment to underpin any local policy and targets for affordable housing. However, while the needs assessment is necessary for such a policy or target, it is not on its own sufficient to determine planning targets, whether for housing requirements overall or for the affordable component.
- 8.20. New building and the associated land requirement will not generally be exactly the same as projected household growth, but the two numbers will be related. As explained in Chapter 2 (s.2.4, Table 2.2), it is necessary to allow for changes in vacancies,

decommissioning of stock and conversion gains/losses. These adjustments may be particularly significant in areas expected to undergo significant regeneration or renewal, based on assessments of house condition and wider options appraisal.

- 8.21. It is also very important to emphasise that the household growth planned for may be different from the simple extrapolation of past trends, as reflected in official household projections. Plans may provide for higher levels, where for example there is economic demand associated with high job growth and suitable opportunities for expansion. Conversely, in other areas plans may provide for lower levels of growth than in the past, either because of overriding environmental constraints or because of weak demand (in the district and/or adjoining areas). Appendix 8 illustrates examples of these different kinds of situation. In general, having decided appropriate planning strategy for the area, the household growth projections should be consistent with this.
- 8.22. Box 8.1 sets out and illustrates some of the considerations which will enter into the setting of affordable housing targets within Local Plans and the negotiations with developers relating to individual sites.
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BOX 8.1: SETTING AFFORDABLE HOUSING TARGETS

The authority will need to consider the following factors when translating needs assessments into Local Plan policies and targets.

- the planned level of land release and its relationship with projected household growth;
- the mix of sites available in terms of size, ownership, location and general suitability for different kinds of housing;
- the economic viability of site development given housing market conditions and likely costs;
- the requirement to promote choice and diversity of provision at district and neighbourhood level

Size and ownership of sites has a bearing on the determination of general targets for affordable housing, because of the site size thresholds set out in Chapter 1 (see also Bramley et al 1999, pp. 49-50; Fordham 1998). For example, if an authority had a projected building rate of 500 pa and an estimated affordable requirement of 150 pa, this would suggest a 'target' share of affordable provision of 30% (i.e. 150/500). However, if 100 of the 500 units were accounted for by small sites (under 25 units), then the 'target' might appear to rise to 37.5% (i.e. 150/400). On the other hand, it might well be the case that smaller sites capable of accommodating 50 affordable units per year are already in the ownership of the LA or the RSLs. Allowing for this, the target for larger privately owned sites should then be 25% (i.e. 100/400).

In the context of a robust strategy looking forward over three-five years, any targets should be reasonable average figures appropriate for market conditions anticipated over this period. Inevitably, there will be existing commitments in the pipeline where numbers may differ, and individual site characteristics and suitability must always be considered. For example, the accessibility of sites to public transport and to local facilities will be a consideration in assessing suitability for affordable housing provision.

Local authorities should make assessments of the viability of affordable provision on specific sites, and for typical or average sites in their area, taking the advice of estates/valuation staff or advisers. These assessments should consider viability under different assumptions about subsidy availability, having regard to prevailing house prices and likely costs. Authorities should consider the appropriateness of applying affordable housing requirements on developments where there is neither the development value in the site nor the prospect of social housing grant to support it.

Size and type mix

- 8.23. Local planning for housing should promote the provision of variety and choice in terms of types of housing, as well as in terms of affordability and tenure. Demographic and social trends show major changes in the pattern of types of household, and local housing needs assessments may wish to point up some implications of these trends for planning. For example, projected changes in the numbers of particular types of households (e.g. single persons; childless couples) or age groups (particularly elderly persons) will be of value to partners in the social and private sectors.

- 8.24. However, authorities should not apply rigid norms to the size or type mix of new housing developments, particularly in the private sector where people can and do exercise choice. Housing needs surveys may of course provide useful information on the space and other preferences of households which may be wishing to move, including both those likely to be in the market sectors and those likely to require affordable housing.
- 8.25. Planning authorities are increasingly concerned about issues of density, car parking standards and access to public transport, as part of broader concerns about sustainability and ‘urban renaissance’ (DETR 1999a). Information from local housing needs studies may be appropriate to any local policies developed on these matters, for example by providing information on car ownership by household type, tenure and income, linked to information about housing and locational preferences.

Particular needs

- 8.26. Planning may also be used, through local plan policies, supplementary planning guidance, site briefs, conditions or other mechanisms, to promote housing provision to meet particular needs. For example, the provision of a proportion of housing to lifetime mobility standards may be an appropriate aim of planning. Potential needs for this kind of housing may be judged from local needs assessments.
- 8.27. Other examples of this kind of link include hostel and small/shared private rented or furnished accommodation needs. These may be affected by planning policies towards conversions and multiple occupation.
- 8.28. Planning (development control) decisions may also affect the ability of providers to actually deliver housing solutions for particular client groups identified in community care strategies. These decisions should be informed by local housing needs assessments, which should indicate types of provision and locations where there are shortfalls.

Section 8.3: Local housing needs and decision-making

Option appraisal

- 8.29. Local housing strategies involve decisions between different alternative options, whether at the strategic level or at the level of individual schemes. The Government is concerned that local authorities should demonstrate that they have taken account of alternative courses of action and that these have been subject to systematic appraisal wherever possible. In the past, there has sometimes been a tendency to jump from problem to assumed solution, or from opportunity to specific scheme, without explicitly rehearsing the alternatives and their implications.
- 8.30. A more systematic and transparent approach to the identification and appraisal of options is implicit in the Best Value approach. It will also feature in the new Business Planning approach to local authority housing associated with Resource Accounting (DETR 1999b).

- 8.31. Evidence about local housing needs and demands is an important input into option appraisal. This point can be illustrated by examples. Box 8.2 provides an illustration of strategic level option appraisal, while Box 8.3 provides a scheme level illustration.

BOX 8.2: STRATEGIC LEVEL OPTION APPRAISAL EXAMPLE

A local authority in London faces a level of need and demand which exceeds the total provision of additional housing which is likely to be feasible under existing planning policies; the range of options which might be considered includes:

- building at higher densities or on land currently used for industry or open space
- acquiring or leasing existing private housing stock for renting to households in need
- securing provision and nominations arrangements with RSLs in neighbouring areas
- use of LCHO options like Homebuy
- relying on private renting.

These and other options would need to be considered in relation to a number of criteria including cost, effectiveness in meeting priority needs, feasibility, likely availability of relevant resources, environmental sustainability, and the resulting mix and balance of communities. Here, the needs assessment would influence both the type of options explored and judgements about how much scope there might be for particular options (e.g. LCHO or private renting, based on affordability and preferences)

BOX 8.3: SCHEME-LEVEL OPTION APPRAISAL EXAMPLE

A midland urban authority has to make decisions about the future of particular high rise blocks with technical defects and general unpopularity problems. The options here may include:

- undertaking essential repairs combined with loosening allocation criteria
- more expensive repair and upgrading package, designed to improve external appearance and internal amenities of flats, including entry-controlled security package, combined with targeted letting to older people
- similar package, with letting at higher rents to young working households
- disposal to RSL or private developer for refurbishment for sale or market rent
- demolition and replacement with smaller number of low rise conventional family houses
- demolition without replacement


The same general criteria as mentioned above would apply here. However, the overall supply and demand situation revealed by the local housing needs assessment would be particularly relevant here, having regard to the decanting requirements and subsequent rehousing opportunities presented by each option. This point is clearly identified in the recent study of local authority demolition by Pidd (DETR 1999e). If there is a large decanting or permanent rehousing cost, because of the large number of households displaced for whom other social renting opportunities are not available, then demolition or disposal options are much more costly in real resources. Housing needs assessments could provide evidence on the potential demand for the kind of housing offered by the different options within the locality, including demand within the market sector.

This example is typical of the situation of a number of local authorities who report significant problems of 'low demand' or 'unpopular' housing in their area, particularly within their own stock. The Department is issuing parallel guidance on good practice in responding to these problems.

Neighbourhood appraisals and strategies

- 8.32. A significant part of the local housing strategy task, particularly in large established urban areas, will involve decisions about future actions in different neighbourhoods. In order to inform these decisions, assessments will need to bring together data from a range of sources at small area level, information from housing need and condition surveys, and information obtained in the development of renewal strategies for particular estates and neighbourhoods. This could for example involve local surveys and consultation exercises involving residents and local community organisations.
- 8.33. In developing appropriate renewal options for particular housing and neighbourhoods, having combined survey information on house condition and household characteristics and preferences will be particularly helpful. House condition assessments include cost of disrepair estimates which feed into the cost side of appraisals as well as the benefit

side. Further guidance on renewal areas is provided in DOE Circular 17/96 and DETR (1997a)

- 8.34. For the profiling of small areas across the local authority, in order to identify areas with particular combinations of social and physical problems and experiencing changes in demand and conditions, authorities can draw on a growing range of small area data. These data include authorities' own and RSLs' data from administrative systems on demand, voids and turnover, stock type and condition; HB and CTB takeup; DSS benefits takeup data; police and fire authority crime and incidents data; health problem indicators; Census data; Land Registry house price and transaction data; ILD indicators; school performance and rolls data.
 - 8.35. Authorities which have developed a capability in Geographic Information Systems (GIS), particularly where linked to unique property referencing, are finding these systems increasingly useful for small area profiling, mapping and monitoring. Where problems of low or uneven demand are experienced, such authorities have often found it useful to develop simple typologies distinguishing areas which are vulnerable from areas which are experiencing severe problems. Forthcoming DETR guidance on good practice on low demand and unpopular housing provides further detailed suggestions in relation to these approaches.
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Agenda for Action

- ⇒ A robust strategy will involve periodic major needs assessments, typically involving surveys, with ongoing monitoring and adjustment to changing circumstances. In general authorities should err towards higher quality surveys at less frequent intervals, although the optimal approach will vary with local circumstances
- ⇒ Adequate in-house resources should be allowed for the commissioning and interpretation of externally commissioned studies, for ongoing monitoring and for the improvement of internal data systems.
- ⇒ Corporate working is essential in housing needs assessment, and particularly crucial relationships are with planning, social services and finance departments.
- ⇒ Assessments provide an opportunity to build partnerships with a wider range of local and regional agencies in the public, private and voluntary sectors, including with neighbouring authorities.
- ⇒ Authorities should strive to develop more integrated approaches, building on the suggested common core approach, which go beyond the descriptive and use data from different sources to answer key policy questions.
- ⇒ Needs assessments should be reconciled with planned levels of household growth, but affordable housing targets should allow for varying site characteristics and for the promotion of mixed and balanced communities.
- ⇒ Needs assessments can play an indicative role in relation to size and type mix of new developments, but a rigidly prescriptive approach is not appropriate in relation to the private sector.
- ⇒ Needs assessments can raise awareness in planning and among partner organisations of particular and specialised needs.
- ⇒ Needs assessments provide crucial inputs to option appraisal and business planning exercises, both at strategic and scheme levels.

APPENDIX 1

KEY ISSUES IN LOCAL HOUSING STRATEGY

Examples of Strategy Decisions related to Evidence of Need

Section 1.4 in Chapter 1 argues that needs are central to local housing strategies. It is useful to illustrate this by considering the main kinds of decisions which a local housing strategy should be addressing, and how these should be informed by evidence of needs and problems:

- How much additional housing is likely to be required in the medium term (10-15 years) and how much of this is likely to need to be ‘affordable’ or subsidised housing? Evidence on projected household growth and composition, income patterns relative to housing costs, and existing/prospective housing supply are relevant to this question.
- How much additional affordable or subsidised housing is required in the short term (3-5 years), with what breakdown in terms of tenure (e.g. social rented vs low cost home ownership), location within the authority, and size/type of dwelling? Further evidence on current needs and demands vs patterns of supply of relets from the existing stock and accommodation available in the private sector would clearly be relevant here.
- How much of this requirement might be reflected in targets for affordable housing on larger new sites allocated for housing, or in small rural ‘exceptions’ sites? How much might have to be met through mechanisms giving access to the existing stock? How much might have to be met outside the district boundaries? The bringing together of affordable and overall housing requirements, together with an assessment of potential supply from new building and other sources, would provide key evidence here.
- How great is the scope to increase the contribution of existing private sector housing to meeting needs, whether through bringing empty properties back into use, providing information and assistance to groups who find difficulty gaining access to owner occupation or private renting, or working with private landlords to improve standards and secure supply? Evidence relating to both the demand and supply sides, including evidence on affordability and preferences, would be relevant here.
- How should the budget for local authority stock refurbishment be deployed between different programmes, types of stock and areas? Renovation and conversion of existing stock can contribute to meeting needs, both among existing tenants and among other households (including concealed households). Evidence on how many tenants currently have problems of unsuitable or defective housing, on the costs of remedial work, on supply and demand imbalances, and on tenant preferences would all be relevant to these decisions.

Appendix 1: Key Issues in Local Housing Strategy

- Should the authority consider stock transfer or private finance/partnership arrangements for any of its housing? While many issues affect these decisions, options of this kind are particularly sensitive to the condition profile of the stock and to the potential future demand for it, such that good evidence on these matters is an essential part of the business case.
- How large a budget should be applied to private sector renewal and how should it be deployed between priority areas and responsive programmes, and between the different types of grant support? Evidence on private sector house conditions (including unfitness, disrepair, lack of amenities/facilities, energy efficiency) in different neighbourhoods and on the characteristics and concerns of households living in the housing affected are clearly relevant here.
- Should the authority pursue a particularly rigorous regulatory and enforcement regime in relation to parts of the private sector stock, for example Houses in Multiple Occupation (HMOs), empty or unfit properties? Evidence on the extent and incidence of such problems, including their location, on the views of residents affected, and any association with other issues of concern (e.g. crime, safety, homelessness) would be relevant to these types of policy.
- What additional specialised housing and support provision will be needed for elderly and disabled people and other groups in the coming period? Evidence on the prevalence of these needs at different levels of severity in different parts of the area, on the preferences of users and carers, and on the existing and prospective supply of specialised accommodation, adaptations and support services are crucial in for this aspect of provision.
- What changes in the eligibility and priority rules and weightings for the allocation of social rented housing in the area may be appropriate, given changes in the demand and supply situation, households' preferences, and consideration of issues of social balance in particular communities? A detailed analysis of supply and demand by size and location, together with other evidence such as survey data on preferences and concerns about neighbourhoods and current tenant profiles of neighbourhoods, would be helpful to inform judgement on this issue.

Main Categories and Sub-Categories of Need

Most needs fall within one of the following three broad categories: need for additional housing; need for work on the existing housing stock; need for care and support (DETR 1998, p.3). It is essential to provide some information within the needs assessment on each of these aspects. Within these broad headings there are obviously sub-categories of need, which will be of differing importance in different areas:

1. Need for additional housing

- (a) additional housing and land requirements for the whole population (mainly a planning issue)

Appendix 1: Key Issues in Local Housing Strategy

- (b) additional subsidised housing required for households in need and unlikely to be able to afford market housing, including both existing households and newly forming households
- (c) the part of (b) above which might reasonably be met by low cost home ownership options, by renovation/conversion of currently vacant housing and other property, or by accommodation in the private rented sector;
- (d) additional subsidised housing required on account of serious imbalances between demand and supply in different parts of the authority or in different sizes/types of accommodation (after allowing for movement within the existing stock)
- (e) particular needs associated with dealing with homelessness, including minimising the use of unsuitable temporary accommodation and seeking to minimise the incidence of rough sleeping
- (f) additional housing which might be required to facilitate geographical mobility and/or meet the needs of the local economy or higher education system
- (g) additional housing which might be required to replace obsolete housing or to facilitate meeting the needs identified under 2 or 3 below.

2. Need for work on the existing housing stock

- (a) extent and incidence of unfit housing by tenure and area and the costs of remedying it
- (b) the extent and incidence of disrepair and defects by tenure, type of housing and area and the costs of remedying these problems
- (c) the expected requirements for planned maintenance and renewal of major elements within the social rented housing stock
- (d) housing which, by virtue of its design, layout, amenities exhibits serious problems of unpopularity, insecurity or other management difficulties and which might benefit from upgrading, conversion, remodelling or even replacement
- (e) an energy efficiency profile of the housing stock related to its occupancy and the incidence of fuel poverty
- (f) empty housing which by appropriate measures might be brought back into use
- (g) the need to improve conditions and safety in Houses in Multiple Occupation

3. *Housing Provision for Vulnerable People with Care and Support Needs*

- (a) estimates of the broad order of magnitude of the main potential groups of vulnerable people needing appropriate housing
- (b) review of the housing options most appropriate to particular groups of vulnerable people, in parallel with work with other agencies to consider care and support options.
- (c) estimates of the existing and potential supply of accommodation suitable to the needs of these groups (allowing for appropriateness of options to potential users)
- (d) review of the supply of and demand for housing specifically earmarked for older people
- (e) estimates of the number and types of households containing people with disabilities requiring alternative housing or dwelling adaptation, by tenure and type of housing

It should be noted that, while there should be a specific focus on the issues identified in the last section, the output from this work may well have some implications for the need for additional housing and/or the need for work on the existing housing stock.

APPENDIX 2

GLOSSARY OF TERMS AND DEFINITIONS

Section A2.1: List of Initials and Acronyms used in Guide

ADP	Approved Development Programme
BME	Black and Minority Ethnic
CA	Countryside Agency (formerly, Countryside Commission and Rural Development Commission)
CAPI	Computer Assisted Personal Interviewing
CHR	Common Housing Register
CIH	Chartered Institute of Housing
CORE	Continuous Recording System of RSL lettings/new tenants
CT	Council Tax
DETR	Department of the Environment, Transport and the Regions (from 1997)
DOE	Department of the Environment (prior to 1997)
DOH	Department of Health
DSS	Department of Social Security
EHCS	English House Condition Survey
GSS	Government Statistical Service
HB	Housing Benefit
HC(S)	House Condition (Survey)
HIP	Housing Investment Programme
HMA	Housing Market Area
HMO	House in Multiple Occupation
HN(S)	Housing Needs (Survey)
HOMES	Housing Organisations Mobility and Exchange Schemes
HR	Housing Register
ILD	Index of Local Deprivation
LA	Local Authority
LCHO	Low Cost Home Ownership
LGA	Local Government Association
LLMA	Local Labour Market Area
LRC	London Research Centre
LSVT	Large Scale Voluntary Transfer
NDFC	New Deal for Communities
NHF	National Housing Federation
ONS	Office of National Statistics
PAF	Postcode Address File
PPG	Planning Policy Guidance note
RDC	Rural Development Commission (see CA above)
RSL	Registered Social Landlord
RTB	Right to Buy
SEH	Survey of English Housing
SRB	Single Regeneration Budget
TSO	The Stationery Office (formerly HMSO)
TTWA	Travel to Work Area

UDP Unitary Development Plan

Section A2.2: Definitions of Key Terms and Concepts

Housing need refers to households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some assistance. Typical criteria or standards by which people's housing is judged unsuitable, and for assessing ability to afford such housing in the market, are discussed in Chapter 4 (section 4.3 & Table 4.2.)

Housing requirements refers to the total amount and type of housing necessary to accommodate a given (or projected) population at appropriate minimum standards. The planning system normally attempts to estimate overall housing requirements in this sense in order to ensure sufficient allocation of land for new housing. Housing requirements includes both housing needs as defined above and housing likely to be demanded in the market.

Housing demand is the quantity and type/quality of housing which households wish to buy or rent and are able to afford. In other words, it takes account of both preferences and ability to pay.

Backlog of need refers to those actual and potential households whose current housing circumstances at a point in time fall below accepted minimum standards. This would include households living in overcrowded conditions, in unfit or seriously defective housing, families sharing, and homeless people living in temporary accommodation or sharing with others.

Unsuitably housed households refers to all circumstances where households are living in housing which is in some way unsuitable, whether because of its size, type, design, location, condition, security or cost. This can include both cases 'in need' relative to specific standards, as defined above, and other households reporting (e.g. in surveys, or via housing registers) that their housing situation is unsuitable.

New need (or 'newly arising need') refers to new households which are expected to form over a period of time and are likely to require some form of assistance to gain suitable housing, together with other existing households whose circumstances change over the period so as to place them in a situation of need (e.g. households losing accommodation because of loss of income, relationship breakdown, eviction, or some other emergency).

Annual need is the combination of new needs arising per year plus an allowance to deal progressively with part of the backlog of need, particularly those in the highest priority categories.

Net annual need is the difference between annual need as defined above and the expected annual supply of available affordable housing units (e.g. from the reletting of existing social rented dwellings).

Affordable housing is housing of an adequate standard which is cheaper than that which is generally available in the local housing market. This can comprise a combination of subsidised rented housing, subsidised low cost home ownership (LCHO) including shared ownership, and in some market situations cheap housing for sale. Local planning policies can provide for the provision of appropriate quantities of affordable housing in this sense.

Social housing is housing of an adequate standard which is provided to rent (or on a shared ownership basis) at below market cost for households in need by Local Authorities or Registered Social Landlords (RSLs) operating on a basis of accepted and regulated standards of good practice in relation to physical conditions, management, allocation, equal opportunities, and accountability to tenants and other stakeholders.

Specialised housing refers to specially-designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing)

A household is one person living alone, or a group of people living together at the same address who share at least one meal a day together or who share a living room. Where several individuals or groups live at the same address but do not share meals or a living room, they are treated as *sharing households*.

Non-self-contained accommodation: Where households share a kitchen, bathroom or toilet with another household, or they share a hall or staircase which is needed to get from one part of the accommodation to another, this is defined as non-self-contained accommodation.

Concealed households are adult individuals, couples or lone parent families living as part of other households of which they are neither the head nor the partner of the head. Conventionally, married or cohabiting couples or lone parent families living in this situation are treated as concealed. In many local needs studies, other single adults (including split couples) are also treated as concealed households.

Potential households are concealed households where the people concerned would prefer to live in their own separate accommodation, and/or are intending to move to separate accommodation, rather than continuing to live with their 'host' household.

A projection of housing needs or requirements is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

A forecast of housing needs or requirements is a prediction of numbers which would arise in future years based on a model of the determinants of those numbers

and assumptions about (a) the behaviour of households and the market and (b) how the key determinants are likely to change. A forecast is generally more ambitious than a projection, because it involves understanding relationships and predicting behaviour in response to preferences and economic conditions.

Household formation refers to the process whereby individuals in the population form separate households. ‘Gross’ or ‘new’ household formation refers to households which form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year which did not exist as separate households at the beginning of the year (not counting ‘successor’ households, when the former head of household dies or departs). ‘Net’ household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or going to live with others).

Household growth is the annual increase in the number of households resident in an area. Household growth is equal to gross household formation minus household dissolutions plus net migration (in household equivalent units). Household growth may also be described as the result of population growth, combining both natural change and net migration, in combination with changes in the rate of household formation.

Headship rates measure the proportion of individuals in the population, in a particular age/sex/marital status group, who head a household. Projected headship rates are applied to projected populations to produce projected numbers of households. Technically, the DETR household projections now use the concept of ‘household representative rates’, which are simply a slightly more rigorously defined version of the same concept.

Migration is the movement of people between geographical areas, primarily defined in this context as local authority districts. The rate of migration is usually measured as an annual number of individuals, living in the district at a point in time, who were not resident in that district one year earlier. *Gross migration* refers to the number of individuals moving into or out of the district. *Net migration* is the difference between gross in-migration and gross-outmigration. Migration refers in principle to the whole population, including those living in institutions (e.g. student residences, prisons), and all origins and destinations, but in practice there are data limitations in relation to some aspects (e.g. overseas migrants, armed forces).

Housing Market Area is the geographical area in which a substantial majority of the employed population both live and work, and where most of those changing house without changing employment choose to stay.

Housing Register: a database of all individuals or households who have applied to a LA or RSL for a social tenancy or access to some other form of affordable housing. Housing Registers, often called Waiting Lists, may (and preferably should) include not only people with general needs but people with special needs or requiring access because of special circumstances, including homelessness.

Applications in this context refers to annual flow of new applications to join a Housing Register.

Deletions in this context refers to those households on a Housing Register who fail to renew their registration on review, or whose case lapses after suspension. Net new applications equals applications minus deletions.

Relets are social rented housing units which are vacated during a period and become potentially available for letting to new tenants, or tenants transferring. *Net relets* are total relets, or turnover, minus transfers.

Decommissioning of housing stock refers to housing stock which is taken out of either social or general housing use, with a view to being disposed of, refurbished, converted or demolished.

A *sample survey* collects information from a known proportion of a population, normally selected at random, in order to estimate the characteristics of the population as a whole.

Sampling fraction: the proportion of the members of the population (or of addresses) which is selected for a sample survey

Sampling frame: the complete list of addresses or other population units within the survey area which are the subject of the survey

Grossing up: converting the numbers of actual responses in a social survey to an estimate of the number for the whole population. This normally involves multiplying by the reciprocal of the sampling fraction and by the reciprocal of the response rate.

Random sample: a sample in which each member of the population has an equal chance of selection.

Stratified sample: a sample where the population or area is divided into a number of separate sub-sectors ('strata') according to known characteristics, based for example on deprivation, tenure, or ethnicity, and applying a different sampling fraction to each sub-sector.

Non-response bias: households whom interviewers are unable to contact or who refuse to take part in the survey (or to answer some questions) are known as 'non-responders', and these households may have systematically different characteristics from those who do respond. For example, they may be more likely to be single person households, working households, BEM households, or very high income households. These differences mean that the overall results of the survey may show some bias, which can only partially be corrected by methods suggested in Chapters 3 and 4.

Residual income is the amount of income households have left over to live on after tax and other deductions from income and after paying their housing costs, allowing for any HB received. This is often compared with, or expressed as a ratio to, a standard measure income requirements based on the number and age

of household members, known as an ‘equivalence scale’. This kind of measure may also be called *equivalent income after housing costs*.

Affordability ratio is the ratio of housing costs to income. Care is needed about definitions here, in relation to the treatment of marginal items of housing cost (Council Tax, water charges, service charges, repairs, insurance) and in relation to whether incomes and outgoings are gross or net of tax/deductions and HB respectively. The most widely used ratio (Wilcox 1999) is probably gross housing costs, including the marginal items mentioned above, divided by net income including HB.

Lending multiplier is the number of times a household’s gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are three times a first income and one times a second income.

Disaggregation in this Guide means breaking a numerical assessment of housing need and supply down, either in terms of size and/or type of housing unit, or in terms of geographical sub-areas within the district or HMA, or (ideally) both.

Lower Quartile means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house which is one-quarter of the way up the ranking from the cheapest to the most expensive, within the area.

APPENDIX 3:

MODEL SPECIFICATION FOR A HOUSING NEEDS STUDY

This specification relates to the housing needs part of a linked housing stock condition and needs study. It has been reproduced from DETR guidance on the specification of stock condition surveys. The stock condition guide also has model specifications for local authority stock condition surveys and private sector stock condition surveys and should be consulted where local authorities plan stock condition surveys or linked housing need and stock surveys. Local authorities will need to adapt this model specification to their own requirements.

1. Introduction

- 1.1 The Council wishes to undertake a comprehensive study of housing requirements, across all tenures and client groups. It is envisaged that the study will comprise an interview-based sample survey of occupiers, together with existing data drawn from a variety of sources to provide other demand and supply data. The Council places great importance on the results of this study, which forms a key part of a thorough research strategy; other parts of that strategy include a stock condition survey of a sample of both private sector and public sector stock.
- 1.2 This specification forms part of the commission to undertake the study. Consultants are required to respond to and cost for the approach adopted in this specification, but are also invited to suggest and cost for alternative approaches where this enhances the value of the study.
- 1.3 The Council is also inviting tenders for the stock condition survey, concurrently with this housing needs study. It would welcome tenders for one or other, or both, of the projects. The Council recognises that few consultants will have the appropriate range of skills and experience to undertake both tasks, but has a strong preference for a joint proposal from a single firm or a partnership of firms (although the Council will in such circumstances expect one firm to act as lead contractor). Consultants will note the objectives of the stock condition survey from the enclosed brief for that project, and will note that whereas the stock condition survey is of private sector addresses only (including housing associations), this brief is to encompass surveys across all tenures including the local authority sector.

2. Survey objectives

- 2.1 The research is needed to support the Council's strategic planning, the Housing Strategy Statement and the Housing Investment Programme submissions to the Department of the Environment, Transport and the Regions (DETR). The information will also play a key role in informing the Unitary Development Plan/Local Plan and the Community Care Plan. The Council places great emphasis on an effective partnership with all relevant local agencies, and the study will enable it to enhance its facilitating and brokering role. The final report should include a housing needs forecast for (a) the next five years and (b) an indication of need over the next ten years.
- 2.2 The findings from the study should be set in the context of national or regional data where possible. A previous District-wide survey of housing needs was undertaken in 19xx, and the Contractor will be expected to incorporate key comparisons, and commentary on changes, where appropriate.
- 2.3 In more detail, the data from the survey should:
- assist the Council to make more informed decisions about the targeting of housing resources and specifically to determine spending priorities;
 - outline the nature of and reasons for housing need;
 - assist the Council in developing its approach to flexible tenure arrangements, including estate transfer and the range of home ownership programmes;
 - assist in developing the housing policy within the Council's UDP/Local Plan, particularly in respect of projecting the scale and reasons for the need for affordable housing and appropriate tenure mixes to achieve sustainable communities;
 - inform the further development of community care services by providing information about disability; the need for housing adaptations; the indicative scope for 'staying put' schemes and the likely need for disabled facilities grants; indicative need for supported housing and/or housing with support for older people; people with disabilities; mental health problems; and/or learning difficulties, etc;
 - inform corporate 'influencing' strategies such as Local Agenda 21;
 - provide background material to inform bids for supplementary credit funding regimes such as the SRB, as well as the annual bidding rounds with DETR and the Housing Corporation;

- assist the Council to develop its energy conservation strategy, in terms of the issues of affordable warmth and energy conservation.

3. Information required from the survey

3.1 The following list, which is not exhaustive, shows the type of information that the Council expects to obtain from the survey. The Council will provide available information on the supply side in terms of likely dwelling output, social lettings becoming available, etc as well as data such as homeless acceptances. The Contractor should outline in the tender how it is proposed to analyse these data, together with the survey findings and any other useful data sources, to meet the objectives of the study. The list comprises:

- Type of housing and requirements to address housing needs, including location and tenure preferences and reasons for moving or staying
- Recent housing history, in terms of tenure, geographical origin and reasons for moving into the District
- Expected rate of new household formation and future household composition (by household type and number of bedrooms required)
- Degree of overcrowding and under-occupation
- Extent of lacking or sharing of basic amenities
- Degree to which the housing waiting and transfer lists reflect housing need
- Local affordability trends, including extent of negative equity
- Number and bedroom requirements of existing and potential households with a housing need that cannot be met without Council or other ‘social agency’ intervention
- Number of existing and potential households with a housing need who could afford to buy on shared ownership terms and other special initiatives by number of bedrooms required and current tenure
- Number of households requiring physical adaptations or supported accommodation
- Brief details of attitudes to local environment (crime, litter, parking, noise, open space, etc)

- Brief details of attitudes to key local facilities (health, leisure, education, employment, shops, banks, social services, advice provision)
- Car ownership and parking
- Key energy efficiency characteristics of dwellings - age, type, tenure, insulation, heating type and fuel, water type and fuel.

3.2 Contractors are invited to comment on the feasibility of the range of information required. Contractors will note the range of socio-economic information required in the accompanying brief for the stock condition survey, and will be expected to present a method for dovetailing in a cost-effective manner the full range of information required.

3.3 In general, the Council wishes to be assured that appropriate fieldwork procedures will be used to achieve a high response rate. For household and individual occupier characteristics, the Council attaches great importance to achieving a high response rate in key areas such as income and savings. Contractors will be expected to provide evidence in their tenders of achieved response rates in these areas. Contractors should also demonstrate how they intend to record the extent and characteristics of 'concealed households' (eg adults other than head of household or partner). Specific items, not necessarily exhaustive, are:

households - type and composition, size, gross income, benefits, savings, disability, ethnic origin; also standard questions such as length of residence, tenure and location preferences, etc

individuals - gross incomes of head of household, and partner if any; age, sex, relationship to head of household, and employment status, of all individuals.

4. Work to be carried out by the Contractor

Sample design

4.1 Contractors will note the Borough profile information provided in the supporting documents.

4.2 The sample size should be sufficient to provide detailed analysis at borough-wide level, with analysis of key data also for up to (five) sub-areas (these may be contiguous areas, or groupings of non-adjacent wards on an action-priority basis). The Council envisages the need for around (1,500) achieved interviews. Consultants are invited to comment on the feasibility of this approach.

- 4.3 The method of stratification will be agreed in consultation with the Council; consultants are invited to recommend a method of stratification that will enable valid results to be provided at both Borough and sub-area levels and ensure that the housing needs and affordability analysis is not prejudiced.
- 4.4 The Council undertakes to provide a file of property addresses from the Council Tax to enable the Contractor to draw and select the sample.

Sample selection

- 4.5 The Contractor shall select a sufficient number of addresses according a random procedure within the agreed method of stratification to achieve the appropriate number of surveys. The preferred sample size is (1,500) completed interviews, with (250) in the local authority tenure and (1,250) in the other tenures. The Contractor should provide a quote for (a) 1,500 and (b) 1,750 completed interviews.

Sample accuracy

- 4.6 The Contractor will be required to advise the Council on the level of accuracy required to satisfy the objectives of the project and will give examples of the level of accuracy used in previous surveys.

Design of survey form

- 4.7 The Contractor should design a suitable survey form that will allow collection of the information required for the purposes of this study. Examples of previous survey forms should be provided in the tender submission. It is envisaged that the interview length will be in the order of 20-25 minutes with a maximum of two open-ended questions. (excluding House Condition questions)

Focus groups (optional)

- 4.8 The Council has identified four broad areas in which it envisages the use of focus groups to provide key attitudinal information:

- **Estate based regeneration** - including issues to do with: SRB; refurbishment versus demolition; employment links; the environment
- **Home ownership** - aspirations and location issues such as reasons for moving within or outside the borough; income and affordability; sustainability (this group is in addition to the information arising from the household survey itself)

- **Special needs in development and renewal** - elderly and sheltered housing; lifetime homes/access; community care and multiple-service issues; childcare provision
- **Community-based issues** - ‘what makes a successful community’; community safety and anti-social behaviour; tenure mix.

- 4.9 Contractors should provide evidence of how they will use focus groups (including an indicative mix of participant backgrounds), and cost for four such groups with a unit price for additional groups.

Appointment, management and briefing of fieldwork staff

- 4.10 The Contractor will provide details of the survey expertise and experience of all staff employed on the project, and the Council will have the right to veto the use of particular staff if in the reasonable view of the Council they are not suitable for the tasks. Any additions or substitutions to the original staff will first need to be agreed with the Council prior to any such person being involved in the study.
- 4.11 The Council will not be providing any staff to act as surveyors in the fieldwork team, but will wish to provide up to two staff to attend the briefing as surveyors. The Council reserves the right to make checks on the accuracy of the data provided at any stage of the survey process.
- 4.12 For security reasons, the Contractor will be required to provide the Council with the names of all the fieldwork staff. This list will be made available to the police.
- 4.13 Fieldwork staff may be required to provide to occupiers, at the conclusion of the inspection/interview, a one-sheet leaflet about available Council services; a master copy of this will be provided by the Council, for printing by the Contractor.
- 4.14 The Contractor will be required to make weekly reports on progress including non-response and reasons for refusal.

Design of survey form

- 4.15 The Contractor should design a suitable survey form that will allow collection of the information required for the purposes of this study. Examples of previous survey forms should be provided in the tender submission. Contractors are requested to use forms of question capable of being compared with other national and local survey benchmarks. Contractors should indicate whether a paper form, or a ‘hand-held’ computerised data capture method, is proposed; the

Council has no significant preference. (The Council is likely to require the provision of digital photographs or similar; Contractors should provide a unit price per 100 photographs in the tender response).

Maximising the response rate

- 4.16 The Contractor will be required to discuss with the Council mechanisms for maximising the response rate, particularly on the socio-economic aspects of the survey. The Contractor should give evidence in the tender of how it is intended to deal with occupier enquiries, including adequate provision for out-of-hours enquiries. The Council will expect the Contractor to handle all enquiries, and to pass to the Council only those enquiries which only the Council could answer. Contractors will note from the attached documentation to this brief that the Council has a significant proportion of households from black and minority ethnic groups; the tender should address ways of maximising the response across all ethnic groups. It is the Council's view that a letter to occupiers will assist in achieving a higher response rate; the Contractor should give an example of such a letter used in the past. All printing, postage, despatch, telephone etc costs will be met by the Contractor, including the costs of any premises needed for survey management; these costs should be identified in the proposal.
- 4.17 Surveyors will each be expected to make at least three separate visits to a property before it can be considered as a non-response. At least two of these visits should take place during an evening or weekend.
- 4.18 The Contractor will be expected to achieve the required number of survey forms.

Initial processing and validation of data

- 4.19 The Contractor will be responsible for data validation and quality control and must provide information on how this is to be achieved. No administrative support will be provided by the Council.

4.20 *Production and presentation of interim and final reports*

- 4.21 The results of the survey will need to be presented in a written format with supporting tables of results, including graphics where helpful. All report sections, tables and graphs must be clearly cross-referenced. The Council must be consulted on the format and content of the final report(s). As part of the tender process, contractors should provide where possible a copy of a previous report. This will be treated in confidence by the Council, and is for the purposes of assessing the Contractor's skills in presenting data in a form that is readily accessible to Councillors and Officers alike and that draws the maximum research value from the data collected. Contractors should note the need to

provide analysis of the relationships between stock condition, energy, and occupier circumstances.

- 4.22 The Contractor will produce interim and final reports which will include a summary, details of the objectives of the survey, methodology, main findings and key points of the survey. As part of the final report(s), the Contractor will produce a short, attractive, Executive Summary of the study in a form suitable for the Council to print (at the Council's expense).
- 4.23 A minimum of twenty copies of the final report(s) will be produced by the Contractor. All data collected and produced during the survey and arising from the survey will be the property of the Council. A copy of all reports should be provided to the Council on disk.
- 4.24 The Contractor will be required to undertake up to two presentations, each of up to thirty minutes' duration, to (a) senior officers of the Council and (b) Councillors. The cost of this should be included in the tender. The presentations may be outside normal office hours.

Provision of suitable software for data analysis

- 4.25 The Contractor should supply software capable of analysing the collected data in sufficient detail and in sufficient ways to produce the information required by the Council and to enable the Council to make maximum use of the data following completion of the study. A key requirement will be the capability to download property attributes from the survey data into the Housing IT system (see attached documentation). It is envisaged that two forms of computerised output will be needed:
- a stock database (including energy efficiency) that will show information at the level of individual dwellings and above, suitably grossed to reflect the real numbers of each dwelling type etc
 - a set of data that shows, for the dwellings inspected internally, the full range of socio-economic data with key condition and energy information included. This will enable the Council to see the crucial links between household needs/characteristics, stock condition, and energy efficiency matters. To enable confidentiality to be maintained, it is envisaged that this will be suitably anonymised, such that the Council will not be able to recognise an individual's response. Contractors will note that this dataset will also require its own grossing system to ensure that the replies are grossed accurately to the real profile of households, and will need to be analysed using a standard system such as SPSS (Statistical Package for the Social Sciences) or similar, in order to maximise the value of cross-analysis, compute sub-groups of households, etc

- 4.26 In addition to any standard reports that the software will produce, it should also be able to provide any individual analyses required by the Council. The system should be capable of representing data graphically, eg histograms, pie charts, etc as well as in tabular format. All data should have clear labels.
- 4.27 The Contractor will also be required to retain the completed survey forms for a period of a year following completion of the survey in the event that the Council may require access to these for data validation purposes.
- 4.28 The Contractor will be required to provide training for officers in the use of the software at no extra cost, and to provide a contact following completion of the project to respond to any queries regarding the data or software.

5. Costs and payments

- 5.1 The Contractor must provide a breakdown of costs for each of the major elements of the project, for each of the sample sizes specified. This breakdown should include such items as surveyor fee levels, and the fee levels and numbers of days engaged of each other member of the project team. Costings should also include up to six meetings during the course of the project, exclusive of surveyor briefing(s) and presentations. The Contractor will note the requirements laid out in this specification for costs to be broken down so as to show the costs for different sample sizes, NHER levels, and digital photographs.
- 5.2 Payment will be subject to the satisfactory completion of each stage of the project. The Contractor should indicate stages and percentage payments proposed; these will need to be agreed with the Council. Five per cent of the cost of the project will be retained by the Council for a period of up to two months following completion of the project; this is to allow any bugs or other faults in the software to be identified and corrected, and for the Council to be satisfied that the data does not contain anomalies.
- 5.3 The Contractor will need to provide audited accounts for the last three years (or since commencing business, if less than three years).
- 5.4 The Contractor will need to complete and sign a tender form and Bona Fide Tender Certificate (blank copies are attached). Any costs should be inclusive of all staff and sub-contractor costs. The Contractor will be responsible for any public indemnity or public liability insurance costs.

6. Timetable

- 6.1 Contractors are invited to comment on the feasibility of the outline timetable provided below, and to provide a detailed timetable to achieve this overall timescale. (The Council is aware that the winter is not the best time for

fieldwork, but the timetable is necessary for financial and other reasons. The Council envisages the project being undertaken in phases - details to be specified.)

6.2 Subject to the satisfactory performance, Phase Two (the remainder of the project) will commence soon after the Christmas/New Year break, with the recommencement of fieldwork. It is crucial that the project is completed by mid-May 2000, in order to feed into the Council's HIP timetable for that year.

6.3 The proposed timetable is:

Tender advertisement	- Friday 20th August 1999
Tender returned	- by Monday 13th September 1999
Interviews of shortlisted firms	- by Friday 17th September 1999
Appointment	- by Friday 25th September 1999
Fieldwork briefing	- late October 1999
Phase I completed	- late November 1999
Phase Two commencement	- late January 2000
Fieldwork completion	- by late March 2000
Draft report	- by mid April 2000
Final report and handover of data	- by 19th May 2000

7. Method statement

7.1 As part of the tender, the Contractor should provide a method statement which should include:

- sample size, source, stratification
- proposals for questionnaire design, and pilot (if any)
- expected response rates with reasons, both in terms of overall access rates and responses to key questions such as income and savings

Appendix 3: Model Specification for a Housing Needs Survey

- statistical significance of data as a whole and any subsets
- use of sub-contractors
- measures for ensuring effective project management
- measures for checking surveyor quality, including briefing arrangements
- hours of work and recall policy on inspections
- method to be used for data input and analysis
- method to be used for data cleaning and validation
- outline of the data to which the Council will need to provide access
- ability to meet the timetable and deadline indicated.

APPENDIX 4

RECOMMENDED TOPIC LIST FOR A HOUSING NEEDS SURVEY

The range of possible questions is large and the questionnaires used should reflect local circumstances and the main objectives of the survey. The list below is intended to highlight the main topics that should be covered in a general housing needs survey and also to promote a more standardised approach to the wording of questions and the presentation of results. This will facilitate comparisons between different local authorities.

The list does not give the precise wording for the questions or the order in which they should be asked. Where possible local authorities should follow Government Statistical Service (GSS) practice relating to harmonised questions and concepts (see Chapter 3) or use the Survey of English Housing (SEH) as a guide where harmonisation questions have not been agreed for all surveys. Harmonisation covers the questions asked (inputs) and the way results are grouped together into categories (outputs).

Harmonised questions change from time to time or new ones are added in response to social and economic change. It is easy to obtain the most up-to-date situation via the internet shown in the references under GSS (1997). Questions that had been harmonised at the time of writing are indicated with * in the list below.

Topics in bold are considered to be essential, and all the others as desirable. Questions should be asked of all respondents unless otherwise indicated. The list should not be interpreted as suggesting the order in which questions are asked.

HOUSEHOLD INFORMATION

To be collected for each person in the household:

age;*

gender;*

marital status;*

living arrangements (ie de facto marital status);*

relationship to the head of household.*

To be collected from head of household or partner:

industry;*

occupation;*

socio-economic classifications;*

ethnic origin;*

household income* and benefits* received;

household savings;

any difficulty in communication if respondent's main language not English.

HOUSING CIRCUMSTANCES

tenure of present home;*

length of residence in present home; *

length and type of tenancy agreement (renters only);

tenure of previous home (if moved in last 5 years);*

location of previous home (eg sub-areas with the local authority, other nearby towns/districts, other regions);

suitability/unsuitability of present housing as assessed by respondent (respondent indicates from a comprehensive list which (if any) problems the household has experienced and to say how seriously they regard the problem);

overall satisfaction with present accommodation;*

overall satisfaction with the area surrounding the home;*

ties with the local area (e.g. family, friends, need to access essential local services);

whether anyone in the household has a disability or long term health problem and its nature;*

extent to which ability to move around the home is impaired (households with disability or long term health problem only);

respondent's assessment of housing requirements (households with disability or long term health problem only) covering: adaptations; new home; sheltered housing; group home or other support;

harassment or neighbour dispute in the recent past and whether this remains a problem (record details, such as form harassment took, length of time it went on for);

whether harassment reported and why respondent thought it had occurred (for those experiencing harassment).

AMENITIES AND CONDITIONS

number and size (ie single or double) of bedrooms;*

number of other rooms occupied;*

sharing (**whether kitchens, bathrooms, WC or living rooms shared with any other households;***

type of heating and fuel used;

no of rooms heated regularly, adequacy of heating and any difficulty paying fuel bills;

whether windows double glazed;

whether roof, walls and hot water tank insulated;

condition of dwelling - **respondent's opinion of whether they have major problems of disrepair (i.e. roof structure, exterior repairs, interior repairs, damp penetration, rising damp);**

whether repairs can be afforded;

whether there are other difficulties over securing repairs (eg finding builders, poor workmanship, activities of 'cowboy' builders);

improvements required and whether these can be afforded;

adaptations required (for households with disability or long term health problems) and whether these can be afforded ;

HOUSING INTENTIONS AND PREFERENCES

Whether household wishes to move home.

The main reasons for wanting to move

Any firm plans to move during the next 1-2 years? What steps, taken or planned, to arrange a move?

Respondent's assessment of whether a move was likely to be successfully arranged;

Type and tenure of dwelling sought,

Area preferred, areas being looked at and reasons for any differences;

Concealed households - any plans for concealed households to move away from the host household over the next 1-2 years? This question and following 3 should be asked of someone from the concealed household if they are available, but otherwise it can be asked of the respondent.

If so: what steps taken or planned to organise a move;

What type and size, tenure and location preferred;

What expectations of success in finding somewhere?

Potential owners - maximum price and mortgage repayments they can afford, price they expect to pay;

Movers who are already owner occupiers – price they expect to achieve for their existing property and whether any negative equity;

Potential owners - problems experienced finding a place;

Whether shared ownership or other low cost options considered;

Whether household on the housing register or transfer list of the Council or a RSL If so the length of time registered *;

Potential renters - maximum rent they can afford;

HOUSING COSTS

Renters - rent paid* and housing benefit received *;

Owners - mortgage repayments, ground rent, service charges *;

Whether in arrears, how many weeks behind with payments, difficulties anticipated in paying off arrears;

CHARACTERISTICS OF THE DWELLING

These questions can be asked of the respondent or assessed by the interviewer.

Type of dwelling (ie house, flat, terraced, semi-detached, detached etc)*;

Storey height of the entrance to the dwelling;

Approximate age of construction *.

APPENDIX 5

LIST OF KEY SECONDARY DATA SOURCES

[Leave 4 pages for this; table to be added]

APPENDIX 6:

PATHWAYS AND OTHER MODELS FOR CARE AND SUPPORT

Section A6.1: Prevalence Rates

Prevalence rates are derived primarily from epidemiological surveys at a local level aimed at identifying the number of people with a particular medical condition in a population and the numbers of people within that group who have differing levels of severity of that condition.

The OPCS Disability Surveys of the 1980s (e.g. Martin et al, 1988) provide an example of national surveys concerning the prevalence of disabled people, which identified disability according to a categorisation of severity of need across a number of different conditions. The definitions used in the surveys did not necessarily equate with community care groups, for example the classification of intellectual functioning covers conditions relating to both mental health and learning difficulties.

Research undertaken in Scotland during the mid-1990s (Smart and Titterton, 1994; Titterton, 1994) attempted to devise a methodology to translate prevalence rates of medical condition into prevalence rates for housing and support. The aim was to enable broad estimates of housing need to be made using readily available population information, although the researchers themselves raised a number of important caveats concerning the methodology. The approach was initially used to estimate housing and support needs for older people, including older people with dementia, physically disabled people, people with learning difficulties, people with mental health problems, people who are multiply disabled and people with drug and alcohol related problems. For smaller, less well-researched groups of people in need of care and support, the approach was deemed to be altogether inappropriate.

Subsequently, the Scottish Office commissioned a review (Munro et al, 1996), to establish whether such an approach could be used to assist in estimating local housing need for community care groups. The review concluded that in the absence of any other local information, the prevalence approach provided some 'broad brush' estimates as a starting point for further discussion and local research but that they were likely have little contribution to make to local planning. The main problems in using the prevalence rate approach were identified as:

- the inconsistency in the underlying prevalence rates in relation to institutional populations and unreliability with respect to people with high needs for care and support
- a number of factors indicating that the prevalence of different conditions would likely vary substantially at the local level (such as socio-economic factors and rural/ urban location)

- the inappropriateness of specific housing solutions in relation to particular groups or severity of condition based on ad hoc assumptions
- particular difficulties in translating prevalence rates into estimates of housing solutions through household adjustments based on limited research

In a later analysis of local housing plans, undertaken as part of a research study for the Housing Reference Group for Scotland (Herd, 1999), substantial discrepancies were found between prevalence rates and locally collected information. In particular, greater numbers of wheelchair users were identified as living in unsuitable accommodation than were estimated using the prevalence rate approach.

More fundamentally, it can be argued that a prevalence rate approach is conceptually flawed, based as it is on statistics generated through surveys and research embedded in the medical model of disability (Lomax, 1996). Such surveys take an approach which examines the functional limitations of individuals but does not identify the physical, social and economic barriers experienced by them. They can estimate the number of people per thousand of the population with a particular condition but cannot assess that experience and its implications for housing, care and support solutions.

Further, the types of questions and the survey process itself have been the subject of detailed criticisms and concerns about the reliability of these surveys, such as the OPCS Disability Survey. The wording of certain questions serving to reduce the problem to an individual's own 'personal inadequacies' (Oliver, 1990) and reproducing the personal tragedy view of disablement (Abberley, 1991).

In conclusion, although they can be used to estimate the broad order of magnitude of the main potential groups needing care and support, prevalence rates are of limited value to local housing needs assessment.

Section A6.2 Housing pathways model

The pathways model was initially developed to estimate the needs of people with learning difficulties at the national level in England (Watson and Harker, 1993). The technique was further developed through a pilot programme of 13 local studies, to provide a research approach for estimating the needs of particular groups with care and support needs at the local level (Watson, 1996). These included: older people, people with mental health problems, physically disabled people, people with learning difficulties and single homeless people. Further refinement of the model has taken place through subsequent local studies, developing the methodology for each community care group. Briefly, the model consists of three basic stages:

1. the study population for the local area is divided into current living circumstances;
2. an estimate is made of gross housing need, based on the numbers and reasons for moves between different types of accommodation of people moving and wishing to move;

3. net housing need is established by identifying the availability and to some extent the appropriateness of existing housing and services for care and support.

The model brings together a range of information from both the national and local levels. For example, the first stage of the research, on living circumstances, collates information from all sources, private and public sectors, on accommodation in the area (and used outwith the area) through the range of supported accommodation, from hospital to self-contained housing with support. To estimate the broad range of study populations in mainstream housing, rather than in housing with support, prevalence rates are utilised in conjunction with more local information, such as projected census data on long term limiting illness or information held on local records, such as supervision registers.

As a tool, this model provides a comprehensive approach to estimating the needs for housing in conjunction with care and support needs, identifying the:

- dominance (and absence) of particular types of accommodation
- moves between different forms of provision and access routes into mainstream housing
- pressure points and blockages in the system
- migration between local authority areas
- position of neglected or marginal groups, and
- relative needs (both numerically and in terms of the range of housing choice) of different groups (Watson and Britain, 1996: p58/60)

The research methodology used to implement the pathways model is based on surveys of professionals and service providers, although this perspective can be informed by further work in consultation with carers and users of housing, care and support services.

Although the final estimates require a number of assumptions to be made, these can be changed and the implications reworked and recalculated through the model in terms of housing solutions. In this way the pathways model can be a valuable tool in promoting discussion at the local level, encouraging debate and potentially exploring particular issues, through additional reworking and runs through the model. At a later date, the impacts of new services and policy decisions could be identified through this process.

Figure A6.1 provides an example of the model in action in a particular local area.

The pathways model was initially developed several years ago and since then attitudes, expectations and funding mechanisms have or are changing. The separation of housing from the delivery of support services is increasingly encouraged, to promote tenancy rights and the provision of more flexible support services. Existing funding streams, such as housing benefit, for some support services will be replaced by the new ‘supporting people’ arrangements. These new arrangements will inevitably impact on the dynamics of

housing, support and care provision at the local level, potentially altering the patterns of housing and support in terms of needs and options.

The initial emphasis of the pathways model on the supported accommodation network requires adjustment to take account of the shift towards more effective use of mainstream housing and flexible support services in the range of housing and support options. Pathways Research are, in 2000, developing a substantially revised pathways model. The new model will include more exploration of the care and support aspects to balance the assessment of needs relating to housing moves, which were the main focus of the original model.

Section A6.3: The Allocation Model

This model was developed by the DOE (now DETR) to establish the housing needs of elderly and disabled people requiring subsidised provision by LAs, RSLs and other voluntary sector providers in England, and to assess the extent to which any unmet need for subsidised provision could be most cost-effectively met through housing and housing with care options. It was based on large scale postal surveys with providers and interview surveys with elderly people living in mainstream and specialised housing in the community, non-elderly disabled adults and informal carers to elderly people, carried out between 1991 and 1993. The study is reported in full in McCafferty (1994), with Ch. 8 of that report describing the allocation model.

The model was initially designed through an expert seminar which identified options and criteria for assessment and examined their application to actual cases. The model follows three broad principles

- a household's housing aspirations should be met where possible, provided the respondent has the cognitive ability to make reasoned judgements
- physical/mental disability and dependency of the respondent and other household members should be taken into account
- resources are finite and an equitable method of allocating services to households of different means is required

Eleven options for elderly households are identified, as follows:

- No change: remain in present accommodation
- Stay at Home 1: remain in existing accommodation, providing additional aids/adaptations to help with normal daily functions where necessary
- Stay at Home 2: remain in existing accommodation, providing both additional aids/adaptations and additional health and social care services where necessary
- Stay at Home 3: remain in existing accommodation, providing only additional health and social care services where necessary

- Move to smaller or same size mainstream accommodation without further aids or services
- Move to friends/relatives, with possible additional care services as well as informal care
- Category 1: specially designed units for more active elderly people, with optional communal facilities
- Category 1.5: similar to Cat 1, but with alarm system and warden support.
- Category 2 or ordinary sheltered housing: units for less active elderly people, with warden and call system and communal facilities.
- Category 2.5 or very sheltered housing: extra-care schemes for frail elderly people with e.g. meals, extra wardens, assistants, communal facilities, special bathrooms.
- Residential care/nursing homes with 24 hour support or nursing care.

For non-elderly disabled adults, two options are considered

- mobility housing, for those who can walk and cope with stairs with difficulty
- wheelchair housing specifically for wheelchair-bound or using residents

The model has around 20 basic needs assessment criteria, of which eight cover specific selection criteria for specialised housing with care. Data from a number of survey questions feeds into each of these criteria. Elderly households are first put through a filter of up to twelve factors or topics, covering cognitive level/disorders, wish to move, physical dependency, adequacy of current aids/adaptations and care services, value of home and savings, eligibility for grants, cost of required aids/adaptations/repairs, and availability of informal care.

A second filter is then applied to those eligible for specialised housing. this covers issue of size of accommodation, whether on ground floor, state of repair, what care and support sought, dependency level, household type/isolation, mobility problems and aids used. Particular combinations of responses to these criteria, including use of the Clackmannan dependency score, are then used to allocate households to options. Unallocated households are put back through further filters to test for staying at home or other non-specialised options.

The model was used to allocate the surveyed households to the options and national and regional estimates made of needs which were being met and those which were unmet. Most elderly households were allocated to the no change or staying at home categories, with relatively small numbers allocated to specialised housing options.

Reviewing the model, Hoyes & Means (1996, pp. 48-52) point to its strong research base its reliance on the actual preferences of older people, the range of options considered and

the account taken of cost-effectiveness as strengths of the model. Criticisms include the reliance on the Clackmannan Dependency Matrix, which overemphasises a medical model while neglecting social factors such as fear and anxiety, insufficient attention to residential/nursing home issues, over-categorisation of sheltered schemes vs. the notion of flexibility. This report also discusses the application of the model at local level, which requires further indirect estimation of potential needs in the absence of detailed local survey data (drawing on a DOE guided document: *Specialised Housing for Elderly People: a guide to producing population-based needs assessments for local areas*).

Insert Figure A6.1 from Excel worksheet APP6F1.XLS

APPENDIX 7

EXAMPLES OF FORECASTING/PROJECTION METHODS

This Appendix discusses possible methods of estimating, projecting and forecasting some of the key elements in the general assessment of overall housing requirements and affordable housing needs. It builds on the framework set out in Chapter 2 and the various data sources reviewed in later chapters, particularly Chapter 7 on demographic, market and economic data. It will be of interest to those who wish to refine and develop local assessments beyond the basic minimum description of current numbers and their extrapolation over a short period. It focuses on selected elements where there is the potential to build models of the local housing system which integrate data from different sources, which build understanding of interconnections in the system, and which may help authorities to predict how housing needs may change under the influence of key external factors.

The Appendix looks at five selected aspects of the assessment

- demographic components of household change (s.A7.1)
- the determinants of tenure split (s.A7.2)
- forecasting of relets (s.A7.3)
- constructing a ‘gross flows’ model of the local housing system (s. A7.4), including particular consideration of the role of private renting

The approach is selective and it is not possible to provide detailed specifications of models in each case. Rather, some suggestions for approaches are identified and key literature which may be referred to is identified in some cases. In some cases relevant supporting data for particular approaches is included.

Section A7.1: Demographic Components of Household Change

Household Growth

The growth in household numbers is the key factor generating overall housing requirements which are reflected in the planning system and which provide a context for local housing strategies. This is discussed in Chapter 2, section 2.5, which recommends checking overall requirements through a net stock balance sheet framework summarised in Table 2.2. The demographic data underpinning household growth projections are discussed further in Chapter 7, section 7.2.

There is a well-established official system for projecting household numbers and composition. These projections look forward 25 years from a base year and provide a mutually consistent set of estimates at five-yearly intervals for England as a whole and for regions and the larger local authority areas which form a basis for Structure Plans/UDPs, i.e. shire counties, met districts, unitary authorities and London boroughs. The methodology for these projections is described in the official reports containing the projections (e.g. DOE 1995, DETR 1999) and is discussed further in

technical reports referred to in these documents and in independent reviews of the process (e.g. Bramley et al 1997). The methodology is a relatively sophisticated application of well-established demographic methods, but does not attempt to take explicit account of economic and market influences, although these are implicitly reflected in the recent trends which form the basis of forward projection.

Essentially, the approach is to project forward the population by age and sex using cohort survival techniques taking account of recent evidence and judgements about migration. Marital status (including cohabitation) rates by age and sex are projected forward and applied to these populations. Household formation is modelled by applying headship rates (technically, household representative rates) for each sub-group, with these rates themselves projected by fitting non-linear trends through past observed data from censuses and national surveys.

Local planning authorities may use these official projections, but in many cases they adapt or vary them for local requirements. This may be necessary where local planning considerations dictate different levels of household growth from those assumed in the national projections, or to provide projections for smaller areas such as shire districts. Local projections may use a similar methodology to the national projections, but perhaps with different assumptions about migration. Alternatively, simpler models may be used, most commonly based on a trending forward of average household size. This approach is less able to take account of particular characteristics of local demographic structure and provides less information about household composition.

Some local authorities commission projections using variants on the official methodology from outside agencies. In particular, the 'Chelmer model' run by the Population and Housing Research Group at Anglia Polytechnic University offers projections down to district level which are broadly consistent with the official projections and which offer the possibility of testing different options in relation to key inputs, particularly migration. For example, trend migration may be compared with zero net migration scenarios. Some other consultants and forecasting organisations (e.g. Business Strategies Ltd) provide household projections, in some cases linked to regional economic forecasts.

Most household projections are not formally linked to forecasts of economic conditions. Economic forecasting itself is a complex and uncertain business, and few economic forecasts attempt to look more than a few years ahead. Nevertheless, there is increasing interest in the potential sensitivity of household numbers to economic changes, for example differing rates of growth of income or house prices. This is examined in the DETR's (1997) economic model of housing need and demand at the national level developed by Cambridge University, and in the review of research on economic influences undertaken by Bramley et al (1997). These studies suggested that the 'elasticity' of household numbers to changes in real income were of the order of 0.15-0.33. Some ready-reckoner estimates of the sensitivity of household numbers to key economic variables were included in the initial publication of the most recent household projections in 1999.

The starting point for examining household growth and change is evidence from the recent past. The main sources of this are successive Censuses, and for the period since 1991 national household surveys, particularly SEH (DETR 1999a). Local authorities

may be able to monitor actual household growth mainly from housing stock estimates, allowing for vacancies and sharing. Underlying population numbers may be tracked from ONS Mid Year Estimates, while migration can be monitored at the level of Health Authority Areas using the NHS Central Register data (see Chapter 7).

Within the household projection methodology, household growth can be seen as arising out of the interaction of population numbers, population structure, and the propensity of given age/sex/marital status groups to form separate households. Thus, household growth can be decomposed into the following components:

- natural change in population numbers, particularly adult population numbers, which are governed mainly by earlier patterns of fertility and current patterns of mortality
- changes in the age structure within the adult population
- changes in population by age caused by in and out migration (which may have different age profiles)
- changes in the propensity of people to be married or cohabiting
- changes in the propensity of people in each sub-group to form separate households (reflected in the headship rates)

Some of these are more likely to be susceptible to influence by national and local economic, labour and housing market conditions and possibly by policies. This applies most strongly to migration, at the local level, and perhaps more generally to headship rates. Examining the sensitivity of assessments to different assumptions about these factors, and checking assumptions against monitoring information where possible, is a desirable aspect of local household forecasting.

Demographic components

There is, however, a different way of dividing up the components of household growth at local level, which may be helpful for local housing needs assessments. Being able to break the overall household growth down into the main components of annual change provides some additional ways of linking the assessment of affordable/social housing needs with the broader assessment of overall housing requirements. In terms of the framework in Chapter 2, this involves linking elements of Tables 2.1 and 2.2.

Annual household growth (HG) is (by definition) comprised of three elements:

- gross new household formation (GHF)
- dissolution of existing households (HD)
- net migration, expressed in household units (HNM)

In other words

$$HG = GHF - HD + HNM$$

If it were possible to estimate, and possibly forecast, these separate components, it would then be possible to enhance local housing needs assessments significantly. In particular, it would be possible to demonstrate the consistency of the local assessment of affordable/social housing needs with the broader planning scenario for household growth and overall housing requirements. This would provide a significant cross-check, or triangulation, on the needs estimate derived from local surveys and administrative records and thereby increase confidence in the results, particularly when applied in Local Plan target-setting. It would also increase the ability of authorities to project their assessments forward from a snapshot baseline, and also to revise their projected assessments as new data came forward between surveys.

Possible ways of estimating and projecting each of these components of household change are discussed in turn.

Gross new household formation

The common framework for affordable needs assessment set out in section 2.3 of Chapter 2, and specifically in Table 2.1, identifies gross new household formation as a specific input (line 8 of the table). The table suggests four methods of estimating this quantity, two based on local HN surveys and two based on demographic data and methods. Both of the survey-based methods have their limitations, and there is particular concern about the reliability of using anticipated moves by potential households.

Gross household formation is not a standard output of conventional household projections. However, it is possible to derive estimates from such models. Gross new household formation per year is equal to the number of households existing at the end of the year which did not exist as separate households at the beginning of the year. Household projections do not calculate year-by-year changes, but work on the basis of five year intervals. This fact can be combined with the fact that they typically work with populations broken down into five-year age bands to get at new household formation. For each 5-year cohort of population, we are interested in the increase in the number which head separate households between one point in time and the point in time five years later. This can be identified by looking at the change in the headship rate between that for the group at the first date and that for the next older group at the second date (this of course being the same cohort of people five years older). This increase measures the increase in separate households formed (headed) by this cohort over five years. Dividing this number by five gives the annual number of extra households formed. This calculation can be repeated for all age cohorts, possibly broken down by sex and marital status although this is a complication and not essential. Since most household formation is concentrated in the younger age ranges, it may only be necessary to look at a subset of significant cohorts.

It is possible to get an estimate for gross household formation similar to this without ‘deconstructing’ formal household projections in this way. The approach involves concentrating on the key age groups and obtaining base period estimates of the population numbers and household headship rates which apply in the local area, together with trend estimates of changes in these numbers. Fairly simple formulae can then be used to provide a reasonable rough estimate of the annual number of new households.

Figure A7.1 illustrates this approach. The graph shows household headship rates on the vertical axis against age on the horizontal axis. Basically, headship rises steeply in the age range from 16 up to around 30, then more gradually in the next age range, levelling off in middle age. The actual relationship is likely to follow a curve, first accelerating then decelerating, and may be little lumpy in practice. In the diagram, and the simple model it represents, these are simplified to a series of straight lines.

The fundamental idea in this model is that the annual number of new households is governed by the increments in headship that occur as the population ages by one year. As we move forward one unit to the right in the diagram, headship rises by an incremental amount given by the *slope of the line*. The steeper the slope, the more extra households are formed. For any one segment, for example the 16-29 year old cohort, the number of new households formed is the product of the number of people in that cohort and the average slope of the line across that segment of the diagram. As illustrated, this slope is assumed to be constant, as represented by a straight line, so simplifying the averaging of the slope.

[Figure A7.1 about here]

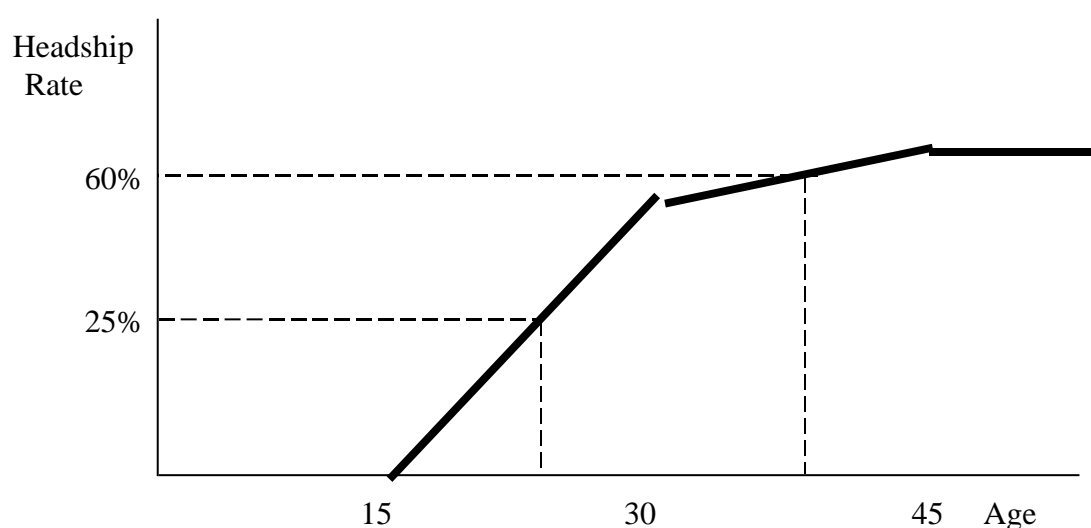


Figure A7.1: Illustrative Age-Headship Relationship
(15-year age groups)

In this simple model, it is easy to work out the slopes of the lines. The first segment (16-29 age) rises from zero at age 15, and must pass through the average headship rate for the group roughly in the middle of the age range (assuming, again for simplicity, an even distribution of ages within the cohort). Taking broad averages, if the headship rate for 16-29 year olds was 25%, so the slope of the line would be $25/7=3.57\%$ points per year (or 0.0357). Let us call this first slope parameter S1. At the end of this segment, age 30, the headship rate will have risen to double the average, 50% in this case. The average headship rate for the next age group, 30-44, will generally be somewhat higher, although the rate of increase falls sharply. Suppose it is 60%. Then an increment of 10% points will occur over the next seven year period, giving a slope

of $(60-50)/7=1.43\%$ points per year. So the second slope parameter, S2, would be 0.0143. It is assumed that headship plateaus after age 45.

As noted in the earlier discussion of sources of household growth, the propensity of individuals of given age to form separate households is not static, but is tending to increase over time. The model described above generates gross new households which would form as result of ageing with static headship rates. The effect of increasing headship needs to be added in to the model as well. This can be based on observed or estimated changes in headship rates over the recent past, reduced to an annual rate, or on the increases assumed in the household projection. These increases will disproportionately affect the youngest age group.

A simple formula which generates gross household formation from this model would therefore be as follows

$$GHF = (S1 + HRG).NP1 + S2.NP2 + C.NH$$

where

$$S1 = HR1/700$$

$$S2 = (HR2-2.HR1)/700$$

$$HRG = (HR1 - HR1_{-5})/500$$

HRG is the headship growth factor, NP1 and NP2 are populations in the age ranges 16-29 and 30-44, C is a constant, NH is the number of households, and HR1 and HR2 are the average percentage headship rates for the two age groups, and the subscript -5 denotes the value five years earlier.

It should be noted that an additional term applying a constant C to all households is included in this model. The rationale for this is twofold. Firstly, there may be a limited amount of household formation in the older age groups consequent upon marital breakup and similar factors. Secondly, the basic model glosses over the fact that what is measured is not a true 'gross' household formation, but a net increment over particular age ranges. This conceals the fact that there will always be a certain amount of individual 'churning' of households forming and dissolving at short notice even within the younger age groups. It is difficult to model this in detail, which would require analysis of longitudinal survey data. For the purposes of this model, a modest balancing factor is added to allow for this. Where the model is applied to data for a national system of localities (as in Bramley 1998) it is possible to find a value for this constant which controls the total of new household to be consistent with the national total recorded from moves data in the SEH.

The inputs required by this model are not difficult to obtain. The population and household head numbers by age can be obtained from the Census, and trends from comparing Censuses. Alternatively, for post-Census periods, the populations can be obtained from Mid Year Estimates (preferably adjusted to a private household basis) and the households numbers or headship rates from household projections or other estimates. It should be noted that the model is intended to be applied locally, and so builds in local differences in headship rates and trends. With census data, it can be applied at sub-district level. The model could be made more sophisticated by constructing it for 5-year age groups.

Typical values of the parameters in this model can be quoted from a recent application by Bramley (1998), referring to districts in 1996. The S1 parameter (slope of headship function for 16-29 year olds) averaged 0.0341 with a standard deviation of 0.0057. Areas with high values included inner London (0.0427) and southern urban areas (0.0433); areas with low values included northern rural and suburban areas (c. 0.0305). The S2 parameter (slope for 30-44 group) averaged 0.0181 with a standard deviation of 0.0087. This time the higher values were in the northern suburban and rural areas (0.0231) and the lowest in inner London (0.0094). The value HRG was about 0.0050, and of the constant C about 0.0014.

This approach is open to some of the same criticism as using survey-based estimates of actual new households formed. If housing supply is restricted or prices very high, then the number of new households may be reduced. It might be argued that, for a normative needs assessment, household formation rates underlying local strategies should be equalised. This could be reflected by substituting average values for local values of these parameters, in all cases or in cases where rates appeared to be abnormally low. While this might have some validity in a normative assessment, it would be more questionable in a forecasting exercise, unless the authority was confident that its policies would overcome all past supply constraints in the coming period.

Household dissolutions

Household dissolutions are more difficult to estimate. It is inherent in the nature of the phenomenon that it is difficult to research; household surveys do not interview households which have disappeared. Further research using longitudinal data for individuals will be needed to provide more insight into this phenomenon.

Bramley (1996) generated estimates for household dissolutions by tenure over the 1980s. The main basis for this was some very detailed national estimates by Holmans (1991), mainly undertaken in order to estimate equity release by home owners. It was assumed that the major source of household dissolutions was death and old age, and the primary factors used to proxy this and predict dissolutions by tenure were census-based numbers of one and two-person elderly households by tenure. The factors used in this model were as shown in Table A7.1

Table A7.1: Estimated household dissolution propensity by pensioner household type and tenure, England, 1991

<i>Household Tenure</i>	<i>Pensioner Couple</i>	<i>Lone Pensioner</i>	<i>Non-Pensioner</i>
Owner Occupier /Private Renter	0.0224	0.0685	0.0068
Social Renter	0.0307	0.0923	0.0155

Source: Estimates by Bramley (1996), based indirectly on Holmans (1991).

It should be noted that mortality rates are markedly higher for social sector tenants than for owner occupiers, and this is reflected in these figures. Age-related dissolutions by tenure are potentially useful in other aspects of the refinement of local housing needs assessments. Social sector dissolutions will be a significant component of net relets supply, a key factor in the basic model (Table 2.1, line 14). Some local authorities concerned about future social housing demand and supply are looking more carefully at the age structure of their tenant populations, recognising that in a few years many of these tenants may be dead or in institutions. This point is underlined by the estimate in the above table that the annual dissolution rate for social renting lone elderly households is nearly 10%. Relets forecasting is discussed further below. Owner occupier dissolutions will be a significant component of turnover supply in the market, and of relevance to any attempts at building a fuller picture of the local market, including any form of gross flows analysis, also discussed below.

It is worth emphasising that the kind of estimates of household dissolutions currently possible are rudimentary, and less accurate than some other components of the assessment. Further research and refinement in this area would be worthwhile. Local authorities engaged in demographic projections work may wish to consider attempting to make some tenure-specific projections.

Given these uncertainties, it may be necessary in some cases to complete the model of household growth components by treating dissolutions as a residual. If there are reasonable estimates of all of the other elements in the equation (HG, GHF and HNM), then this may be a reasonable expedient, at least for the base period. When considering forecasts, it is possible to invoke the argument that dissolutions are a more stable or predictable element, which will not be much affected by economic or market conditions. Demographic influences on the level of dissolutions might be proxied by looking at changes in predicted numbers of deaths from population projections.

Migration

Migration estimates, in terms of population moving in and out by age and sex, are normally embodied in the household numbers estimates included in structure and local plans and plan monitoring. These are informed by annual data from NHSCR. However, for shire districts and some individual London boroughs, figures for the individual authority have to be estimated, usually by making reference to the last Census. Some information about the profile of in-migrants, and some categories of out-migrant, may be obtained from HN Surveys.

There are three main problems with migration in the context of local housing needs assessment.

- forecasting migration, which is potentially more volatile and responsive to economic and market conditions, and possibly to housing supply at local level
- translating from migration of individuals to household equivalent effects
- judging the likely tenure split or affordability profile of migrants

The forecasting of migration is a complex business, both in terms of the types of methods which must be used and the range of factors which can influence migration. Champion et al (1998) provide a comprehensive recent review. Care is also needed in the use of migration data itself, as its limitations need to be understood. For this reason local authorities are not advised to undertake independent migration forecasting exercises themselves, unless these involve collaboration with suitably experienced experts. The DETR have commissioned the development of an initial migration policy model, and this may be available to show the potential influence of differing economic scenarios at the level of larger local authorities or counties. Otherwise, it is suggested that the most helpful approach is to show the sensitivity of assessments to a range of assumptions about migration, possibly based upon experience of varying rates over the last 10-20 years.

Nearly all migration data focuses on individuals. However, the assessment of housing needs and requirements is concerned with households (the Census does tabulate 'wholly-moving households', but this is not very satisfactory for our purpose). Therefore some method of deducing the household impact of migration flows is needed. The simplest approach is to assume that migrants (in and out, or net) have the same average household size as existing residents. This is probably too simplistic in many cases, particularly where the age profile of in-migrants is very different from that of out-migrants.

The approach which is reflected in most household forecasting is to take the household forming propensities (headship rates) of each age group and in the local population and apply these to in and out migrants. This calculation could be readily undertaken using either Census data or a combination of mid year estimates, NHSCR migrants, and household projections, perhaps using broad 15-year age groups. The result is likely to show some differences in average household size between in and outflows, and between the net flow and the existing population. If the authority has a local household projection system or uses a model such as the Chelmer model, it is straightforward to estimate the household impact of migration. This is normally done by comparing trend with zero net migration; doing this allows for the cumulative effect over time of migration-induced changes in the base population.

The model in Table 2.1 provides for affordable housing needed by in-migrants at line 12, while adjustments for potential out-moves by households in need can be made at line 2. The likely tenure breakdown of migrants, particularly as between affordable and market sectors, is a significant issue. It is likely that migrants will have a different profile from non-migrants, and certainly it is known that longer distance migrants have a higher socio-economic profile (Champion et al 1998). Local HN surveys can provide evidence on the tenure split and income/affordability level of recent in-migrants. It can also provide anticipated tenure and income/affordability information for potential households and intending movers who expect to move out of the district.

Data from the SEH can be used to illustrate this, as in Table A7.2. This table shows that social renting is less common among migrants. In fact the tenure which is disproportionately associated with mobility is private renting, further underlining the importance of considering the role of this tenure in the local housing system. Part of the reason for this is that migration rates are highest for young adults. Moves by older, established households are more likely to be associated with owner occupation.

Table A7.2: Tenure Profiles of Migrants, New Households and All Households, England 1995-8 (percent of households)

<i>Tenure</i>	<i>In-migrants</i>	<i>Out-migrants previous ten.</i>	<i>New Households</i>	<i>All Households</i>
Owner Occupier	48.5	34.1	38.5	68.7
Private Renter	38.8	27.8	33.8	9.4
Social Renter	12.6	14.9	27.7	21.9
New Household	na	16.0	na	na

Source: SEH analysis of pooled data for 1995/6-1997/8; 'migrants' defined as moves over 5 miles by current household heads.

Section A7.3: Forecasting Tenure Split

Forecasting the division of households (whether new households, migrants, movers or all households) between tenures is in many ways the crucial step in assessing future needs for social or affordable housing. In the recommended model for local assessments, this split is based primarily on affordability, but also taking account of current suitability problems and expressed needs. These methods are easier to apply where local HN surveys have been carried out, but even then forecasting into the future is more difficult. Are there more general methods or models for undertaking such forecasts, and for testing the sensitivity of assessments to external factors or assumptions?

Three general approaches to projecting tenure split are reviewed briefly here

- proxy-based affordability model
- tenure propensities by demographic cohort approach
- econometric model based on micro survey data

The first of these is mainly exemplified by the *affordability-based needs model* developed by Bramley (1998; Bramley & Smart 1995, 1996). The principle of allocating households to tenures is the same as in local HN survey analyses which emphasise affordability, as described in Chapter 4. The difference is that the method does not require survey data, but rather estimates household composition and income profiles from Census and a range of other secondary data. The model has most often been applied to estimating affordability and needs for new households, but it has also been applied to other groups including all non-elderly, private and social renters. However, it has mainly been used in 'snapshot' mode rather than as a forecasting tool. Limited forward projections can be undertaken given suitable input data (see Bramley & Lancaster 1998). The model is well-adapted to undertaking sensitivity tests to changes in assumptions and inputs, for example house price changes, interest rate changes, household growth assumptions. However, in this respect it is no different in

principle from a local HN Survey, adequately analysed and reported on. This kind of method may be capable of being developed further in the light of developments in local data sources, particularly relating to income and economic activity, and the proposed development of local income proxy measures to accompany the 2001 Census results.

The *tenure propensities by demographic cohort* approach is best exemplified by the work of Holmans (1995, 1998). The basic idea is that the tenure profile, particularly the owner occupation propensity, of households is calculated for different age, sex and marital status groups (as used in household projections). Forward projections take account of past trends, cohort effects (particular age cohorts are unlikely to reduce their owner occupation rate), and judgements about market conditions. Adjustments are made to allow for the effects of the RTB. The model is closely linked to the official household projections methodology, and is particularly strong in reflecting the influence of factors like marriage and cohabitation in affecting tenure. Most applications of this model have been national, utilising data from national surveys like SEH. Some limited regional applications have been made; these tend to involve broader-brush adjustments of propensities from national levels to reflect regional differences.

This propensities approach can be defended as realistic rather than ‘theoretical’. It starts from where we are now and assumes that recent trends are a good guide to the immediate future. Apart from the lack of subregional and local data for calibrating the model at this level, it is also subject to two further limitations. Firstly, like some other approaches to needs assessment, it tends to build in current restrictions on supply of housing, access or price constraints. This may be particularly an issue once it is applied regionally and locally. Secondly, it does not itself contain a mechanism to simulate the sensitivity to key variables like house prices.

The third approach, using *econometric models* to predict tenure from survey data, is best exemplified in the economic model developed by Peterson et al for DETR (1997c). This study uses data on individual households from the SEH to develop models which predict the likelihood of a household being a social tenant (or receiving assistance via either a social tenancy or HB). Many characteristics of individual households, as recorded in the survey, can be included in the model; their effects on choice/outcomes are quantified by using standard statistical techniques, in this case logistic regression analysis. Factors such as age, ethnicity, household size and income are readily incorporated. The model as developed so far, however, finds it more difficult to represent the effects of house prices or housing supply (because these are local market area characteristics, and as such are not included in the standard SEH dataset). Some local authorities (e.g. Bradford) are experimenting with applying this kind of approach in the context of local surveys. Part of the motive for this may be to analyse the impact of factors like ethnic composition, as well as affordability.

A7.3 Forecasting Relets

Relets are a key number on the supply side of the assessment, whether in the basic model (Table 2.1) or more sophisticated versions. The basic advice given in Chapter 6 is to project on the basis of average net turnover rates experienced over the last three years. Care is needed in extrapolation from three or four years’ data when, as is typical, these numbers move around randomly from year to year and may be affected

by economic cycles (as opposed to trends). Forecasting changes in relet rates is more ambitious, but might be attempted given the importance of these numbers.

A key step is to *monitor reasons for termination* consistently over a period of time, and comparing different estates/areas. Relets are in part generated by the demographic composition of tenants, particularly voids released by elderly tenants who die or go to live with others or in institutions. Other groups, such as young singles, may also generate higher turnover rates. The ageing of the existing tenant population may be projected by conventional demographic means, as suggested above, taking account of the profile of in-movers. Numbers of relets associated with moves out to owner occupation are likely to be associated with the economic factors affecting demand to buy (general employment and income growth), by the availability of attractive local options (including new build), and by affordability.

Forecasting models for relets as a function of a variety of factors might be developed using conventional *regression analysis techniques*. Such models could be fitted to data on (a) annual time series for LA as a whole, over an extended period; (b) cross-section of estate/sub-areas within the LA; (c) a panel comprising areas by time periods; (c) cross-sectional data by LA across all or some LAs. Alternatively, the kind of econometric method used for tenure split described above could be applied to housing need survey data (or, ambitiously, tenancy/stock records data), in order to predict the probability of exit of an individual tenant. This would use a technique such as logistic regression to predict the probability (strictly, the log-odds ratio) of exit. Some of these methods might be most appropriately applied to a subset of exits/relets, excluding those due to death/old age, which could be separately predicted using demographic information. In general, such models should recognise and test the effect of both individual demographic and socio-economic attributes, housing stock characteristics, and area level attributes, particularly factors known to affect popularity such as crime and concentrated poverty.

A7.4 Gross Flows Models

A further development of the approach in Table 2.1, together with the demographic components discussed in s.A7.1 above, is to try to build a model showing the gross annual flows of households between each of the main tenures within the district. Such a model would also show the flows of new and migrant households into the system and of dissolving and out-migrating households out of the system. This kind of approach is discussed and exemplified in Whitehead & Kleinman (1992), Kleinman et al (1993) and Bryan (1999). It has so far been more difficult to apply this approach at the local level than at the national and regional level.

The gross flows approach may be thought of as a matrix of housing '*origins and destinations*'. The value of this approach is that it makes the connections between what is happening in the private sector and the social sector explicit. It keeps track of households, who can't just disappear without trace, and draws particular attention to the roles of migration and private renting. It's greatest value is likely to be in drawing attention to tenure imbalances, and especially in highlighting the role of the private rented sector. Fundamentally, the gross flows model can be shown to be an expansion of the net stock model shown in Table 2.2. Overall, allowing positive and negative imbalances to cancel out, the two models can be said to be consistent.

It is possible to provide a reasonable quantitative description of housing gross flows for England as a whole, using data from SEH. Table A7.3 shows estimated annual flows based on pooled data from three years' surveys. The figures are partitioned into local and migratory moves by using the crude proxy of moves over 5 miles being treated as migration.

Table A7.3: Housing Tenure Origins and Destinations of Moves
(thousands, England, one-year moves, based on pooled SEH data 1995-8)

<i>Origin Tenure</i>	<i>Destination:</i>				
	<i>Owner</i>	<i>Private Renter</i>	<i>Social Renter</i>	<i>Out- Migrant</i>	<i>Dissolution</i>
Not moved	12206	932	3659	0	0
Own Occ	520	81	54	344	
Private Rent	202	324	116	247	
Social Rent	57	44	243	88	
In-Migrant	383	306	99		
New Hhhld	224	176	172	108	
Total Stock	13603	1862	4343	787	

Notes: based mainly on pooled SEH 1-year movers analysis; dissolutions based on method described in s.A7.1 above; social rent moves based partly on HIP1 data; migration between districts proxied by moves over 5 miles.

The value of a table like the above is that it provides a picture of the pattern of flows for a local typical housing market. For many LAs the local pattern may resemble this in many respects, although there will be variations. A LA can fill in quite a few cells in this table using local data sources, including HN surveys (although small sample size will make this somewhat imprecise), relets and rehousing data, Land Registry data on transactions. It may be able to fill in most of the row and column totals. A possible use for this national table is to estimate 'propensities' which might be used to fill in missing cells.

For example, the national table suggests that 10.8% of private tenants move into their local owner occupier sector each year. This could provide a first estimate of a local figure. This could be checked against the comment of local estate agents on the profile of buyers in the area. For modelling future numbers, it could be assumed that this propensity varied in proportion to a measure of affordability based on house prices relative to incomes.

The tables suggest that, of owner occupiers living in a typical area, 0.6% will move each year into private renting, 0.4% into social renting, while 2.5% will move out of the district. These propensities could be used in a local model. The latter figure,

relating to out-migration, would need to be scaled for overall consistency with estimated out-migration, as discussed above.

In order to make use of such a framework to estimate housing needs, it is necessary to apply additional assumptions or procedures to deal with issues about how the system responds to imbalances and how particular units are allocated. For example, new households may be allocated to tenures on the basis of survey-based affordability assessment, proxy-based affordability, Holmans-type propensities by household type, or some economic choice model, as discussed above.

Private rental supply

A key assumption concerns the private rented sector, which accounts for a large number of total moves each year. Will the sector expand in the coming period, will it decline, or will it remain constant in size? Current trends may be established qualitatively, through discussions with landlords, agents and others, and may be monitored quantitatively through CT and HB records. However, it may be unwise to extrapolate such trends too far into the future without some understanding of the reasons for these trends. Before 1989, the decline of the sector was widely seen as structural, relating to the legislative, policy and fiscal treatment of the sector. Since deregulation, the sector may be seen as more responsive to market forces. An economic view of the sector suggests that supply of rental units (from stock which would otherwise be vacant or sold into owner occupation) should respond to the rate of return from renting, relative to the capital value of a property if sold. These rates of return are monitored in the Joseph Rowntree rental index.

While it is reasonable to suggest that supply will expand when returns (rents over prices) are higher, how much of a supply response occurs is less clear. A recent study for the DETR (Bramley, Satsangi & Pryce 1999) suggested that this response ‘elasticity’ would be relatively low, perhaps in the range of 0.1 to 0.5 (i.e. private rental supply would rise by between 1% and 5% for a 10% increase in rents, holding prices constant). This may provide some guidance in interpreting recent trends and making short term predictions of changes in response to current rents and prices. In order to predict much into the future, however, it would be necessary to predict rents and prices as well, and this is a more ambitious undertaking.

A reasonable robust approach is to assume that the PR stock remains constant, or constant as a share of private sector stock. Then, the impact of specified variations around this assumption, e.g. growth/decline by 1% pa, might be tested in the assessment framework. Broadly speaking, households which cannot be accommodated in a (shrinking) private rental sector will look to the social/affordable sector for accommodation. This kind of monitoring and assessment can be linked to an HN survey analysis of who is moving into, living in, and moving out of the PR sector, possibly dividing into broad groups (e.g. those who could afford to buy, marginal cases, benefit –dependent cases). This assessment can be further supported by reference to qualitative evidence from local private sector agencies, and bodies like the Rent Service and Housing Aid & Advice agencies.

APPENDIX 8

ILLUSTRATIVE NUMERICAL ASSESSMENTS USING STANDARD FORMAT AND DIFFERENT DATA SOURCES

Section A8.1: Introduction

This Appendix is intended to illustrate the application of the recommended common approach to the overall numerical housing needs assessment for different localities. The common approach is that set out in Chapter 2, particularly Tables 2.1 and 2.2. The approach builds up to an estimate of the annual number of units of affordable housing required to meet firstly a quota of the backlog of existing needs and secondly newly arising needs. This is the number needed for each year of the strategy period.

These estimates may draw on different types of data sources. Three broad types of data source are used here: demographic, administrative, and survey. The attached table A8.1 shows a ‘best estimate’ derived by utilising either the most appropriate or the average of the estimates derived from these different sources. The bottom part of the Table corresponds to Table 2.2. In Chapter 2; this undertakes a net stock balance sheet approach to overall housing requirements, as a further check and comparator for the basic model.

Four local authorities are used to illustrate the model. These are: A, an outer London borough; B: a high growth district in Eastern England; C, a rural area in the West Midlands; D, a metropolitan district in the West Midlands. These four represent some of the main differences in local housing market types and conditions typical of England today. Although anonymised, these are real authorities drawn from the case studies used in the previous research undertaken by Bramley et al (1999). The data used are a combination of material supplied to the researchers by the authority, survey reports, strategy statements and HIP form data over a number of years. The judgements used in constructing these ‘standardised’ assessments are those of the researchers rather than those of the authorities.

It should be emphasized that some of the numbers in these tables are much more approximate than others, being based on partial or indirect data and arbitrary assumptions. Some figures in the general model framework are set at zero because it was not possible to derived reliable estimates for these numbers from the information available to the researchers. However, local authorities should be able to attempt estimates, either with existing data or local knowledge, or on the basis of future surveys or administrative data interrogations.

General comments are offered on the features of each of the four local cases. Some comments on the general biases and characteristics of different sources and methods are made. The notes following the table comment on the derivation and assumptions associated with each line in the tables.

Section A8.2: Comments on each case

Case A: Outer London borough. This case is typical of the extremely pressured London authority with serious problems of high prices/affordability and homelessness (including, currently, many asylum seekers). The authority's problems are compounded because it has a relatively small social rented stock. Demographic and net stock approaches give the highest need figures, but it appears that the household growth estimate is too high compared with recent rates of actual new building (1000 vs .c .200). The survey gives the lowest need, but there are concerns that this misses out the impact of homeless households arriving from outside the UK. Whichever need estimate is used, need exceeds likely new supply by several times. This indicates that policy options like acquisition, leasing, private renting, LCHO, mobility schemes and nomination into other areas should be considered. In practice, many of the households 'in need' will migrate to other areas in the region where prices are lower and more housing is available. This will bring the household growth and need numbers down to a more realistic level.

Case B: Growth Area in East. This is a prosperous and fast growing district. The survey and administrative sources suggest higher need than the demographic approach, mainly because the latter gives little weight to the backlog. The 'best estimate' is higher than the survey because it estimates a higher rate of new household formation and because it assumes that less of the backlog can afford to buy. The net stock estimate is also quite high. In general, although the level of need is quite substantial under most estimates, it is a 'reasonable' proportion of likely total new build (25-35%). Given buoyant demand and property values, local plan policies could therefore expect to deliver much of this affordable housing.

Case C: Rural Area in Midlands. This is a classic case of a deep rural area with affordability problems reflecting competition in the market between lower income indigenous new households and affluent retirement and commuter in-migrants. It also has a low supply of relets. All need estimates are positive and high relative to likely new building. The survey estimate is highest and the demographic the lowest, mainly because of the backlog. Planning can deliver some of the needed affordable housing, but other mechanisms may be required as well, including LCHO, acquisition, leasing, private renting.

Case D: Metropolitan District in Midlands. This case is more typical of the large northern and midland conurbation authorities. Household growth is relatively low because of outmigration, there is a large existing social housing stock (some of it unpopular, including high rise blocks), and significant house condition and replacement issues. Although the numbers vary quite a bit, most of the four needs estimates using different sources show a substantial surplus of affordable/social lettings, mainly because the level of annual relets is very large indeed. The exception is an approach based on 'administrative' data, which shows a large level of both new need (new applications) and backlog. The accuracy of this information might need to be looked at closely, although one factor lying behind it may be mismatches in demand and supply between different parts of the authority, and another is the fact that no discount is applied for in situ solutions or affordability. The survey estimate for new households looks low, as does its relets estimate. The net stock model in this case seems to fail to pick up the emerging surplus in the social sector, which is partly to do with people exiting into the private sector. However, it does explicitly recognise

Appendix 8: Illustrative Numerical Assessments Using Standard Format and Different Data Sources

demolition/replacement needs. The needs evidence does not support additional affordable provision in this district, other than as partial replacement for stock to be decommissioned, and there may be a case for disposals.

Table A8.1: Standard Needs Assessment Model applied to four different local authorities

('best estimates' from combination of different sources)

	<i>Outer London B.</i>	<i>Eastern Growth Dis.</i>	<i>Midlands Rural</i>	<i>Midlands Metrop.</i>
B: BACKLOG OF EXISTING NEED				
1. Backlog need existing households	1558	2011	494	3280
2. Adj for in situ soln, don't want social, etc.	0	0	0	0
3. Affordability ratio (backlog)	18%	33%	21%	23%
4. In temporary accommodation	547	0	0	0
5. Total backlog need	1825	1347	390	2526
6. Quota of backlog	20%	20%	20%	20%
7. Backlog reduction annual	365	269	78	505
N: NEWLY ARISING NEED				
8. Gross new household formation p.a.	1374	1416	363	1829
9. Affordability ratio (new)	37%	66%	42%	46%
10. Ex-institutional households p.a.	0	0	0	0
11. New need from existing households p.a.	210	123	50	754
12. In-migrants unable to afford	0	0	0	0
13. Newly arising need p.a.	1076	604	261	1742
S: SUPPLY OF AFFORDABLE UNITS				
14. Supply of social relets p.a. (net)	479	478	133	3230
14a: Transfer lets/relets p.a.	0	0	0	0
15. Increased vacancies/decommissioned	50	25	0	100
16. Committed new provision p.a.	0	0	0	0
17. Affordable supply p.a.	429	453	133	3130
18. Shortage / (surplus) p.a.	1012	421	206	-883
new need as % total need	75%	69%	77%	78%
affordable supply as % total need	30%	52%	39%	139%
NET STOCK BALANCE SHEET				
1. Household Growth	1010	961	235	228
2. Concealed/sharg/temp (quota p.a.)	489	51	14	37
3. Increased Vacancies	189	74	-27	-134
4. Increased 2nd homes	0	0	31	0
5. Conversion gains (-ve)	-80	-62	-18	-102
6. Demolitions, out of hsg use	0	25	64	231
7. Total new dwellings required	1607	1048	301	260
8. Trend new private build	133	714	119	266
9. Residual affordable requirement	1474	334	182	-6

Section A8.3: Notes on Derivation and Assumptions

Backlog: 'Demographic' estimate is the sum of concealed (if known), sharing and 'other' households in need, where sharing is calculated from households minus dwellings plus vacants (this could be refined, e.g. to allow for overcrowding and other problems recorded in census). 'Administrative' is the number registered on the waiting list and 'in need' (as returned on HIP form), plus estimate for HA waiting lists if known, less allowance for double counting. 'Survey' is consultants' estimate of

Appendix 8: Illustrative Numerical Assessments Using Standard Format and Different Data Sources

existing households with need/suitability problem and requiring to move from HN data. 'Best estimate' is average of survey and administrative estimates.

In situ or don't want to move. Data were not available to show this as a separate estimate. It is assumed that waiting list and in need excludes this group, and that consultants allow for this in their estimate from survey.

Affordability rate applicable to existing households in need. 'Demographic' assumes the same rate as for new households. 'Administrative' assumes all applicants in need cannot afford market housing. 'Survey' assumes those able to buy already discounted. 'Best estimate' assumes some can buy but takes half affordability rate for new households.

Temporary accommodation. This is the current number of homeless households temporarily accommodated in hostels, B& B or other accommodation. Administrative data is the source for this number. This should allow for double-counting with waiting list. (depending on local administrative procedures).

Total backlog: The sum of backlog, adjusted for in situ/don't want social housing and for affordability, plus temporary accommodation.

Quota of backlog (%). This is taken as a standard figure of 20%, implying a target of eliminating the backlog over five years. The discussion in Holmans et al (1998) suggests that this would be at the upper end of what would be reasonable. In some of these cases such a target would not be achievable.

Annual backlog reduction. Total backlog times quota.

New household formation: demographic basis as described in Appendix 7, i.e. based on age-headship relationships and trends; survey basis mainly households intending to move in forthcoming 2-3 years. 'Best estimate' averages these two.

Affordability rate (percent able to buy) applicable to new households: 'demographic' estimate derived from Bramley (1998), using incomes modelled from indirect proxy measures and Nationwide house price data; 'survey' is based on housing needs survey analysis of potential household incomes vs local house prices; best estimate is average.

Ex-institutional: insufficient information to complete (but see 'temporary accommodation' under backlog)

New need existing households: only source here would be analysis of waiting list applications; crude assumption is that one quarter of net applications are existing established households running into difficulty. Also provision for migrants here, but insufficient data to complete.

Total new need: sum of new households unable to afford, ex institutional, and previous item. Under 'administrative' approach, this is the total of net applications from all sources (see Chapter 6), calculated *either* as the sum of net waiting list applications (LA +HA), 70% of homeless acceptances and direct rehousing cases, *or* as the change in the waiting list plus total new tenants rehoused.

Appendix 8: Illustrative Numerical Assessments Using Standard Format and Different Data Sources

Supply of social lettings. Annual relets net of transfers for LA and HA sectors combined, ideally excluding moves between the sectors (see Chapter 6). The average of the last three years' LA relets is combined with whatever HA estimate is available; this figure is used in each case except 'survey', where the consultants' figure is used.

Transfer lets/relets. No specific data included on this in Table 8.1. Recommended approach favours including transfers in backlog, quota of backlog reduction, and as relets on the supply side. In terms to total numbers, LA wide, these balance out at zero, but imbalances between sub-areas and size/type of unit may be important.

Committed new provision. Set at zero here, to show the full amount of net need to compare with recent or likely provision.

Affordable supply. Net relets minus net transfer requirements plus committed new provision.

Shortage or surplus of affordable housing units per year. This is total new need plus annual backlog reduction minus affordable supply.

Share of new need. The percentage of gross need which is represented by new need is shown, for general information. This tends to be lowest in 'survey' based estimates and highest in 'demographic', but in all cases it exceeds 50%.

Supply as % of (gross) need. A way of showing how far short of affordable need the current supply falls.

Net Stock Balance Sheet

As explained in Chapter 2, this calculation is useful (a) for linking affordable needs to overall housing land requirements in Local Plans, (b) as a way of taking account of various changes in housing stock, and (c) as a general check on the basic needs model. Note that as in the earlier part of the table, this also uses the currency of number of household/dwelling units per year.

Household growth: this is preferably based on household growth assumptions in local plan, or failing that some independent household projection.

Concealed/temporary/sharing: 20% annual reduction in concealed, sharing and temporary accommodation households (sharers discounted by half to allow for voluntary sharing).

Increased vacancies: difference between current and 'target vacancies', where targets are 2.5-7.5% (private), depending on local circumstances, and 2% (social), spread over five years.

Increased second homes. Only applies in certain areas, and would be based on local knowledge (e.g. from planning). Positive figure (pure guesswork) shown for Case C, which is a deep rural area.

Conversion gains. This is shown as negative because it reduces the requirement for new homes, assuming conversions increase the net number of new units. Local

***Appendix 8: Illustrative Numerical Assessments Using Standard Format and
Different Data Sources***

estimates may be obtained from planning/building control records. Figures shown here are arbitrary fraction of stock.

Demolitions. This allows for replacing dwellings to be demolished, based on current plans or a rough estimate based on unfitness levels. Note that where demolitions are of vacant dwellings, some adjustment of vacancy targets may be appropriate.

Total new dwelling requirement. This is the sum of the preceding six entries. Land requirements for housebuilding would be related to this number.

New private building. Number shown is private completions actual average over last four years. In practice, authorities might wish to enter a different number here, based on current land availability, state of market, known intentions of developers, etc.

Residual social. This is shown here as total new dwellings less new private building. As explained in Chapter 2, this is the traditional way of using the net stock approach to derive social/affordable housing needs, as a 'residual'. However, this is not the only possible approach, and it is recommended that authorities take their 'best estimate' for affordable/social housing need and then compare it with this.

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