Appendix A1 Affordable housing policy

A1.1 Introduction

This appendix addresses a topic which has grown rapidly in importance over the past decade, namely affordable housing. The appendix sets out the key statements in Government guidance, used as the basis for the analysis in the report.

The term is a construct of Government advice although even in its most recent form (PPG3 (2000)) it provides no coherent definition of what affordable housing is. As affordable housing, negotiated under the relevant planning guidance, has become in most parts of the country the main source of new housing to address housing need, this is a serious omission. It means that an analysis showing how affordable housing can meet housing need is a prerequisite to obtaining it.

A1.2 Surveys as basis for policy

Circular 6/98 makes it clear that affordable housing policies:

> *'should be based on a good understanding of the needs of the area over the period'* (para 5) and that *'Assessments will need to be rigorous, making clear the assumptions and definitions used, so that they can withstand detailed scrutiny'* (para 6)

The Guidance also stresses that HNS should be up to date, and defines what that normally means:

> *'Surveys become out of date and have to be repeated from time to time.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.'* (Guide to Housing Needs Assessment p 36)

A1.3 Basis for defining affordable housing

In the introduction the broad definition of affordable housing was quoted. The difficulty with it is that, using the definition of housing need in the Guide:

> '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.' [Glossary: A2.2]*

This definition is consistent with the quotation from paragraph 4 of Circular 6/98 in the preceding section: that affordable housing should be below market entry level (discussed in the previous appendix). The general approach of Circular 6/98 is 'evidential': that what is affordable depends on local evidence:

> *'The [affordable housing] policy should define what the authority regards as affordable….'* (para 9(a))

This makes sense, but the following text is more difficult:

> *'…but this should include both low-cost market and subsidised housing, as both **will** have some role to play in providing for local needs'* (para 9(a)) (our emphasis)

This statement is odd for two reasons:

i) It is grammatically incorrect: it states the results of an investigation, without there having been one ('will')

ii) Low cost market housing does not pass the test set out in para 4 of Circular 6/98: that it should be cheaper than market entry. It is normally at least 130% of that price.

This has led to difficulties at Local Plan (or UDP) inquiries. The Inspector is bound to follow Government Guidance, and yet the official support for low-cost market housing is contradicted by its failure to be 'affordable'. In some 150 Borough wide HNS since the concept was introduced in 1996, none has shown low cost market housing to be affordable in the Circular sense. Very little has been accepted by councils as a result. It is popular with developers as it is much more profitable than other types of affordable housing.

Affordable housing is defined in the ODPM Guide in a subtly different way from Circular 6/98. The ODPM guide definition was described by the Poole Local Plan Inspector (March 2003) as conflicting with the circular. The Guide definition is similar to the Circular on social rented and shared ownership but different as regards low cost market. On this point it says that affordable housing will include:

> *'in some market situations cheap housing for sale'* (page 117)

This is a far more reserved judgement on the role of low cost market. It is also one which makes more sense of the Circular 6/98 one. In most market situations low cost market housing is much more expensive than market entry level, and is therefore not affordable in the Circular sense. The ODPM Guide version is therefore a more realistic one, in implying that low cost market housing will only in a minority of cases be affordable.

In most cases, therefore, the housing that will be affordable in the sense of Circular 6/98 and the ODPM Guide will be social rented and various forms of low cost home ownership (LCHO), mainly shared ownership.

A1.4 Linking survey evidence to policy

The Government has recently emphasised the link between local evidence (from HNS mainly) and affordable housing policy. The ODPM publication *'Delivering Affordable Housing Through Planning Policy'* (2002) criticised councils for 'slavishly' following the wording of Circular Guidance in a broad definition of affordable housing (para 2.4.6) rather than using the local evidence to define affordable housing. The ODPM calls for a tightening of the link between the HNS and the Affordable Housing policy:

> *'…..It is very evident that this tightening or better practice process must begin with a much more robust procedure for translating the findings of housing needs assessments into local plan definitions of housing need. The research shows, surprisingly, that housing needs assessments are not a stated first port of call when it comes to defining affordable housing…..'*
>
> (para 2.4.7)

Thus the definition of affordable housing in an area should draw upon the results of the HNS for that area.

A1.5 What level of subsidy is involved?

Government advice has been reticent on this point. It refers, as quoted from para 9(a) of Circular 13/96, to 'subsidised' housing, but does not explain what subsidy should be provided by the housebuilders/landowners who provide affordable housing via this circular's requirements. The Circular prefers an indirect route:

> *'…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. Such policies will be a material consideration in determining an application for planning permission' (para 1 of Circular 6/98)*

The response of local authorities, since such policies were brought in (in 1991) has been quite variable. The level of subsidy has increased over the period, as the public subsidy (Social Housing Grant) has declined.

The subsidy is normally at least land at nil price, and sometimes also includes a subsidy on the build price, where this cannot be afforded by the local authority and Registered Social Landlord concerned. The issue is discussed in detail in *'Delivering affordable housing…..'* referred to in the above subsection.

A1.6 What target(s)

Circular 6/98 allows for numerical targets at Borough level, and for percentage or numerical targets at site level (para 9(b). The logical target is a percentage target at Borough level, since a numerical one can quickly be rendered obsolete if large windfall sites emerge. As the Inspector at the Merton UDP Inquiry said:

> *'The use of percentages is therefore not discouraged and, as most housing within the Borough comes from windfall sites, I accept that its use in the policy is an appropriate way forward. It would also provide a consistent yield and give a level of certainty to developers'* (LB Merton Inspector's report, 2001, para 3.29.11)

Such Borough wide percentages are, therefore, widespread, and constitute the most common means of setting what is a target for negotiation on particular sites, based on their particular characteristics.

In terms of the levels of percentage, the figure has risen considerably over the period of more than a decade of such policies. Originally figures of 5% and 10% were common. By the mid 1990's adopted plans contained policies with 25-30% as their affordable housing target. However the outturn percentages from these policies have normally been much lower than the headline percentage. A recent report suggested that 10% had been achieved in the 1990's. As a consequence, targets have continued to rise. The current custom and practice percentage target across the UK is typically 40%. This has been accepted by many Inspectors as a reasonable rate, and by many developers as practicable on given sites. In areas of high demand however, the trend is rising: the London Plan published in 2004 is seeking at least 50% in most Boroughs.

A1.7 What site threshold?

Circular 6/98 sets a target of 15 dwellings as the site threshold for Inner London, and a site threshold of 25 for all other areas, except rural areas with settlements below 3,000 population, when the council can set its own threshold.

However the Circular allows that where there are ‘exceptional constraints’ the target can be lowered from 25 towards or to 15, in areas outside Inner London:

> *The Secretary of State considers that it may be appropriate for local planning authorities in those areas where the higher threshold (at (a) above [25]) would apply, and who are able to demonstrate exceptional local circumstances, to seek to adopt a lower threshold (between the levels at (a) [25] and (b) [15]) above. Such constraints must be demonstrated, and proposals to adopt a lower threshold must be justified through the local plan process. [to this may be added, also through Supplementary Planning Guidance: Fordham Research was involved in justifying 15 rather than 25 in LB Croydon via SPG in a S78 appeal in August 2001]* Circular 6/98 para 10 (c)

Footnote 9 of the Circular then applies, and it says, in terms of justifying exceptional circumstances, that the justification

> *‘should include factors such as: the number and types of households who are in need of affordable housing and the different types of affordable housing best suited to meeting their needs; the size and amount of suitable sites that are likely to be available for affordable housing (including an assessment of the densities of development likely to be achieved, and how these related to levels of need for affordable housing’*……(more minor points related to supply which are already factored into the ODPM Guide calculation)

Thus the key test is that the need for affordable housing should exceed (or considerably exceed) the likely yield of affordable housing. It should be noted that the test does <u>not</u> involve comparing the council in question with its neighbours or with Inner London etc. It is a common mistake to assume that exceptional circumstances does mean ‘exceptional’ in relation to other Boroughs. This is not the case.

Given the general shortage of sites for affordable housing in relation to the overall need as shown by a Guide analysis, ‘exceptional constraints’ apply to most Boroughs in the Southern half of England, and to many in the north also.

This review has covered the key features of affordable housing policies. There are several other features, such as ‘commuting off’ where the developer seeks to avoid providing the affordable housing onsite by a payment or by providing an alternative site elsewhere, where the affordable housing can be put.

A1.8 Draft PPS3

Towards the end of the study, a Consultation Paper on a New Planning Policy Statement (PPS3) was issued by ODPM. The consultation was issued in December 2005, building on July 2003 and January 2005 consultations. The proposed policy changes would replace a range of current policy and guidance documents including PPG3 and Circular 6/98. Along with the revised PPS3 there will be further guidance issued on conducting Local Housing Assessments a topic which is briefly touched upon in the December 2005 consultation document.

The draft does not appear to radically change guidance contained on affordable housing within PPG3 and Circular 6/98 although there are a few pointers about the direction in which policy is going which are of importance. Key points for affordable housing from this consultation phase include the following:

Local Housing Assessments

The requirements for a Local Housing Assessment are set out as:

(i) Estimate housing need and demand in terms of affordable and market housing

(ii) Determine how need and demand vary across the plan area (sub-market)

(iii) Estimate needs of specific groups (key workers, homeless, BME groups, first time buyers, students, disabled people, older people, and Gypsies and Travellers)

Viability analysis

The issue of viability is given wide prominence in the new Draft. Instead of the value implications in previous guidance it is now very frank. The viability of sites in the context of affordable housing is mentioned, for instance in Annex C, in relation to land supply, and in relation to capital funding in para 24. In the latter case it says that:

> ‘[The target for affordable housing should take account of public funding and] *the level of developer contributions that can realistically be sought on relevant sites*’

The role of Shared Equity

The Chancellor has announced a large expansion of funding for shared equity. This will certainly enable some households which could not otherwise obtain an equity interest, and hence if things go well make some capital gain which will enable them to obtain more suitable housing when they next move.

The role of Low Cost Market Housing

It is much to be welcomed that the Draft, at para 12 of Annex A says:

> *'Affordable housing differs from low cost market housing (which the Government does not consider to be affordable housing)'* [the definition of 'affordable' in para 8 adheres to previous guidance in saying that it is 'non-market']

The statement that 'low cost market housing' is affordable has been Government policy since Circular 13/96, and was repeated in Circular 6/98 which is still the current Guidance. Thus this is a major change. It was not in any of the preceding drafts of PPS3.

It has consistently been shown, in Housing Needs Assessments since 1996, that low cost market housing is NOT affordable housing in the definition still used in the new Draft and so this change should greatly improve the chance of affordable housing that meets the housing needs.

Appendix A2 Further property price information

A2.1 Introduction

This Chapter provides further detail in support of the housing market analysis set out in Chapter 5. It contains information on prices obtained from the analysis of Land Registry property price data, and explains the methodology and approach used in our survey of local estate agents.

The estate agent survey is a key step in assessing minimum and average property prices in Barnet but only provides limited information concerning price difference within the Borough, and doesn't shed light on the prices relative to other Local Authorities in the region.

We can look at the wider context of prices in the surrounding areas, and also the differences between areas within Barnet, using information available from the Land Registry. This data is valuable in giving further background to the local housing market, although it does not displace the need for the estate agent information.

A2.2 Reasons for housing market study

The level of market prices and rents is a key factor in this study for two main reasons:

(i) Market prices and rents indicate the cost of market housing in Barnet. A major reason for government interest in prices is to address the needs of households that cannot afford this cost. Hence the existence of social rented housing and low-cost home ownership options, which represent partial ownership. Thus it is important to establish the entry levels to both home ownership and private renting.

(ii) The price/rent information indicates the contours of the housing market in Barnet. This is important for the Council when considering not only the level of subsidy required to produce new social rented and other non-market priced housing, but also the degree to which it should attempt to manage the new-build market in accordance with government guidance.

This chapter is devoted to identifying the first of the above elements: the cost of housing.

A2.3 Background to housing market analysis

As a preliminary to the present phase of the work it is desirable to draw attention to some key features of housing markets:

(i) **Housing markets are quite complex.** Housing markets can be defined, at the larger scale, by such features as journey to work areas. In the case of free-standing market towns these may appear as fairly neat circular areas. In most of Britain, however, the high density of population means that housing market areas overlap.

In the extreme case of London for example, its market area extends for some purposes as far away as York, Milton Keynes, Bristol and the South Coast. At the same time there are well defined market areas within London (east v west; north v south of the river).

(ii) **Property prices vary within market areas.** Depending on the attractiveness of the area, property prices may vary considerably within a few miles or even, in large cities, within a few hundred yards. This is due to the history of the area and the nature of the housing stock. These variations are important from the point of view of housing cost analysis, which underpins the study of subsidised forms of housing. It is important to know what the entry level costs of housing are. These can only be established by close study of detailed local price variations.

(iii) **New build is only a small fraction of the market.** In almost all parts of Britain, new build is a small fraction of the total housing market. The majority of all sales and lettings are second-hand. The important point to note in this is that second-hand housing is normally much cheaper than new build. Only at the luxury end of the market is this not true. Thus entry level housing will normally be second-hand.

Although Government guidance refers to some forms of new build as 'affordable' very little new build is anything like as affordable as existing second-hand housing.

These features of the housing market are worth bearing in mind when considering the detailed evidence produced in the following subsections of this chapter.

A2.4 Government guidance on the study of housing markets

The Guide makes several references to market studies:

ODPM Guide	*'The relevance of data on private sector housing costs stems primarily from the role of such data in facilitating analyses of affordability, which are central to most local housing needs assessment models. 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. Generally, most attention is focused on the price of properties for sale. However, some models also take account of private sector rent levels'*. [Section 7.3 (page 94)] *'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 form from the major national mortgage lenders (particularly Halifax and Nationwide); and data from the Land Registry'.* [Section 7.3 (page 95)] *'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. Lastly and most importantly, the properties can be specified in terms of size and type, matched to particular household types'*. [Section 4.3 (page 58)]

These extracts say, in summary:

(i) Housing market information is essential to the assessment of affordability.

(ii) There are various secondary and primary sources for such information.

(iii) There are some advantages to the primary data route: obtaining information directly from estate agents, since that reflects the true entry cost of housing, and is not particular to one mortgage source.

The best route to meeting these requirements is a combination of secondary data (the Land Registry, which covers all transactions) and estate agents survey.

In keeping with comments above, we concentrate upon price variations rather than the study of the whole market. This is because in terms of affordability of local housing, the important factor is its price, not its location relative to wider housing markets.

A2.5 The need for primary data

There are four main reasons why Land Registry data cannot be used to calculate prices for use in the affordability model. These are:

i) The information can only usefully give a guide to average prices. For a Housing Needs Survey we take the view that it is necessary to estimate the minimum price for which dwellings in satisfactory condition are available.

ii) No information is available about the condition of the dwellings whose price is being obtained. Clearly a property which needs major repairs is unlikely to be suitable for a first-time buyer with a limited budget, even if the initial price is relatively low.

iii) A more serious limitation of this source is that records are kept by property type (i.e. detached, semi-detached, terraced, flat) and not in terms of the numbers of bedrooms. This information is, in our view, essential to provide an accurate assessment of need.

iv) The Land Registry data cannot produce information about rental levels, which again ought really to be considered in carrying out a satisfactory analysis of affordability. There may be a small, but significant, number of households who cannot afford to buy market housing but who could afford suitable private rented housing. The affordability of such households cannot be adequately considered using only sale price information.

Despite these drawbacks the information available is certainly of interest to give some feel to the local context of property prices, and more specifically to provide comparison between prices in different areas.

A2.6 Estate agents survey: Methodology

The methodology employed to find purchase and rental prices takes the following steps:

i) We establish the names and telephone numbers of local estate agents. This includes well known national estate agents as well as those operating specifically in the local area (allowing for good comparative measures of smaller and larger agencies). The estate agents selected are intended to be those dealing primarily with housing at the lower end of the market (e.g. not specialist agencies dealing with up-market properties)

ii) These are then contacted by telephone and asked to give a brief overview of the housing market in the Borough - including highlighting areas of more and less expensive housing

iii) The questioning takes a very simple form (this tends to improve efficiency without jeopardising results - people often lose interest when asked a series of detailed questions and quality of response is diminished). All agents are asked ‘in their opinion’

'What is the minimum and average price for a one bedroom dwelling in good condition (i.e. not needing any major repair) and with a reasonable supply (not one off properties occasionally coming onto the market)?'

iv) This process is repeated for 2,3 & 4 bedroom dwellings

v) The same questions are then asked about private rented accommodation

vi) Once several estate and letting agencies have been contacted, the results are tabulated and averages calculated to give an accurate estimation of minimum and average purchase and rental prices in the Borough. Any outlying values are removed from calculations.

vii) The estimated purchase and rental prices are then inserted into the analysis to estimate the numbers able to afford a dwelling depending on the minimum number of bedrooms that the household requires.

A2.7 Land Registry data

The Land Registry compiles information on all residential land transactions. Analysis of this data is made available for recent quarterly periods, for geographical areas including Council areas, and more highly disaggregated data postcode areas, and by four main dwelling types.

This data is thus very versatile, and can potentially provide a valuable picture of housing market behaviour in quite specific detail. However, an eye needs to be kept on the size of sample when using disaggregated data for smaller areas and/or periods.

We used the data to provide several useful views of the housing market in and around Barnet. These are considered below.

A2.8 Comparing prices in neighbouring areas

The Land Registry data can be used to show how prices in Barnet compared to those in nearby and adjoining local authority areas. The table below shows average sale prices for the Local Authorities adjoining Barnet (from the most recent quarter available from the Land Registry).

Table A2.1 Average property prices by Local Authority (4th quarter 2005) (number of sales in brackets)									
Property type	Barnet	Haringey	Camden	Enfield	Hertsmere	Broxbourne	Harrow	Brent	Eng & Wales
Detached	£843,864 (104)	£909,333 (6)	£0 (0)	£658,594 (37)	£610,569 (59)	£395,112 (71)	£595,941 (90)	£491,499 (29)	£203,248 (5,425)
Semi–detached	£387,289 (352)	£437,305 (40)	£1,309,241 (30)	£310,850 (239)	£292,679 (102)	£246,908 (125)	£301,871 (268)	£338,054 (187)	£174,744 (7,315)
Terraced	£292,017 (281)	£308,822 (310)	£718,403 (93)	£228,881 (520)	£234,132 (120)	£201,971 (167)	£255,155 (210)	£313,463 (183)	£149,906 (8,453)
Flat/ maisonette	£205,769 (538)	£206,301 (426)	£344,182 (669)	£167,047 (484)	£189,015 (114)	£145,261 (148)	£202,175 (273)	£202,114 (391)	£173,915 (4,684)
Overall average	£326,940 (1,275)	£264,152 (782)	£424,680 (792)	£233,227 (1,280)	£292,457 (395)	£223,374 (511)	£289,313 (841)	£270,709 (790)	£191,324 (25,876)

Source: Land Registry (2006)

The overall average price figures for each Borough (e.g. Barnet at £326,940) show that in most Boroughs property prices are notably more expensive than the England and Wales average of £191,324. There is a degree of variation amongst the prices in the area. Harrow has the lowest (£223,374) and Camden has the highest (£424,680) average price.

A2.9 Historical results for Barnet

We will now examine in more detail information from the Land Registry for Barnet. The table below shows data for sales over the last five years. The data for each case is the 4th quarter of the year.

Table A2.2 Average property prices in Barnet – 2000 to 2005 (4th quarters) (Number of sales in brackets)						
Property type	2000	2001	2002	2003	2004	2005
Detached	£513,296 (106)	£601,576 (128)	£604,000 (129)	£670,390 (134)	£649,688 (89)	£843,864 (104)
Semi-detached	£254,252 (396)	£277,469 (439)	£316,699 (462)	£345,753 (513)	£386,669 (324)	£387,289 (352)
Terraced	£180,656 (330)	£198,566 (320)	£246,118 (323)	£271,802 (348)	£270,385 (286)	£292,017 (281)
Flat/maisonette	£134,877 (745)	£148,604 (775)	£181,253 (939)	£209,731 (882)	£223,609 (713)	£205,769 (538)
OVERALL	£199,869 (1,577)	£227,148 (1,662)	£255,760 (1,853)	£291,302 (1,877)	£297,356 (1,412)	£326,940 (1,275)

Source: Land Registry (2006)

The overall average sale price was roughly £29,584 higher in the 4th quarter of 2005 than the 4th quarter of 2004. Over the five year period prices have risen by an average of £57,000. The number of sales has fallen this year, with 1,275 sales in the 4th quarter of 2005 compared to 1,412 during the 4th quarter of 2004.

A2.10 Differences within Barnet

(i) General methodology

The general methodology is quite straightforward. We have drawn up a list of the main postcode sectors within the Borough, and mapped where these postcodes are. The table below gives a brief description of which postcodes apply to which areas of Barnet.

It should be noted that the local authority boundaries are not always coterminous with postcodes. Therefore some properties in a postcode may be outside the area; in addition it is possible that some parts of the Borough are in a postcode zone that is predominantly located outside the Local Authority area, and are therefore excluded from analysis.

This means that the data by sub-area is only a guide to actual variations within Barnet.

Table A2.3 Approximate sub-areas and postcodes

Area description	Postcode(s)
Totteridge	EN5 3, N20 8, N20 9, N12 7, NW7 1, NW7 4
Barnet	EN5 5, EN4 9, EN5 2, EN5 1, EN4 8, N14 5, N11 1, N11 3, N20 0, N12 9, N12 8, N12 0
Finchley	N2 9, N2 8, N3 2, N3 1, NW4 1
Golders Green	N3 3, N2 0, NW11 6, NW11 0, NW11 7, NW11 8, NW2 2
Hendon	NW4 4, NW4 2, NW4 3, NW11 9, NW2 1
Colindale	HA8 0, NW9 5, NW9 6, NW9 7
Edgware	HA8 8, HA8 9, NW7 3, NW7 2

The table above shows 43 different postcode sectors in seven different sub-areas. This gives us the opportunity to compare prices across the Barnet area.

(ii) Results by sub-area

In the table below, average property prices are shown for each type of property for each sub-area. It is necessary to bear in mind that the number of sales in some cells of the table are quite small and the average price shown may be less reliable as a consequence. Where the cells have no values, this is due to no properties of this type selling in the time-period, and therefore no average price can be ascertained.

Table A2.4 Average property prices by sub-area (4th quarter 2005)
(Number of sales in brackets)

Property type	Totteridge	Barnet	Finchley	Golders Green	Hendon	Colindale	Edgware
Detached	£1,096,277 (27)	£470,636 (11)	£684,000 (3)	£1,514,706 (17)	£440,000 (3)	- -	£507,722 (12)
Semi-detached	£499,079 (42)	£277,761 (119)	£410,954 (26)	£655,324 (41)	£349,021 (40)	£248,431 (22)	£303,506 (42)
Terraced	£296,064 (7)	£212,527 (103)	£371,259 (35)	£389,833 (21)	£268,152 (26)	£216,510 (39)	£249,833 (27)
Flat/maisonette	£282,076 (30)	£144,720 (205)	£221,738 (71)	£234,336 (63)	£268,152 (80)	£161,374 (46)	£204,907 (42)
Average	£576,373 (106)	£204,996 (438)	£307,217 (135)	£532,169 (142)	£293,322 (149)	£199,370 (107)	£277,979 (123)

Source: Land Registry (2005)

The table demonstrates that highest property prices are to be found in Totteridge and Golders Green and the lowest prices to be found in Colindale. This price distribution is consistent with primary data obtained from local agents presented in Chapter 5 of the report.

Appendix A3 Supporting information

A3.1 Non-response and missing data

Missing data is a feature of all housing surveys: mainly due to a respondent's refusal to answer a particular question (e.g. income). For all missing data in the survey imputation procedures were applied. In general, throughout the survey the level of missing data was minimal. The main exception to this was in relation to financial information, where there was an appreciable (although typical) level of non-response.

Non-response can cause a number of problems:

- The sample size is effectively reduced so that applying the calculated weight will not give estimates for the whole population
- Variables which are derived from the combination of a number of responses each of which may be affected by item non-response (e.g. collecting both respondent and their partners income separately) may exhibit high levels of non-response
- If the amount of non-response substantially varies across sub-groups of the population this may lead to a bias of the results

To overcome these problems missing data was 'imputed'. Imputation involves substituting for the missing value, a value given by a suitably defined 'similar' household, where the definition of similar varies depending on the actual item being imputed.

The specific method used was to divide the sample into sub-groups based on relevant characteristics and then 'Probability Match' where a value selected from those with a similar predicted value was imputed. The main sub-groups used were tenure, household size and age of respondent.

A3.2 Weighting data

The survey data was weighted to estimated profiles of households based on various secondary sources of information. The tables below show the final estimates of the number of households in each group (for 7 different variables) along with the number of actual survey responses (data for tenure can be found in Chapter 3). Although in some cases it is clear that the proportion of survey responses is close to the 'expected' situation there are others where it is clear that the weighting of data was necessary to ensure that the results as presented are reflective of the household population of Barnet.

Table A3.1 Council tax band profile

Council tax band	Estimated households	% of households	Number of returns	% of returns
A	1,742	1.4%	30	1.9%
B	8,324	6.5%	177	11.3%
C	24,435	19.1%	340	21.6%
D	28,990	22.7%	381	24.3%
E	27,453	21.5%	276	17.6%
F	18,099	14.2%	190	12.1%
G+	18,731	14.7%	177	11.3%
TOTAL	127,773	100.0%	1,571	100.0%

Table A3.2 Accommodation type profile

Accommodation type	Estimated households	% of households	Number of returns	% of returns
Detached house/bungalow	14,890	11.7%	108	6.9%
Semi-detached house/bungalow	40,217	31.5%	463	29.5%
Terraced house/bungalow	23,509	18.4%	376	23.9%
Purpose-built flat/maisonette	36,648	28.7%	518	33.0%
Other flat	12,508	9.8%	106	6.7%
TOTAL	127,773	100.0%	1,571	100.0%

Table A3.3 Car ownership

Cars owned	Estimated households	% of households	Number of returns	% of returns
None	32,933	25.8%	552	35.1%
One	57,952	45.4%	691	44.0%
Two	29,406	23.0%	277	17.6%
Three or more	7,482	5.9%	51	3.2%
TOTAL	127,773	100.0%	1,571	100.0%

Table A3.4 Household type profile				
Household type	Estimated households	% of households	Number of returns	% of returns
Single pensioner	17,600	13.8%	252	16.0%
2 or more pensioners	9,725	7.6%	135	8.6%
Single non-pensioner	21,909	17.1%	177	11.3%
2 or more adults, no children	42,878	33.6%	464	29.5%
Lone parent	5,213	4.1%	111	7.1%
2+ adults, 1 child	14,930	11.7%	201	12.8%
2+ adults, 2+ children	15,518	12.1%	231	14.7%
TOTAL	127,773	100.0%	1,571	100.0%

Table A3.5 Ward profile				
Ward	Estimated households	% of households	Number of returns	% of returns
Underhill	6,209	4.9%	101	6.4%
Totteridge	5,908	4.6%	121	7.7%
High Barnet	6,173	4.8%	57	3.6%
East Barnet	6,342	5.0%	75	4.8%
Brunswick Park	5,698	4.5%	69	4.4%
Oakleigh	6,190	4.8%	67	4.3%
Woodhouse	6,408	5.0%	81	5.2%
West Finchley	6,336	5.0%	77	4.9%
East Finchley	6,472	5.1%	83	5.3%
Finchley Church End	5,926	4.6%	59	3.8%
Childs Hill	6,584	5.2%	64	4.1%
Garden Suburb	6,292	4.9%	56	3.6%
Golders Green	5,780	4.5%	74	4.7%
West Hendon	5,874	4.6%	51	3.2%
Hendon	6,176	4.8%	65	4.1%
Colindale	5,303	4.2%	89	5.7%
Burnt Oak	5,479	4.3%	141	9.0%
Hale	5,962	4.7%	56	3.6%
Mill Hill	6,414	5.0%	81	5.2%
Edgware	5,664	4.4%	28	1.8%
Coppetts	6,583	5.2%	76	4.8%
TOTAL	127,773	100.0%	1,571	100.0%

Table A3.6 Household size

Number of people in household	Estimated households	% of households	Number of returns	% of returns
One	39,509	30.9%	429	27.3%
Two	37,690	29.5%	438	27.9%
Three	20,825	16.3%	277	17.6%
Four	18,182	14.2%	267	17.0%
Five	8,191	6.4%	111	7.1%
Six or more	3,376	2.6%	49	3.1%
TOTAL	127,773	100.0%	1,571	100.0%

Table A3.7 Ethnicity profile

Ethnicity of household head	Estimated households	% of households	Number of returns	% of returns
White	101,376	79.3%	1,184	75.4%
Mixed & Other	7,215	5.6%	91	5.8%
Asian	12,322	9.6%	141	9.0%
Black	6,859	5.4%	155	9.9%
TOTAL	127,773	100.0%	1,571	100.0%

Appendix A4 Balancing housing market analysis

A4.1 Introduction

The following tables show the detailed analysis for the six components contributing to the Balancing Housing Market Analysis presented in Chapter 12 of this report.

A4.2 Analysis of Barnet data

The first table shows an estimate of the housing requirements of potential households. The table is based on the number of potential households who need or expect to form over the next five years within the Borough along with estimates about affordability and stated size requirement. Any potential households who would both like and expect to move from the Borough are excluded from this analysis. Figures are annualised.

Table A4.1 Demand I: Household formation by tenure and size required

Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	10	301	37	32	379
Affordable housing	334	333	170	0	837
Private rented	50	13	0	0	63
TOTAL	393	647	207	32	1,279

The table below shows the estimated demand from in-migrant households. This is based on the profile of households who have moved into the Borough over the past five years (in terms of affordability and size/type of accommodation secured). The data is constrained so as to provide the ‘balance’ in the model (i.e. to keep the estimated household growth to 1,960 dwellings/households per annum). Figures are again annualised.

Table A4.2 Demand II: Demand from in-migrants by tenure and size required

Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	247	823	940	430	2,440
Affordable housing	1,061	459	475	189	2,184
Private rented	130	281	201	11	623
TOTAL	1,438	1,563	1,616	630	5,247

The table below shows estimated future demand from existing households. The figures are based on what tenure and size of accommodation households would like or expect to move to in the future (next five years) along with considerations of affordability. Figures are again annualised.

Table A4.3 Demand III: Demand from existing households by tenure and size required

Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	446	601	907	663	2,616
Affordable housing	481	676	887	305	2,349
Private rented	20	25	24	0	70
TOTAL	947	1,302	1,818	968	5,035

The table below is an overall summary of the demand situation and is calculated as the sum of the three previous tables.

Table A4.4 Demand IV: Total demand by tenure and size required

Tenure	Size requirement				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	702	1,724	1,883	1,125	5,435
Affordable housing	1,875	1,468	1,532	494	5,370
Private rented	200	319	225	11	756
TOTAL	2,778	3,512	3,641	1,630	11,561

The table below provides an estimate of the likely future supply of accommodation (by tenure and size) from household dissolutions (i.e. death). The table is based on applying age specific national mortality statistics (2001) to the local population to estimate the proportion of households who are likely to wholly dissolve each year.

Table A4.5 Supply I: Supply from household dissolution

Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	118	299	419	95	931
Affordable housing	217	73	14	0	304
Private rented	42	84	4	16	146
TOTAL	377	456	437	111	1,381

The table below shows an estimate of the supply of housing that would be released when households who would like and expect to move from the Borough do so. For example a household out-migrating from a four bedroom owner-occupied dwelling is assumed to free-up a four bedroom owner-occupied dwelling for use by another household. The data is annualised and based on moves over the next five years.

Table A4.6 Supply II: Supply from out-migrant households

Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	108	558	777	445	1,887
Affordable housing	34	94	60	2	190
Private rented	546	343	177	41	1,108
TOTAL	688	995	1,014	488	3,185

The table below shows estimated future supply from existing households. As with the above data the figures are based on the type and size of accommodation that would become available if a household moved to alternative accommodation. Figures are annualised from data for five years.

Table A4.7 Supply III: Supply from existing households

Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	271	965	828	316	2,379
Affordable housing	393	414	216	0	1,024
Private rented	405	674	405	148	1,632
TOTAL	1,069	2,053	1,449	464	5,035

The table below is the sum of the three previous tables and shows the overall estimated annual supply for each tenure and size group.

Table A4.8 Supply IV: Total supply

Tenure	Size released				TOTAL
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	497	1,822	2,024	855	5,197
Affordable housing	644	581	290	2	1,517
Private rented	994	1,101	587	205	2,886
TOTAL	2,135	3,504	2,900	1,062	9,601

Appendix A5 Health and housing

A5.1 Introduction

The survey estimates that there are 5,294 households in which the health of a household member is suffering because of the condition of the home. This appendix briefly examines the characteristics of these households in an attempt to identify any factors that are particularly prevalent.

A5.2 Tenure

The table below shows the housing tenures of households in which the health of a household member is suffering because of the condition of the home, in comparison to the tenure profile of other households in the Borough.

The table indicates that ‘ill health’ households are much more likely to be living in rented accommodation and are much less likely to be living in owner-occupation. Only 28.5% of ‘ill health’ households own their own home compared to 72.5% of other households in Barnet. ‘Ill health’ households are over three times as likely as other households to be resident in the social rented sector and are almost twice as likely to live in private rented accommodation.

Table A5.1 Tenure of household’s whose home condition is causing ill health

Tenure	Household’s suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
Owner-occupied (no mortgage)	301	5.7%	40,546	33.1%
Owner-occupied (with mortgage)	1,207	22.8%	48,307	39.4%
Council	1,684	31.8%	9,324	7.6%
RSL	536	10.1%	5,499	4.5%
Private rented	1,567	29.6%	18,804	15.4%
TOTAL	5,294	100.0%	122,479	100.0%

A5.3 Dwelling characteristics

The table below shows the type of accommodation inhabited by households in which the health of a household member is suffering because of the condition of the home.

The data indicates that 'ill health' households are much more likely than other households in the Borough to be living in flats. Almost 70% of 'ill health' households reside in flats compared to 37.1% of other households.

Table A5.2 Dwelling type of household's whose home condition is causing ill health

Dwelling type	Household's suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
Detached house/bungalow*	583	11.0%	14,307	11.7%
Semi-detached house/bungalow	607	11.5%	39,610	32.3%
Terraced house/bungalow	406	7.7%	23,103	18.9%
Purpose-built flat/maisonette	2,539	48.0%	34,110	27.8%
Other flat/maisonette**	1,159	21.9%	11,350	9.3%
TOTAL	5,294	100.0%	122,479	100.0%

** Includes mobile homes*

**Other flat/maisonette includes flats that are part of a converted or shared house and flats in a commercial building*

A5.4 Geographical location

The table below shows the geographical distribution of households in which the health of a household member is suffering because of the condition of the home. The table indicates that the majority (51.6%) of 'ill health' households live in Hendon.

Table A5.3 Location of household's whose home condition is causing ill health

Sub-area	Household's suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
Chipping Barnet	1,590	30.0%	34,929	28.5%
Finchley & Golders Green	693	13.1%	49,690	40.6%
Hendon	3,010	56.9%	37,861	30.9%
TOTAL	5,294	100.0%	122,479	100.0%

A5.5 Household composition

The table below indicates the size of households in which the health of a household member is suffering because of the condition of the home. The data shows that these households are less likely to contain just one person and are more likely to contain four or more people than other households in Barnet.

Table A5.4 Size of household's whose home condition is causing ill health				
Number of persons in household	Household's suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
One	1,205	22.8%	38,303	31.3%
Two	1,466	27.7%	36,224	29.6%
Three	1,034	19.5%	19,791	16.2%
Four	890	16.8%	17,292	14.1%
Five	63	1.2%	8,129	6.6%
Six or more	635	12.0%	2,741	2.2%
TOTAL	5,294	100.0%	122,479	100.0%

The table below shows the type of households in which the health of a household member is suffering because of the condition of the home. The results clearly indicate that 'ill health' households are more likely to contain children and are less likely to be pensioners than other households.

Table A5.5 Type of household's whose home condition is causing ill health				
Household type	Household's suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
Single Pensioner	546	10.3%	17,053	13.9%
2 or more pensioners	141	2.7%	9,584	7.8%
Single non-pensioner	659	12.4%	21,250	17.3%
2 or more adults, no children	1,669	31.5%	41,209	33.6%
Lone parent	441	8.3%	4,772	3.9%
2+ adults, 1 or more children	851	16.1%	14,079	11.5%
2+ adults, 2+ children	986	18.6%	14,532	11.9%
TOTAL	5,294	100.0%	122,479	100.0%

This pattern is confirmed in the table below, which shows that 'ill health' households are more likely to not contain any older people.

Table A5.6 Age of household's whose home condition is causing ill health				
Age group	Household's suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
No older persons	4,200	79.3%	82,445	67.3%
Both older and non-older persons	406	7.7%	13,397	10.9%
Older persons only	688	13.0%	26,637	21.7%
TOTAL	5,294	100.0%	122,479	100.0%

A5.6 Support needs and ethnicity

The table below shows the presence of support needs members in households in which the health of a household member is suffering because of the condition of the home. The results indicate that 'ill health' households are far more likely to contain a member with support needs than other households in the Borough.

Table A5.7 Household's whose home condition is causing ill health and support needs				
Support needs households	Household's suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
Support needs	2,317	43.8%	16,416	13.4%
No support needs	2,976	56.2%	106,063	86.6%
TOTAL	5,294	100.0%	122,479	100.0%

The table below shows the ethnicity of households in which the health of a household member is suffering because of the condition of the home. The results clearly indicate that 'ill health' households are less likely to be White British than other households and are particularly likely to be White Other and Black or Black British - African.

Table A5.8 Ethnicity of household's whose home condition is causing ill health				
Ethnic group	Household's suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
White - British	2,063	39.0%	72,525	59.2%
White - Irish*	177	3.3%	3,779	3.1%
White - Other	1,627	30.7%	21,205	17.3%
Asian or Asian British - Indian	320	6.0%	5,427	4.4%
Asian or Asian British - Other	302	5.7%	6,274	5.1%
Black or Black British - African	392	7.4%	3,969	3.2%
Black or Black British - Other*	230	4.3%	2,269	1.9%
Any other ethnic group	183	3.5%	7,032	5.7%
TOTAL	5,294	100.0%	122,479	100.0%

** Results based on a small sample so treat with caution*

A5.7 Overcrowding/under-occupation

The table below shows the incidence of overcrowding and under-occupation in households in which the health of a household member is suffering because of the condition of the home. The results show that 'ill health' households are almost five times more likely to be overcrowded than other Barnet households. They are also much less likely to be under-occupied.

Table A5.9 Overcrowding/under-occupancy and household's whose home condition is causing ill health				
Overcrowding/under-occupation	Household's suffering from ill health		Remaining households in Barnet	
	Number of households	% of households	Number of households	% of households
Overcrowded	1,145	21.6%	5,779	4.7%
Neither overcrowded nor under-occupied	3,925	74.1%	75,156	61.4%
Under-occupied	223	4.2%	41,545	33.9%
TOTAL	5,294	100.0%	122,479	100.0%

A5.8 Summary

The survey estimates that there are 5,294 households in which the health of a household member is suffering because of the condition of the home. This appendix briefly examined the characteristics of these households and found that these households are likely to:

- reside in the rented sector
- inhabit a flat
- live in Hendon
- be large (contain four or more people)
- contain children
- contain a support needs member
- be headed by a non-White British person
- be overcrowded

Appendix A6 Attitudes to the local area

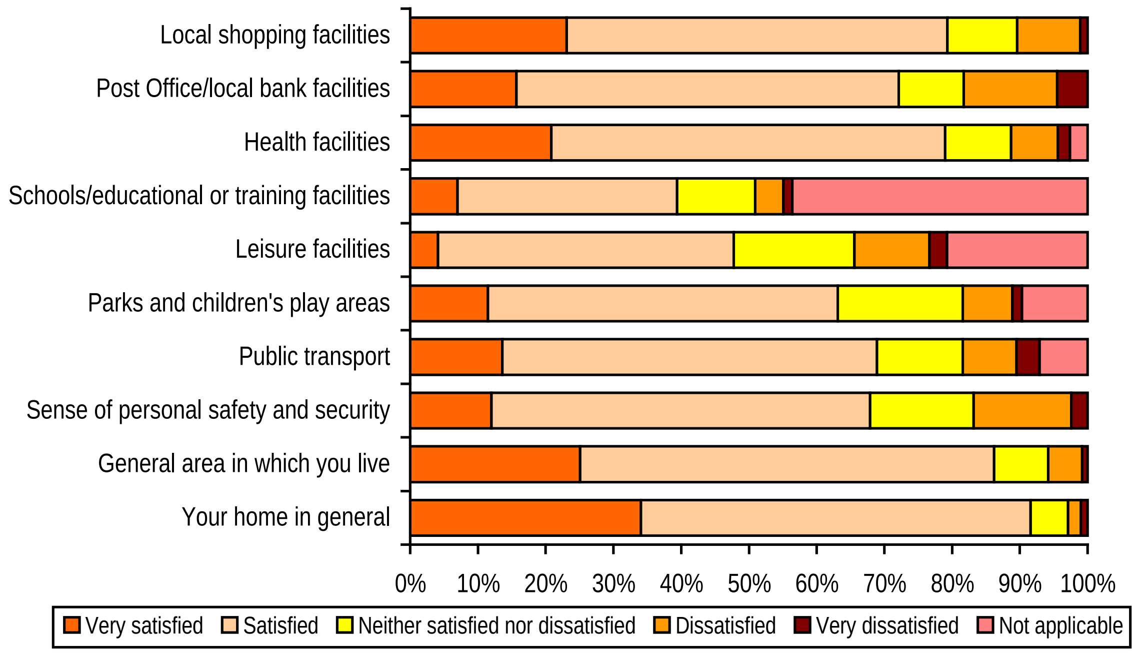
A6.1 Introduction

The survey collected information that assessed how satisfied households were with a range of aspects of their local area. This appendix will briefly present these results.

A6.2 Overall satisfaction

The figure below shows the overall satisfaction rating recorded for each aspect the household was asked to consider. The data indicates that the majority of responses were positive. Households were most likely to record being dissatisfied with their sense of personal safety and security, but even for this aspect 70% of respondents indicated they were satisfied.

Figure A6.1 Overall satisfaction levels



A6.3 Geographical variations

The following figures show how the satisfaction levels for each aspect measured varies by sub-area.

Figure A6.2 Geographical variation in satisfaction with local shopping facilities

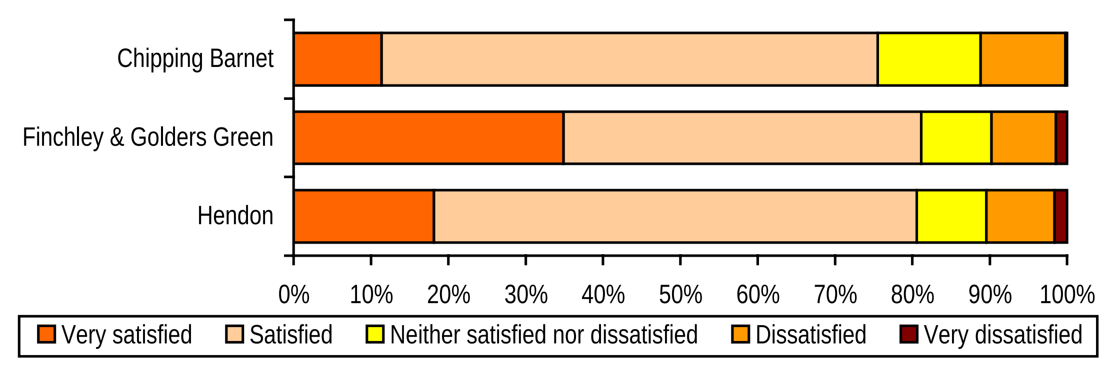


Figure A6.3 Geographical variation in satisfaction with Post Office/local bank facilities

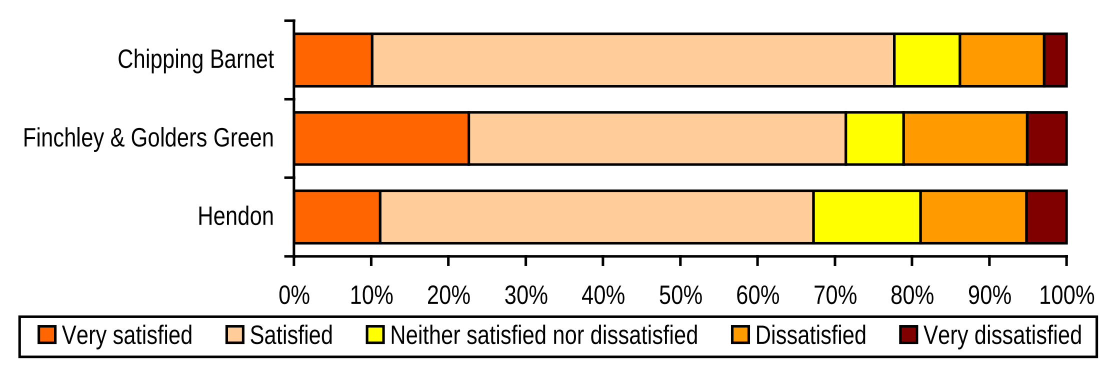


Figure A6.4 Geographical variation in satisfaction with health facilities

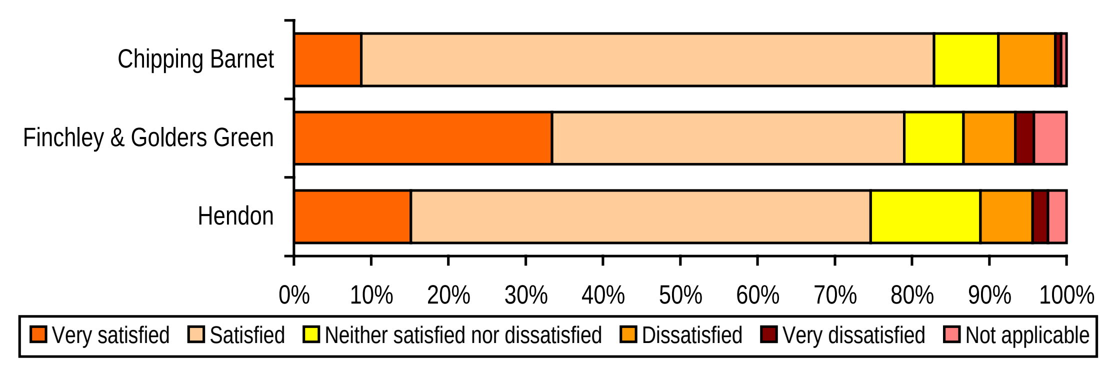


Figure A6.5 Geographical variation in satisfaction with schools/educational or training facilities

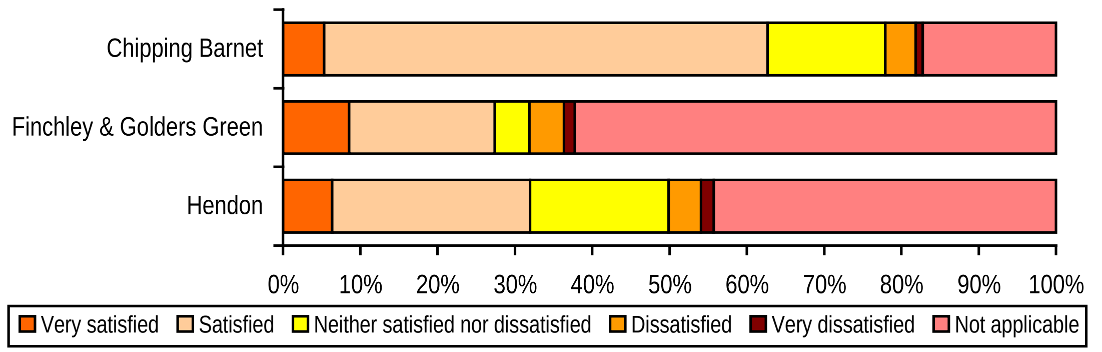


Figure A6.6 Geographical variation in satisfaction with leisure facilities

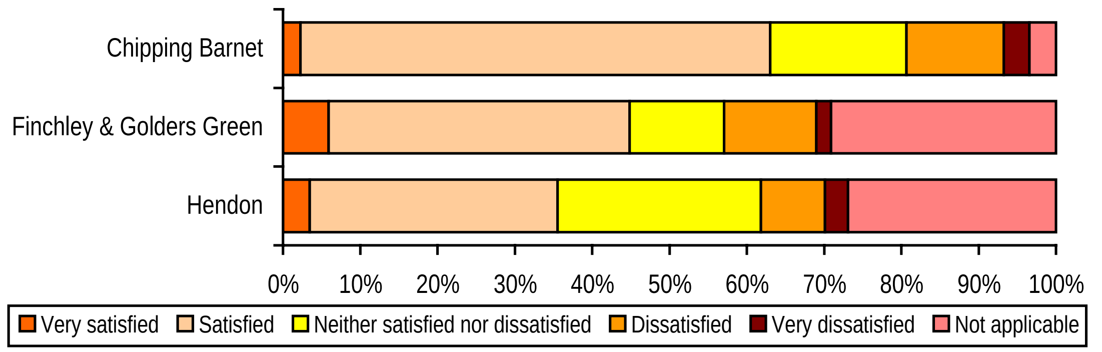


Figure A6.7 Geographical variation in satisfaction with parks and children's play areas

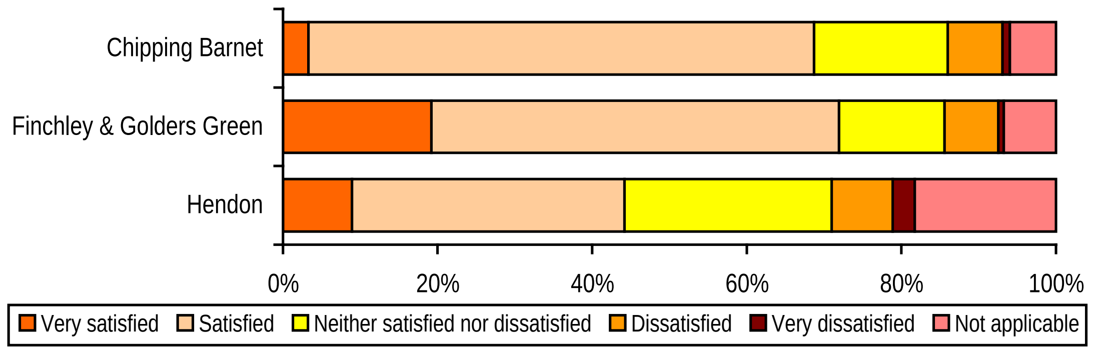


Figure A6.8 Geographical variation in satisfaction with public transport

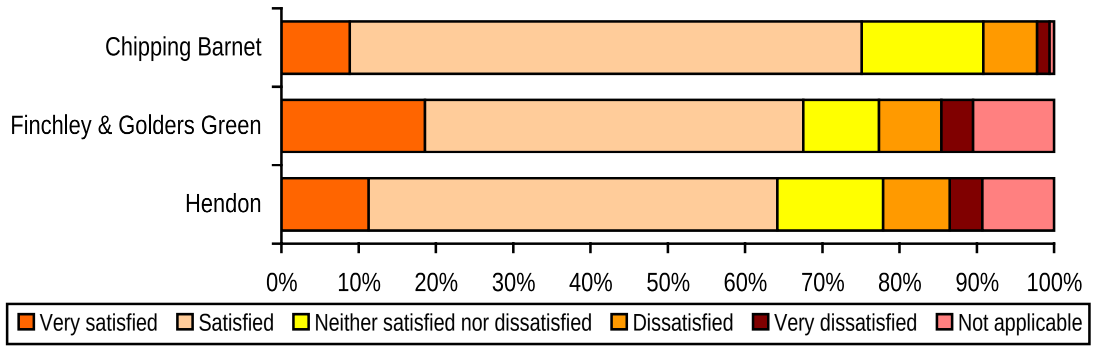


Figure A6.9 Geographical variation in satisfaction with sense of personal safety and security

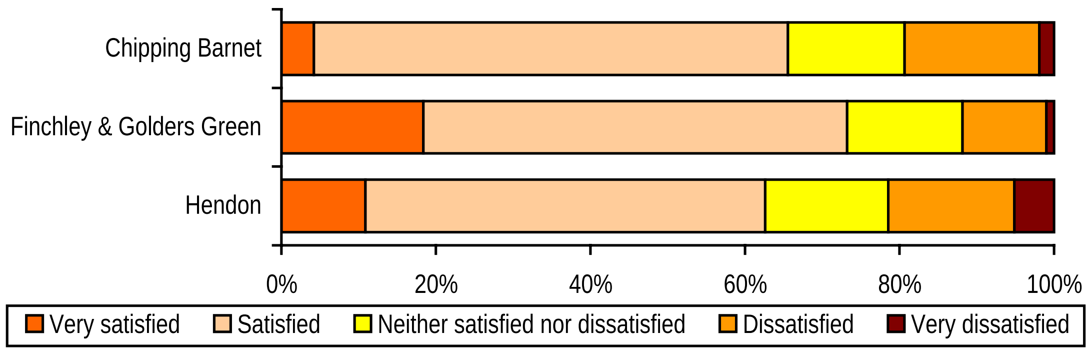


Figure A6.10 Geographical variation in satisfaction with general area in which you live

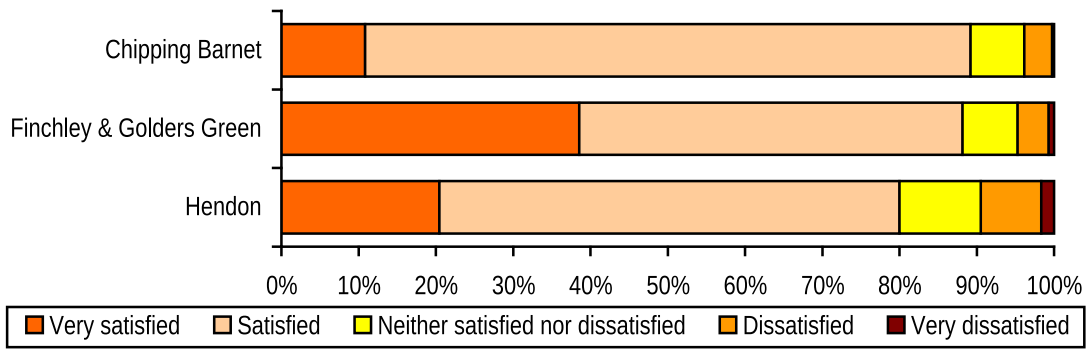
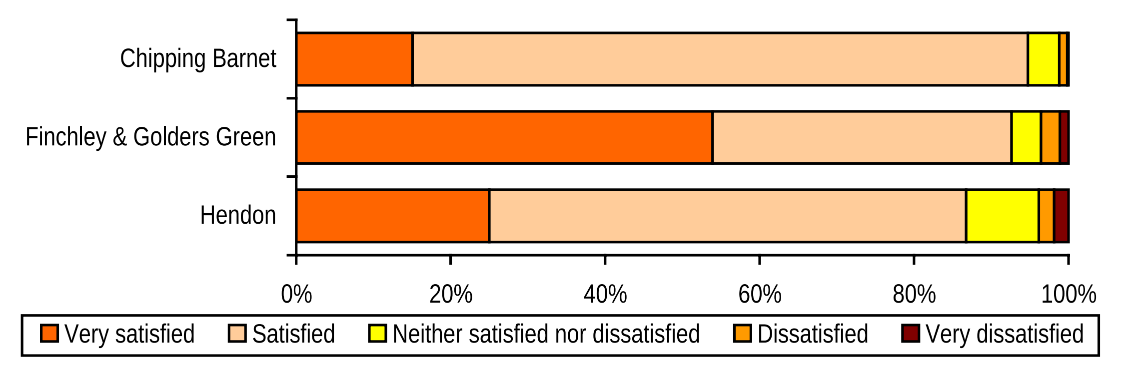


Figure A6.11 Geographical variation in satisfaction with your home in general



Appendix A7 Affordability of potential home ownership options

A7.1 Introduction

In chapter six the report briefly examined the theoretical ability of households to afford entry-level owner-occupation in Barnet. It was found that there were just 1,073 households not currently resident in owner-occupation that would be able to afford this tenure out of the 37,412 households that reside in the social and private rented sectors. This appendix profiles some potential alternative home ownership options and examines how affordable they are likely to be for households in Barnet.

A7.2 Potential home ownership options

Three alternative types of home ownership model will be considered. Each of these are available in various different parts of the country and are designed to allow access to owner-occupation for those that would otherwise not be able to afford it. The three models to be considered are:

1. Low-cost market
2. Shared ownership
3. Shared equity

One problem encountered when comparing different housing options is that some are expressed in capital terms (i.e. the cost of a dwelling to buy) whilst others are expressed in terms of outgoings (e.g. in terms of rent). Hence it is not always easy to directly compare different options. Figures in capital terms can be converted into outgoings using interest rate calculations. At the time of writing the base mortgage rate of the Nationwide Building Society was 5.89% - on an interest only mortgage this works out at approximately £57 per week per £50,000 borrowed. This information is used to convert capital terms to outgoings and vice versa.

Before the home ownership models are profiled, it is useful to replicate the table that shows the theoretical ability of households in the Borough to afford owner-occupation only, for reference purposes. This is presented below.

Table A7.1 Affordability of owner-occupation and tenure			
	Affordability		
Tenure	Unable to afford owner occupation	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	460	40,847	1.1%
Owner-occupied (with mortgage)	11,228	49,514	22.7%
Council	10,972	11,008	99.7%
RSL	6,034	6,034	100.0%
Private rented	19,327	20,370	94.9%
TOTAL	48,021	127,773	37.6%

A7.3 Low cost market housing

Low-cost market housing is usually newbuild housing sold at a discount. This may be the result of one or a combination of reduction in the price of a home or a lower specification home (possibly with a smaller plot). Levels of discount vary, and there are relatively few examples where the discount is substantial. Based on our experience we would not expect the level of discount from newbuild prices to be more than about 20% of the full price of a property.

The table below compares the cost at which low-cost market housing is typically available (newbuild prices minus 20%) with the entry-level cost of owner-occupation.

Table A7.2 Estimated cost of low-cost market housing			
Property size	Average newbuild	Average newbuild – 20%	Minimum cost second hand
1 bedroom	£199,000	£159,200	£154,500
2 bedrooms	£246,000	£196,800	£184,000
3 bedrooms	£301,500	£241,200	£265,500
4+ bedrooms	£415,500	£332,400	£330,500

It can be seen from the table above that at 20% discount, newbuild costs a similar amount to entry-level owner-occupation. Although the estimated cost of low-cost market housing is slightly greater than entry-level owner-occupation for a one, two and four bedroom property, it is marginally cheaper for the other dwelling sizes and it could therefore provide access to owner-occupation for some households that would otherwise be unable to afford it.

The table below considers the theoretical ability of households in the Borough to afford low-cost market housing at a 20% discount. The table shows that there are no extra households in the rented sector that would be able access owner-occupation through low-cost market housing. All households in the private and social rented tenures able to afford this option could also afford entry-level market prices.

Table A7.3 Affordability of low-cost market housing and tenure

Tenure	Affordability		
	Unable to afford low-cost market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	460	40,847	1.1%
Owner-occupied (with mortgage)	10,879	49,514	22.0%
Council	10,972	11,008	99.7%
RSL	6,034	6,034	100.0%
Private rented	19,327	20,370	94.9%
TOTAL	47,672	127,773	37.3%

As was shown above, for three dwelling sizes low cost market housing (new build with a 20% discount) is more expensive than entry-level owner-occupation, therefore, although not commonly available, the Council wish to examine the affordability of low cost market housing available at new build prices with a 30% discount. The table below compares the cost at which low-cost market housing available at new build prices with a 30% discount with the entry-level cost of owner-occupation.

Table A7.4 Estimated cost of low-cost market housing using a 30% discount

Property size	Average newbuild	Average newbuild – 30%	Minimum cost second hand
1 bedroom	£199,000	£139,300	£154,500
2 bedrooms	£246,000	£172,200	£184,000
3 bedrooms	£301,500	£211,050	£265,500
4+ bedrooms	£415,500	£290,850	£330,500

It can be seen from the table above that at 30% discount, newbuild costs less than entry-level owner-occupation for all property sizes. It could therefore provide access to owner-occupation for some households that would otherwise be unable to afford it.

The table below considers the theoretical ability of households in the Borough to afford low-cost market housing at a 30% discount. The table shows that there are 944 extra households in the rented sector that would be able access owner-occupation through low-cost market housing at a 30% discount. All households in the private and social rented tenures able to afford this option could also afford entry-level market prices. The majority of these households are resident in private rented accommodation.

Table A7.5 Affordability of low-cost market housing at a 30% discount and tenure

Tenure	Affordability		
	Unable to afford low-cost market housing	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	279	40,847	0.7%
Owner-occupied (with mortgage)	9,217	49,513	18.6%
Council	10,921	11,008	99.2%
RSL	5,977	6,034	99.1%
Private rented	18,491	20,370	90.8%
TOTAL	44,885	127,772	35.1%

It can be seen from the tables above that even at a 30% discount, newbuild is still too expensive for the majority of households in the rented sector. It is possible to estimate the size of discount required to make newbuild housing affordable to those in rented accommodation. The table below show the estimated price that a house would cost if it was to be affordable for households able to afford intermediate housing priced halfway between social rents and minimum market levels (discussed in chapter 10). The table also illustrates the level of discount required from the cost of newbuild to reach these intermediate housing prices.

The table show that a substantial discount (around 50%) would be required to make new build housing available to those households able to afford intermediate housing priced halfway between social rents and minimum market levels.

Table A7.6 Estimated discount required for low-cost market housing			
Property size	Average newbuild	Intermediate housing priced halfway between social rents and minimum market levels	
		Estimated price	Discount required
1 bedroom	£199,000	£99,762	49.9%
2 bedrooms	£246,000	£123,599	49.8%
3 bedrooms	£301,500	£157,148	47.9%
4+ bedrooms	£415,500	£188,930	54.5%

A7.4 Shared ownership

Shared ownership schemes are well established in England and Barnet already contains a number of shared ownership properties. Shared ownership allows residents to buy part of their home and pay rent on the remaining value to the agency managing the scheme – usually an RSL.

Shared ownership costs are based on the cost of newbuild housing with either a 25% or 50% equity share. It is assumed that 3% rent would be paid on the unsold equity. The use of 3% rent on unsold equity for shared ownership costs is consistent with current practice and represent a slightly lower figure than suggestions in the *Evaluation of the Low Cost Home Ownership Programme* produced for the Welsh Assembly and the Office of the Deputy Prime Minister (September 2002).

ODPM Evaluation of the Low Cost Home Ownership Programme [Section 6.5 (page 81)]

'Under a scenario of lower interest rates, lower inflation and house price growth, it would be prudently feasible to lower shared ownership rents from 4% of retained equity to about 3.3%'.

The tables below show how the costs for shared ownership affordability have been calculated for each of the 50% and 25% scenarios.

Table A7.7 Estimated cost of shared ownership housing (50% equity)					
Property size	Full market (new build) price	Equity bought	Weekly mortgage cost	Weekly rent paid on retained equity	Total weekly cost
1 bedroom	£199,000	£99,500	£113	£57	£170
2 bedrooms	£246,000	£123,000	£139	£71	£210
3 bedrooms	£301,500	£150,750	£171	£87	£258
4+ bedrooms	£415,500	£207,750	£235	£120	£355

Table A7.8 Estimated cost of shared ownership housing (25% equity)					
Property size	Full market (new build) price	Equity bought	Weekly mortgage cost	Weekly rent paid on retained equity	Total weekly cost
1 bedroom	£199,000	£49,750	£56	£86	£142
2 bedrooms	£246,000	£61,500	£70	£106	£176
3 bedrooms	£301,500	£75,375	£85	£130	£216
4+ bedrooms	£415,500	£103,875	£118	£180	£297

The tables above show that shared ownership will have an outgoing of between £170 and £355 per week depending on size for a 50% share. This range reduces to £142 to £297 at 25%.

The table below considers the theoretical ability of households in the Borough to afford shared ownership with a 50% equity share. The table shows that there are 1,900 households in the rented sector that would be able access owner-occupation via shared ownership housing with a 50% equity that could not afford entry-level market prices. The majority of these households are resident in private rented accommodation.

Table A7.9 Affordability of shared ownership with 50% equity and tenure			
	Affordability		
Tenure	Unable to afford shared ownership (50% equity)	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	460	40,847	1.1%
Owner-occupied (with mortgage)	10,474	49,514	21.2%
Council	10,842	11,008	98.5%
RSL	5,977	6,034	99.1%
Private rented	17,614	20,370	86.5%
TOTAL	45,367	127,773	35.5%

The table below considers the theoretical ability of households in the Borough to afford shared ownership with a 25% equity share. The table shows that there are 3,349 households in the rented sector that would be able access owner-occupation via shared ownership housing with a 25% equity that could not afford entry-level market prices. Again these households are principally households in the private rented sector.

Table A7.10 Affordability of shared ownership with 25% equity and tenure			
	Affordability		
Tenure	Unable to afford shared ownership (25% equity)	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	460	40,847	1.1%
Owner-occupied (with mortgage)	9,581	49,513	19.4%
Council	10,471	11,008	95.1%
RSL	5,977	6,034	99.1%
Private rented	16,536	20,371	81.2%
TOTAL	43,025	127,773	33.7%

A7.5 Shared equity

Shared equity is a relatively recent addition to the intermediate housing landscape. In the shared equity scheme, the resident has the opportunity to buy a stake in the property but is not required to pay rent on the unsold equity.

The models most commonly used elsewhere in Britain uses a stake of 75% of the market value of the property. The table below shows the price of homes available under the shared equity scheme in Barnet with a 75% stake. For the purposes of the analysis, it is assumed that shared equity costs are based on the same market valuation as newbuild housing.

The table indicates that shared equity will have an outgoing of between £169 and £353 per week depending on size.

Table A7.11 Estimated price of shared equity housing			
Property size	Full market (new build) price	Shared equity - equity value	Shared equity – weekly cost
1 bedroom	£199,000	£149,250	£169
2 bedroom	£246,000	£184,500	£209
3 bedroom	£301,500	£226,125	£256
4 bedroom	£415,500	£311,625	£353

The table below considers the theoretical ability of households in the Borough to afford shared equity. The table shows that there are 1,900 households in the rented sector that would be able access owner-occupation via shared equity that could not afford entry-level market prices.

Table A7.12 Affordability of shared equity and tenure			
	Affordability		
Tenure	Unable to afford shared equity	Number of h'holds	% of h'holds unable to afford
Owner-occupied (no mortgage)	460	40,847	1.1%
Owner-occupied (with mortgage)	10,474	49,514	21.2%
Council	10,842	11,008	98.5%
RSL	5,977	6,034	99.1%
Private rented	17,614	20,370	86.5%
TOTAL	45,367	127,773	35.5%

A7.6 Summary

This appendix considered the appropriateness of potential alternative home ownership options to allow access to owner-occupation for those living in the rented sector. The data suggests that whilst some of the options are affordable for some households in the rented sector (particularly those in private rented accommodation) the majority of households would be unable to afford them.

A8. Comparisons between Barnet, Westminster and Haringey

A8.1 Introduction

As the surveys for Westminster, Haringey and Barnet were commissioned and undertaken at the same time by Fordham Research it is possible to compare the housing markets in the three areas. Of the three local authorities being studied by Fordham Research, all three are in the North London sub-region. Westminster is located in the heart of central London, Barnet to the north (but not adjoining) and Haringey is located directly to the east of Barnet. Differences and similarities that exist between the household population and housing market of the three areas will be presented below.

A8.2 Household composition

Initially it is worth comparing the household profile in the three local authority areas. The table below presents data on household size and household type. It indicates that Westminster contains a greater proportion of one person households and a smaller proportion of large (four or more person households) than the other two boroughs. Barnet has the largest proportion of four people or more households.

The data also shows that Westminster contains a much larger proportion of single non-pensioner households (33.7% compared to 25.0% in Haringey and 17.1% in Barnet). Haringey has a larger proportion of lone parents than the other two boroughs put together. Barnet contains the largest proportion of households that contain two or more pensioners

Table A8.1 Comparison of the household composition			
	Westminster	Haringey	Barnet
Number of persons in household			
One	48.9%	35.5%	30.9%
Two	27.7%	28.7%	29.5%
Three	11.1%	15.6%	16.3%
Four	7.4%	11.7%	14.2%
Five	3.2%	5.7%	6.4%
Six or more	1.6%	2.8%	2.6%
Household type			
Single pensioner	15.2%	10.5%	13.8%
2 or more pensioners	3.7%	3.9%	7.6%
Single non-pensioner	33.7%	25.0%	17.1%
2 or more adults, no children	29.1%	32.9%	33.6%
Lone parent	3.5%	7.6%	4.1%
2+ adults, 1 child	7.1%	8.9%	11.7%
2+ adults, 2+ children	7.7%	11.2%	12.1%

A8.3 Financial information

The table below compares the mean income, savings and equity for households in the three areas. The data clearly indicates that households in Westminster have considerably larger incomes than other boroughs. Barnet has the highest average savings and equity levels

Table A8.2 Comparison of financial information			
	Westminster	Haringey	Barnet
Average annual gross household income (including non-housing benefits)	£46,400	£33,301	£33,752
Average savings	£22,476	£18,855	£26,021
Average equity (owner-occupiers only)	£269,215	£243,699	£310,960

A8.4 Housing stock comparisons

The table below displays a profile of the occupied accommodation in Westminster, Haringey and Barnet, by accommodation type, tenure and dwelling size. The data indicates that accommodation profile reflects the geography of the local authorities. Westminster, which is more densely populated, has a larger proportion of flats, whilst detached and semi-detached houses are far more common in Barnet.

The data indicates that Barnet has a significantly higher proportion of owner-occupied dwellings, at 70.8% compared to 49.1% in Haringey and 47.2% in Westminster. Haringey contains the lowest proportion of owner-occupiers with no mortgage. Westminster has the highest proportion of private rented accommodation at 29.1%, compared to 15.9% in Barnet.

The dwelling size profile shows that three bedroom properties are the most common in Westminster and Barnet, however two bedrooms are most popular in Haringey. Barnet has the lowest proportion of one bedroom homes, with only 14.3% of households occupying one of these.

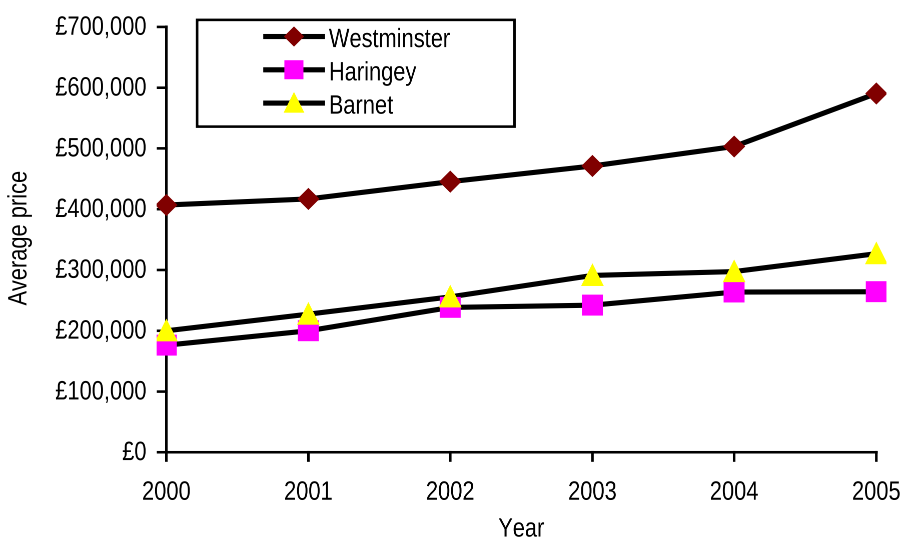
Table A8.3 Comparison of dwelling stock

	Westminster	Haringey	Barnet
Accommodation type			
Detached house/bungalow	0.6%	2.4%	11.7%
Semi-detached house/bungalow	2.4%	7.8%	31.5%
Terraced house/bungalow	8.7%	34.4%	18.4%
Purpose-built flat/maisonette	74.0%	25.7%	28.6%
Other flat/maisonette	14.3%	29.7%	9.8%
Tenure			
Owner-occupied (no mortgage)	20.8%	17.6%	32.0%
Owner-occupied (with mortgage)	26.4%	31.5%	38.8%
Council	11.7%	18.0%	8.6%
RSL	12.0%	11.1%	4.7%
Private rented	29.1%	21.8%	15.9%
Dwelling size			
1 bedroom	29.7%	28.5%	14.3%
2 bedroom	29.6%	31.2%	27.2%
3 bedroom	30.6%	26.2%	36.4%
4+ bedroom	10.0%	14.0%	22.1%

A8.5 House prices

House price information is crucial to understanding the dynamics of the local housing market. Firstly we will present data on the latest house prices by house type as obtained from Land Registry. Average house price changes between the 4th quarter of 2000 and the 4th quarter of 2005 are presented in the figure below. It shows that average property prices are much higher in Westminster than the other two boroughs. Westminster had a large increase in property prices between the 4th quarter 2004 and the 4th quarter 2005, however prices rose at a much lower rate in Barnet and Haringey.

Figure A8.1 Land Registry overall average price changes 2000 –2004 (4th quarters)



A more accurate comparison of property prices can be obtained by looking at price by property type. This is presented in the table below for the 4th quarter of 2005. The data shows that for all properties other than flats/maisonettes, Westminster is the most expensive area.

Table A8.4 Average property prices (4th quarter 2004)
(number of sales in brackets)

Property type	Westminster	Haringey	Barnet
Detached	£1,761,000 (5)	£909,333 (6)	£843,864 (104)
Semi–detached	£2,281,363 (11)	£437,305 (40)	£387,289 (352)
Terraced	£1,085,436 (92)	£308,822 (310)	£292,017 (281)
Flat/maisonette	£516,384 (942)	£206,301 (426)	£205,769 (538)

A8.6 Threshold costs for market housing

In both surveys housing need was measured against the size of dwelling required. This meant house prices by dwelling size had to be collected. In all three boroughs surveys interviews with estate agents were undertaken in an attempt to determine the minimum cost required to access private sector housing by bedroom size.

i) Purchase prices

The table below shows the minimum property prices in the three areas. The data indicates that for all dwelling sizes, it is much more expensive to buy a home in Westminster, and cheapest in Haringey.

Table A8.5 Minimum property prices

Size of property	Westminster	Haringey	Barnet
1 bedroom	£198,000	£130,000	£154,500
2 bedroom	£275,000	£167,000	£184,000
3 bedroom	£370,500	£217,500	£263,500
4 bedroom	£482,500	£288,000	£330,500

ii) Private rented cost

The minimum monthly cost of private renting is presented in the table below. The data shows that costs in Westminster are again higher, and Haringey is the cheapest.

Table A8.6 Minimum monthly private rental

Size of property	Westminster	Haringey	Barnet
1 bedroom	£890	£620	£690
2 bedroom	£1,290	£785	£870
3 bedroom	£1,785	£950	£1,145
4 bedroom	£2,617	£1,165	£1,395

Information garnered from estate agents indicates that the private housing market is more expensive in Westminster. It is worth noting that the relative difference in the costs between the three areas is smaller for private rents.

A8.7 Housing market activity

It is also of value to compare the stock turnover rates for the three areas. This is presented in the table below. The table shows that the turnover rates for social rented and owner-occupied housing are very similar in the three areas. The turnover of private rented housing is much greater in all cases, but the turnover in Westminster is the highest at 42.5% compared to 27.5% and 31.0% in Haringey and Barnet respectively.

Table A8.7 Annual turnover of stock (% of households)			
Tenure	Westminster	Haringey	Barnet
Owner-occupied	4.8%	7.9%	5.2%
Private rented	42.5%	27.5%	31.0%
Social rented	10.3%	9.0%	9.5%
TOTAL	19.2%	14.8%	15.2%

A8.8 Results of the Basic Needs Assessment Model

The results produced from the Basic Needs Assessment Model for the annual demand for, and supply of, affordable housing in each survey is presented in the table below. A comparison of the figures shows that Haringey has a higher gross annual demand and supply; however the net need for affordable housing is highest in Barnet at 8,148 per annum and lowest in Westminster at 4,300 per annum. The overall net demand for affordable housing in the three authorities is 14,313 dwellings per year.

Table A8.8 Comparison of the affordable housing demand and supply				
	Westminster	Haringey	Barnet	Total
Annual demand	4,858	5,884	5,871	16,613
Annual supply	558	1,019	723	2,300
Overall shortfall (surplus)	4,300	4,865	5,148	14,313

The dwelling size required by those in housing need, alongside the likely size of the affordable housing supplied and the net requirement for affordable housing is presented in the tables below for each local authority. The data indicates that for all areas the largest net need for affordable housing is for one bedroom properties, followed by two bedroom homes. Westminster has the lowest net demand for four bedroom properties whilst Haringey displays the greatest demand for properties of this size.

Table A8.9 Net need for affordable housing in Westminster by size () indicates a surplus			
Size required	Need	Supply	Total
1 bedroom	3,537	308	3,229
2 bedroom	1,038	138	900
3 bedroom	206	106	100
4+ bedroom	79	6	73
TOTAL	4,859	558	4,300

Table A8.10 Net need for affordable housing in Haringey by size () indicates a surplus			
Size required	Need	Supply	Total
1 bedroom	2,896	465	2,431
2 bedroom	1,825	359	1,466
3 bedroom	755	155	600
4+ bedroom	408	40	368
TOTAL	5,884	1,019	4,865

Table A8.11 Net need for affordable housing in Barnet by size () indicates a surplus			
Size required	Need	Supply	Total
1 bedroom	3,125	334	2,791
2 bedroom	1,509	212	1,297
3 bedroom	893	173	720
4+ bedroom	343	4	339
TOTAL	5,871	723	5,148

A8.9 A comparison of imbalances in the whole housing market

All housing needs surveys undertook a Balancing Housing Markets analysis to suggest the extent to which supply and demand are 'balanced' across tenure and property size. The results of this analysis for each area are presented in the tables below.

The data shows that in there is a shortage of social rented homes and a surplus of private rented housing for all accommodation sizes in all of the three areas. All authorities also display a shortage of certain types of homes in the owner-occupied sector. Westminster has a shortage of two or more bedroom properties, Haringey has a shortage of smaller one and two bedroom properties, and Barnet has a shortage of one and four bedroom homes.

Table A8.12 Balancing housing markets - Westminster total shortfall or (surplus)					
Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	(773)	1,023	375	261	886
Affordable housing	1,846	2,748	502	289	5,385
Private rented	(3,774)	(1,258)	(420)	(138)	(5,591)
Total	(2,701)	2,512	457	411	680

Table A8.13 Balancing housing markets - Haringey total shortfall or (surplus)					
Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	21	229	(138)	(139)	(27)
Affordable housing	1,592	723	551	221	3,088
Private rented	(1,108)	(548)	(305)	(130)	(2,091)
Total	504	404	109	(48)	970

Table A8.14 Balancing housing markets - Barnet total shortfall or (surplus)					
Tenure	Size requirement				Total
	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms	
Owner-occupation	206	(98)	(140)	270	238
Affordable housing	1,231	887	1,242	492	3,852
Private rented	(793)	(782)	(361)	(194)	(2,130)
Total	644	8	741	568	1,960

A8.10 Summary

This chapter has compared the findings of the housing needs surveys undertaken in Westminster, Haringey and Barnet. Various characteristics of household population and the housing market in each of these areas have been presented. Overall it was found that Westminster has the highest incomes but that it is also a more expensive area in which to live, and Haringey has the lowest incomes and the cheapest house prices.

However, all areas displayed a high net need for affordable housing, however Barnet has the highest annual requirement for affordable housing.

Appendix A9 Distinctive features of the Borough of Barnet

A9.1 Introduction

In July 2005 Fordham Research published a study for the Greater London Authority, which amalgamated the data from 27 housing needs survey across London to allow detailed analysis of the housing circumstances of minority groups to be presented in a series of reports. This process involved the creation of a database containing over 40,000 responses and representing all households in London.

The results produced in this survey for Barnet can be compared with the results recorded for the other Boroughs of London in the larger database to identify household characteristics which are different in Barnet. This brief appendix identifies the household characteristics for which the figures recorded in Barnet are notably different to those recorded for the remainder of London.

A9.2 Summary of the differences

The table below presents the household characteristics of Barnet which are most distinct from the remainder of London. The table below shows that compared to other households in London, Barnet households are more likely to be owner-occupiers with a mortgage and are less likely to live in the social rented sector. Barnet households are less likely to be single non-pensioner households and are more likely to contain older people. Barnet households are also more likely to be under-occupied than other households in London.

Households in Barnet are more likely to have been resident in their home for at least 10 years, although households in Barnet are more likely to have migrated into the Borough in their last move. Households in Barnet are less likely to intend to move home now than other households in London and are more likely to want to remain in the Borough when they move home. Finally households in Barnet are more likely to be able to afford entry-level market housing of a suitable size should they decide to move home within the Borough.

Table A9.1 Distinctive features of Barnet		
Household characteristic	Percentage of households with characteristic	
	Barnet	Rest of London
Owner-occupiers (with no mortgage)	32.0%	21.9%
Resident in social rented housing	13.3%	25.9%
Single non-pensioner households	17.1%	22.3%
Household contains no elderly persons	67.8%	74.6%
Under-occupied household	32.7%	23.1%
Resident in dwelling for at least 10 years	51.5%	44.8%
Moved into Borough in last move	46.9%	55.4%
Intend to move house now	3.2%	7.2%
Intend to move house within Borough	59.3%	50.3%
Able to afford entry-level market housing in Borough	65.3%	53.6%

Appendix A10 Changes in Barnet since 2001

A10.1 Introduction

Fordham Research undertook the previous housing needs survey in Barnet. This was completed in 2000 although an update was produced in 2001 to adjust the estimate of the annual requirement for affordable housing in light of the (then) recently published ODPM Guidance. This brief appendix will compare the results of this current survey with the results of the previous survey to profile changes in Barnet between 2000/01 and 2006.

A10.2 Household characteristics

Initially it is useful to compare the household profile in 2000/01 with that recorded for 2006. The table below presents data on household size, household type, the presence of support needs members in households, the ethnicity of the household head and incidence of overcrowding and under-occupation in households.

The table shows that since 2000/01 the proportion of one person households in the Borough has increased but so has the proportion of households that contain 5 or more people. In the last five years Barnet has witnessed a decrease in the proportion of single pensioner households resident in the Borough alongside a decrease in the proportion of households that contain two or more adults and no children. The proportion of single non-pensioner households has increased over the period.

The survey shows that there has been a slight increase since 2000/01 in the proportion of households that contain someone with a support need and an increase in both the proportion of overcrowded and under-occupied households. Finally the data suggests that there has been an increase in the proportion of households headed by a Black or Mixed & Other household head and a decrease in the proportion of households headed by a White or Asian household head. It should be noted however that the ethnicity classifications used varied slightly between the two surveys.

Table A10.1 Comparison of the household composition		
Household characteristic	2000/01	2006
Number of persons in household		
One	25.3%	30.9%
Two	34.4%	29.5%
Three	17.4%	16.3%
Four	16.0%	14.2%
Five	4.7%	6.4%
Six or more	2.2%	2.6%
Household type		
Single pensioner	13.2%	13.8%
2 or more pensioners	9.2%	7.6%
Single non-pensioner	12.1%	17.1%
2 or more adults, no children	36.7%	33.6%
Lone parent	5.0%	4.1%
2+ adults, 1 child	11.3%	11.7%
2+ adults, 2+ children	12.5%	12.1%
Support needs households		
Support needs	14.1%	14.7%
No support needs	85.9%	85.3%
Ethnic group		
White	80.4%	79.3%
Mixed & Other	4.7%	5.6%
Asian	10.6%	9.6%
Black	4.3%	5.4%
Overcrowded/under-occupied		
Overcrowded	4.2%	5.4%
Neither overcrowded nor under-occupied	67.2%	61.9%
Under-occupied	28.6%	32.7%

A10.3 Financial information

The table below compares the mean income, savings and equity for households. The data clearly indicates that households in Barnet have on average recorded considerable increases in their wealth over this period.

Table A10.2 Comparison of financial information		
Financial information	2000/01	2006
Average annual gross household income (including non-housing benefits)	£21,751	£33,752
Average savings	£6,266	£26,021
Average equity (owner-occupiers only)	£144,472	£310,960

A10.4 Housing stock comparisons

The table below displays the change recorded in the accommodation profile in Barnet. The data indicates the proportion of flats/maisonettes in the Borough has increased, as has the proportion of detached houses. The proportion of one and four bedroom properties in the housing stock has also increased. The updated tenure profile suggests that the proportion of households in the owner-occupied sector with no mortgage has increased whilst the proportion of households renting from the Council has decreased.

Table A10.3 Comparison of dwelling stock

Dwelling characteristic	2000/01	2006
Accommodation type		
Detached house/bungalow	8.7%	11.7%
Semi-detached house/bungalow	34.9%	31.5%
Terraced house/bungalow	20.6%	18.4%
Flat/maisonette	35.8%	38.4%
Tenure		
Owner-occupied (no mortgage)	30.0%	32.0%
Owner-occupied (with mortgage)	39.8%	38.8%
Council	10.0%	8.6%
RSL	4.5%	4.7%
Private rented	15.6%	15.9%
Dwelling size		
1 bedroom	13.7%	14.3%
2 bedroom	28.5%	27.2%
3 bedroom	42.2%	36.4%
4+ bedroom	15.5%	22.1%

A10.5 Results of the Basic Needs Assessment Model

The results produced from the Basic Needs Assessment Model for the annual demand for, and supply of, affordable housing in both surveys is presented in the table below. The table indicates that since 2000/01 the annual demand for affordable housing has increased slightly, whilst the supply of affordable housing has decreased slightly. This has resulted in the shortfall of affordable housing increasing from 4,550 units per annum in 2001 to 5,148 per annum in 2006.

Table A10.4 Comparison of the affordable housing demand and supply

	2000/01	2006
Annual demand	5,513	5,871
Annual supply	963	723
Overall shortfall (surplus)	4,550	5,148

Appendix A11 Survey questionnaire