

Briefing on the Barnet Housing Needs Assessment- requested at Housing Committee on 27 April 2015

1. Overview

The Council commissioned a Housing Needs Assessment in the summer of 2014 to inform its Housing Strategy. The work was carried out by Capita Property and Infrastructure and was presented to the Housing Committee Member Working Group on 1 October 2014.

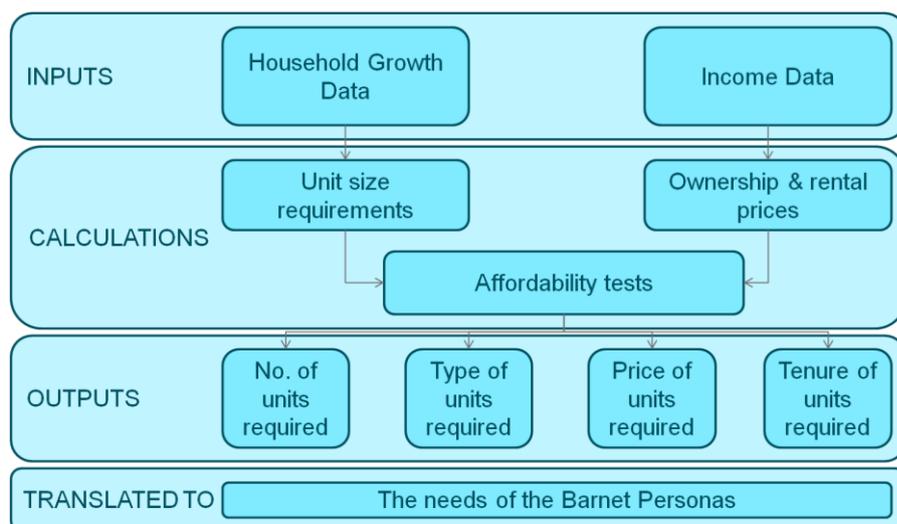
2. Objectives

The aim of the Housing Needs Assessment was to understand the potential growth in the number of households living in the borough over the next 10 years and the type of housing, in terms of tenure and size that might be required to meet the housing needs of these households.

The primary source of data used for projecting household growth was the population projections used by the Greater London Authority (GLA) in the London Wide Strategic Housing Market Assessment (SHMA) that was published in 2013. It should be noted that these projections are estimates and are likely to vary, and that actual household growth will be constrained by the availability of accommodation in the Borough.

3. Methodology

The following diagram shows the overall approach that was taken to developing the Housing Needs Assessment:



Estimated Household Growth was calculated taking into account a number of sources which are summarised in the table below:

	Source	Comments	Total
Household Growth	GLA SHMA	5% of total growth across London	20,396
Backlog Housing Need	GLA SHMA	Includes concealed households, households lacking basic amenities, overcrowded private sector households	4,772
Local Decant Requirements	LB Barnet Local Data	Households expected to be decanted to 2024	1,039
Housing Needs Households	LB Barnet Local Data	Households waiting to be housed via Allocations Scheme	1,144
		Total Requirement	27,351

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Income Data – The survey used 2014 PayCheck dataset produced by CACI solutions indicates that the median gross household income in Barnet was £40,550, around 42% higher than the UK median of £28,467 and the seventh highest median income in London.

Unit size requirements – these were based on the projections in the GLA SHMA.

Ownership and rental prices – housing costs were modelled on median house prices and rents using data from the Valuation Office Agency for rents and Land Registry published data supplemented with RightMove Plus statistics for market sale data.

Affordability tests – Department of Work and Pensions (DWP) income thresholds net of housing were used to assess affordability for rented accommodation. The measure used was that after housing costs had been taken into account, a household would have to have 10% more than the DWP income threshold left for all other expenses. Examples are provided in the table below:

Family type	Low income threshold after housing (per week)	Low income threshold after housing (per year)	Low income threshold after housing +10% (per year)
Single adult	£ 128	£ 6,656	£ 7,322
Couple with no children	£ 220	£ 11,440	£ 12,584
Single with two children under 14	£ 264	£ 13,728	£ 15,101
Couple with two children under 14	£ 357	£ 18,564	£ 20,420

For outright ownership of a home, the test of affordability used was that after having paid a 10% deposit, a household would need to be able to service a mortgage of four times their income. To afford shared ownership, a household must be able to place a 10% deposit and have sufficient household income to service a 40% tranche of the purchase price.

4. Outputs

Using the methodology set out in 3. above, the Housing Needs survey identifies an estimated need for 27,351 new homes, as summarised in the table below:

	1 bed	2 bed	2 bed shared	3 bed	3 bed shared	4 bed+	Total
Total Requirement	8,309	4,555	7,864	2,768	2,240	1,614	27,350
80% Market Rent	8,309	4,555	7,828	2,756	2,232	1,542	27,222
Market Rent	7,522	3,670	6,999	2,160	2,135	1,202	23,687
Shared Ownership	6,644	2,934	6,689	1,265	2,016	608	20,156
Ownership	3,672	1,285	4,796	117	1,409	31	11,310
Can't afford 80% median	0	0	36	12	8	72	128

The conclusion from the HNA analysis is that all but a very small number of households can afford an 80% median rent product. This finding contains two important considerations. The first is that housing benefit is available to households who need it at Local Housing Allowance rates. The second is that there are approximately 2,820 households whose income is below the DWP Minimum Income Threshold. These households are assumed to be in receipt of full housing benefit. Their housing costs are therefore nil and they do not face a housing affordability issue so much as a straightforward welfare issue.