Housing Select Committee				
Report title	Housing Supply and Demand			
Wards	All Item 7			
Contributor	Executive Director for Customer Services			
Class	Part 1 (Open) Date 16 May 2013			

1. Summary and Purpose of this report

- 1.1 The purpose of this report is to provide the Housing Select Committee with information relating to the demand for housing and the main drivers for that demand. It also sets out how we attempt to satisfy that demand within the various supply sources of housing that are generally available in Lewisham, including social, affordable and private rented supply.
- 1.2 In London, demand for accommodation out-strips the supply across all tenures. The key considerations when trying to match supply with demand include: affordability, location and bedroom size. Therefore, the report will also consider these three elements. Essentially, if someone can afford to buy/rent accommodation at higher costs in a higher demand area, they have a better range of choices, which is not afforded to those households who are benefit dependent.
- 1.3 The issues of affordability, location and bedroom size have been further impacted by the welfare reform changes. The detail of the welfare reform changes are not covered in this report. However, there is concern that increased demand and homelessness may result from the accumulated changes. For example, the changes will see many households having to pay an element of council tax for the first time as well as less benefit being available to them. Therefore households will have to make decisions about paying their rent versus other household/personal financial commitments. In addition there is added fear about the motivation of households to maintain satisfactory rent accounts when access to the benefit system can only be achieved through the internet and payments are made direct to claimants on a monthly basis as opposed to weekly. Claimants will need to have appropriate bank accounts and arrangements in place. The work of the Welfare Reform Pilot is attempting to address some of these issues and encourage more household members into work.

2. Recommendation

Housing Select Committee is asked to consider and note this report.

3. Background

3.1 Borough dwelling mix

3.1.1 Home ownership is low in Lewisham compared to the London and national picture whilst the private and social rented sectors are high compared to the national picture. The social and private rented sectors make up 55% of the supply in Lewisham. Both rented sectors are therefore an important source of housing supply. Private landlords currently rent to 10,000 households who claim benefits. Through various interventions such as the Rent Incentive Scheme and Private Sector Leasing Lewisham has negotiated deals on approximately 800 properties in the private rented sector to accommodate households in need and on benefits.

Tenure Type	Lewisham	London	National
Owner Occupation	43%	50%	65%
Private Renting	25%	25%	15%
Social Housing	32%	25%	20%
Census 2011 data			

- 3.1.2 The large and growing private rented sector in the borough and across London presents opportunities for renting but also challenges in standards and managing the sector.
- 3.1.3 The challenges presented by the private rented sector can include inexperienced small landlords, poor standards, short term tenancies and higher rents. The higher the proportion of privately rented accommodation, the more opportunity for illegal evictions and homelessness. On the other hand, households who can not access the right size social rented housing in a reasonable time period, can often more than adequately satisfy their accommodation and wider needs, as long as they can meet the affordability issues and can rent for longer periods of time than the standard 6 month assured shorthold tenancy period.
- 3.1.4 Standards vary considerably in the private sector. Often the standard offered in the private rented sector can be better than the social rented offer. The below table summarises the key findings of the 2010 Lewisham Private Sector House Condition Survey. Please note that the stock condition information is at 2010 whereas other stock data in this report has been taken from other sources such as the 2011 Census.

Characteristic	Owner	Privately	All private	England
Characteristic	occupied	rented	sector stock	
Dwellings	48,410	33,180	81,590	
Per cent of stock	42%	29%	71%	82.0%
Non-decent	17,410	12,540	29,950	
As a % of each tenure	36.0%	37.8%	36.7%	35.8%
Vulnerable in decent homes	5,070	6,220	11,290	
% vulnerable households in decent	57.9%	60.2%	59.2%	61.0%
homes				
Category 1 Hazard	9,830	6,090	15,920	
As a % of each tenure	20.3%	18.4%	19.5%	23.5%
In Fuel Poverty	5,080	2,770	7,850	
As a % of each tenure	10.8%	8.8%	10.0%	13.2%
Mean SAP	50	53	51	48
Residents over 65	11,810	2,270	14,080	
As a % of each tenure	25.4%	7.2%	18.0%	24.4%
Households in receipt of benefit	8,750	10,340	19,090	
As a % of each tenure	19.0%	33.0%	24.0%	17.0%

4. Where does our demand come from?

- 4.1 Lewisham is home to over 250,000 residents from a range of diverse communities, neighbourhoods and localities. The local population is forecast to rise to over 290,000 over the next twenty years. Currently there are over 130 languages spoken by different communities across the borough.
- 4.2 While children and young people (0-19 years) make up 25 per cent of the population, elderly residents (over 75) make up just 5 per cent the average age of the population in Lewisham, at 34.7 years, is young compared to other London boroughs.
- 4.3 The main route into social housing in the borough is through homelessness and the Housing Register. This is made up of applicants from the private rented sector or those who live with relatives and want their own accommodation, homeless households and Council tenants whose needs have changed and so they need to move to alternative accommodation (overcrowded, under-occupiers, decants, etc). Tenants from Registered Providers are also included on the register.
- 4.4 The Council reviewed its Allocations Policy in October 2012 and reduced the Housing Register from 18,602 to 7,392 by removing Band 4 (households with no identified housing need). The Housing Register currently stands at 7,836 households with an average of 25 applications received on a weekly basis. See below table, Housing Register by bedroom size. This position was at January 2013.

		Band		
Bed				
size				
need	1	2	3	Total
0	0	1	4	5
1	364	259	1025	1648
2	342	160	2392	2894
3	81	204	1822	2107
4+	13	379	547	939
Total	800	1003	5790	7593

4.5 Homelessness

- 4.5.1 Government figures released in March 2013 show a sharp increase in the number of homeless families over the past year. In 2012 in London, 34,080 households with children were accepted as homeless, an increase of 12% on the previous year. At the end of 2012, 76,790 children were living in temporary accommodation, an annual increase of 11%. Currently every fifteen minutes another family find themselves homeless. The figures also show an increase in the number of families living in Bed and Breakfast establishments, up 29% since the same time last year.
- 4.5.2 Homelessness is problematic on a number of fronts. Firstly, upheaval for households who suffer homelessness can be a life-changing experience and impact negatively until permanent accommodation becomes available. Second, there is significant cost associated with managing homelessness, both on the financial front and staff time. This area of work becomes bound up in significant litigation, as customers can request reviews of decisions at various points in the process and therefore it is administratively intensive.
- 4.5.3 The Council is bound by legislation when assessing homelessness and therefore any single person or household presenting themselves as homeless must satisfy 5 tests. These are that: -
 - They are homeless;
 - They are eligible;
 - They are in priority need;
 - They are homeless unintentionally and
 - That they have a local connection to the area.
- 4.5.4 The reasons for homelessness for 2012/13:

The reasons for homeless fall into the following categories - Parental Exclusions, Friend Exclusions, Mortgage Arrears, AST Terminations, Loss of Rented Property, Violence and Miscellaneous. The overwhelming reasons for homelessness (over 80%) fall into the

- parental and friend exclusion categories and the termination of ASTs or loss of rental property. This pattern has repeated itself over many years.
- 4.5.5 In 2012/13, over 14,000 households visited the Housing Options Centre and Single Homeless Intervention Project (SHIP), of which, 1,211 households made a homeless application. Of these, 770 were accepted and therefore were accommodated in some form of temporary accommodation. These households will eventually be housed into permanent accommodation or we will discharge our duty if their circumstances change or they refuse a reasonable offer.
- 4.5.6 The Single Homeless Intervention Project (SHIP), deal with all the single households who have a housing need. Whilst the majority present as homeless, homelessness is prevented for the majority of cases and they are accommodated through supported housing and other routes. Therefore, single homeless cases only account for a small number of the 1,211 applications made in 2012/13. 1,938 single households approached the SHIP service in 2012/13. Of these approaches, 528 cases were accommodated in supported accommodation. The other cases were given advice and assistance in order to find their own accommodation. In the cases where households have been placed in supported accommodation, they will only be housed permanently when officers feel that they are ready for independent living. The table below, breaks the approaches down by age of the applicant.

SHIP PESENTATIONS	2012/13		
Age	Total	Male	Female
16 - 17	167	75	92
18 - 25	540	333	207
26 - 35	444	341	103
36 - 45	322	245	77
46 - 55	308	211	97
56 - 64	107	68	39
65+	50	29	21
Total Clients	1938	1302	636

4.6 Accommodating Homeless households

- 4.6.1 Before housing homeless households into permanent accommodation, they are placed into differing forms of temporary accommodation:
 - Hotel self or non self contained nightly paid
 - Hostel owned by the Council
 - Private Sector Leased Accommodation (PSL) leased from private landlords
 - Temporary through our own stock or a Registered Provider

4.6.2 As at the end of March 2013, there were 1,165 homeless households in differing forms of temporary accommodation.

Temporary Accommodation - March 2013		
BED & BREAKFAST	89	
HOSTEL	256	
LBL PSL	487	
RSL PSL	131	
LBL STOCK	96	
RSL STOCK	106	
TOTAL	1,165	

5. Where does the supply come from?

- 5.1 The council puts together a Lettings Plan every year to help to apportion the expected vacant properties among the many households looking for housing. It targets a proportion of properties by bedroom size to the relevant bands and housing groups. Essentially it is a tool to help officers monitor who they are housing and to help us to adjust and respond to emerging issues through the year. The process at the beginning (putting the plan together) is not an exact science and relies on a number of assumptions about supply:
 - An estimation of the Council voids (Lewisham Homes and RB3 properties becoming available for re-let over the year)
 - An estimation of Registered Provider nominations/ empty properties for rent becoming available over the year
 - Information about new build properties becoming available through the Development Pipeline
- 5.2 By using the best information available, it is possible to estimate the likely level of supply for the year. The 2012/13 total supply of new and re-let homes was estimated at 1,666 and the actual outturn was 1,661. The estimate is 1,515 for 2013/14. Appendix 1, shows how the 2013/14 Lettings Plan apportions expected lettings to the relevant bands/groups.

Affordable Rented Properties

5.3 Of the 1,661 lettings in 2012/13, 237 were Affordable Lettings from Registered Providers. The Localism Act gave powers to Registered Providers to charge rents at up to 80% of market rent levels. Whilst these rents are higher than social rents, Registered Providers generally do not have much choice in this matter as grant for house building has significantly been reduced and higher rents will yield additional resources to build new homes. Generally RPs have agreed to charge an average of 65% rather than up to 80%. Below shows the comparison of typical rents in the borough.

2013/14 Average Weekly Rents

	Bedsit	1 Bed	2Bed	3Bed	4 Bed	5 Bed
Council	68.32	80.63	90.55	105.42	117.00	132.97
HA estimated	70.53	89.87	101.97	114.54	130.13	142.38
HA Aff 2012/13	109.77	136.99	161.83	212.22	N/A	N/A
Private Rent Median	161.00	<mark>196.00</mark>	242.00	300.00	415.00	

- 5.4 In 2013/14 the properties let at affordable rents were 66% 70% of market rents and between £40 £107 higher than council rents but still within 40% of disposable income when based on the forthcoming universal credit total household income. The highlighted Private Rented Sector rents are not within 40% of disposable income.
- 5.5 The demand for affordable rented properties is similar to those for social rents and there has been only a small reduction in properties available for letting between 2011/12 and 2012/13 i.e. 3.4% reduction
- 5.6 As at 8th February 2013, 237 (16% of general needs lettings) properties had been let as Affordable with 31 refusals (13%) only 6 for affordability reasons.

Demand and Supply of Social Rented Properties

5.5 Existing demand on the Housing Register is 7,836. Over the year the borough accepts on average 600 statutory homeless cases and 1,200 applicants on the Housing Register. With approximately 1,600 lettings last year, the borough has just managed to keep on top of newly emerging need but can not do this and address the backlog. The table below maps the number of lettings in 2012/13 by bed size against the numbers on the Housing Register by bed size. These figures are as at January 2013.

2012/13 LETTINGS MAPPED AGAINST DEMAND (up to January 2013)

	Studio	1	2	3	4	5	6	Total
Lettings	69	529	572	257	56	7	2	1492
Demand	5	1648	2894	2107	939	0	0	7593

5. 6 This means that for every 1 bed property that becomes available, 3 other households are waiting. For every 2 bedroom property that becomes available, 5 households are waiting. For every three bedroom property that becomes available there are 8 households waiting and for every four bedroom becoming available, there are 17 households waiting.

5.7 Although targets for letting Council and Registered Provider properties were generally met in 2012/13, the average waiting times for accommodation being experienced are still rather long, considering some of the urgent circumstances residents find themselves in. The table below illustrates the average waiting times for the first three quarters of 2012/13.

Average waiting times (weeks) - April - Dec' 2012

Bedrooms housed in (affordable)

Band	Studio	1	2	3	4
1	82.9	124.8	137.8	78.2	110.5
2	8.5	17.8	28.5	77.7	333
3	58.3	100.3	126.6	252.2	284.9
4	286.5	209.5	173.9		
General Lets	98.1	94.5	101.9	160.9	294.6
Special Lets	357.1	174.4	225.4	92.6	210.9
Totals	134.4	106.6	109.9	159.2	285.1

5.8 Other supply that plays a role in the bigger picture

Empty Homes

- 5.8.1 Away from the main supply factors discussed above, other supply comes into the Council, that may not be looked at as conventional supply but plays a part in providing accommodation for those in housing need.
- 5.8.2 The Council carries out empty property work, which seeks to bring private sector empty properties back into use. This work can take many forms, from advice to landlords to providing grants to fund renovation works. Sometimes a simple piece of advice to a landlord, with little experience can make the difference between a property staying empty for months and being occupied by a needy family. The table below summarises the empty property position in the borough.

Empty Properties in Lewisham (snapshot at Oct' 2012) Dwellings Private Council RSL Private - 6 months+ 116,003 2,253 161 198 742 Source: CLG Return - October 2012

5.8.3 In 2011/12, 474 properties were brought back into use through some intervention from the council. The only cautionary note is that there can be a level of double-counting. The figure includes properties brought into use through the Private Sector Leasing Scheme and the Rent Incentives Scheme, for example. However, some of these properties are only able to be occupied because empty property grant has been provided.

Private Sector Leasing

- 5.8.4 Apart from the work carried out in the private sector to bring empty properties back into use, the council works with private landlords to lease properties through the private sector leasing scheme (PSL) to use as temporary accommodation. This is by far the largest individual source of housing supply for homeless households.
- 5.8.5 The council takes on and manages PSL properties for a period of time, usually for 3 years, where the rent is guaranteed to the landlord. We place homeless households in these properties and this is a growing resource to assist us in managing homelessness. To date we have procured 532 PSL properties and this provides a significant contribution to accommodating homeless households.

5.9 Rent Incentive Scheme

- 5.9.1 The Council also gives incentive payments to landlords, so that landlords can rent their properties on longer term Assured Shorthold Tenancies (usually 12 months) to homeless households who opt to be housed in the private rented sector. The rental period is often extended at the end of the 12 month period. In the rent incentive scheme landlords manage the properties themselves and the Council acts as a referral agent and assesses the quality of the property.
- 5.9.2 There is no compulsion in this scheme. Homeless households can opt to stay in temporary accommodation for a number of years to accept a social rented property or wait for a shorter period and be housed in the private sector. In 2012/13, 39 households were housed, plus 6 properties were renewed. The table below summarises the number of lettings through this scheme over the last two years:

Rent Incentive Scheme - Voluntary Private Sector Lettings				
Year	No Housed	Renewals	Out of Borough	
2011/12	73	68	1	
2012/13	39	6	2	
Totals	112	74	3	

5.9.3 There are currently 43 households in temporary accommodation waiting for suitable property to become available through this scheme. Properties for this scheme are low in comparison to the PSL scheme as more landlords are opting for the security of a guaranteed rent and the Council as the managing agent:

Break down of Current RIS waiting list

1	bed	2
2	bed	27
3	bed	9
4+	bed	5
Total		43

5.9.4 The incentives available under the scheme are comparable to other schemes across London, although there are some clear examples of some boroughs paying well in excess of our incentives in order to be competitive in this difficult market.

6. Challenges for the future

- 6.1 There are many challenges facing Lewisham for the future. The current Housing Register stands at 7,836, with an average of 25 applications received every week. Homelessness is rising in the borough and across London, with numbers in bed and breakfast accommodation increasing. The number of new homes and relets that are available every year cannot meet emerging demand and tackle the backlog of existing demand.
- 6.2 There is a commitment to build Council housing for the first time in 30 years in the borough, but with the recent Right to Buy discount increased to £100k, there are fears that significant sales will further impact severely on future social housing supply through relets.

Right to Buy Sales				
Year	Number			
2003/4	1,045			
2004/5	688			
2005/6	343			
2006/7	181			
2007/8	109			
2008/9	13			

2009/10	4
2010/11	11
2011/12	18
2012/13	17
2013/14	18
Total	2,447

- 6.3 Increases in the number of properties let at affordable rents and fixed term tenancies may also begin to impact on future relets although this has not been evident to date.
- 6.4 All boroughs in London are facing similar pressures in supply and demand and central London boroughs are worse hit by affordability issues and welfare reform. This may lead to increasing competition from other boroughs to solve their homeless and housing needs problems in boroughs where housing costs are cheaper or in areas outside London. London Councils has developed an Inter borough Temporary Accommodation Agreement to ensure boroughs do not offer higher incentives to landlords than the host borough. This is being closely monitored.
- 6.5 A comparison of some homeless information for the South East sub region is provided in the table below.

	Sub Regional Comparisons (2011/12) Private sector rent Homelessness Homeless In Temporary arrears due to AST							
	acceptances	accommodation	evictions	ending				
Bexley	334	300	10	66				
Bromley	634	612	36	135				
Greenwich	185	235	0	17				
Lewisham	567	1092	29	78				
Southwark	518	669	1	43				
Total	2238	2908	76	339				

6.6 It is clear that significantly increasing new supply across London is the only real way to address the housing shortfall but in the meantime other sources of housing must be found. The first houses to be built in the borough are not due to be constructed for a few years. These will not be in sufficient numbers to make any significant difference in the short or medium term.

6.7 In the meantime we will continue to exploit all sources of housing supply to meet a range of housing needs including social rented, private rented, empty homes, low cost home ownership etc.

7. Financial Implications

7.1 This report is for noting and discussion so there are no direct financial implications arising from it.

8. Legal and Human Rights Implications

- 8.1 The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 8.2 In summary, the Council must, in the exercise of its functions, have due regard to the need to:
 - eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 8.3 The duty continues to be a "have regard duty" and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
- 8.4 The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010, Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at:: http://www.equalityhumanrights.com/legal-and-policy/equality-act/equality- act-codes-of-practice-and-technical-guidance/
- 8.5 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- 1. The essential guide to the public sector equality duty
- 2. Meeting the equality duty in policy and decision-making
- 3. Engagement and the equality duty
- 4. Equality objectives and the equality duty
- 5. Equality information and the equality duty
- 8.6 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: http://www.equalityhumanrights.com/advice-and-guidance/public-sector-equality-duty/guidance-on-the-equality-duty/

9. Crime and Disorder Implications

This report is for noting and discussion so there are no direct crime and disorder issue arising from it.

10. Equalities Implications

This report is for noting and discussion so there are no direct equalities implications arising from it.

11. Environmental Implications

There are no environmental implications arising from this report.

12. Conclusion

- 12.1 This report draws the issues of supply and demand to the committee's attention. Like all London boroughs, it is not possible for Lewisham to meet the diverse needs of its community in housing terms, in the borough. Lewisham needs to explore ways to create opportunities for more supply of accommodation to be made available to residents.
- 12.2 If Members agreed for the Housing Register to close until all households were housed, it would take approximately 5 years, but this would depend on bed size, choice and other issues. For the larger families the wait would be considerably longer.

If you require more information about this report please contact Genevieve Macklin, Head of Strategic Housing on 0208 314 6057.

Appendix 1 – Draft Lettings Plan 2013/14

Band and Priority Reason	Bed Size Need						
	Da dait	4 15 5 5	0 6	ا ما د	4+	Tatal	
Bond 4	Bedsit	1 bed	2 bed	3 bed	bed	Total	
Band 1	_	67	20	20	0	405	
Decants	0	67	30	30	8	135	
Under Occupiers	0	58	76	15	0	149	
All other band 1	0	30	65	22	10	127	
Total band 1	0	155	171	67	18	411	
Band 2							
Supported housing move-on	53	102	0	0	0	155	
Serious Overcrowding	0	0	55	73	15	143	
All other band 2	1	35	40	45	10	131	
Total band 2	54	137	95	118	25	429	
		707				,	
Band 3							
Homeless in temporary	45	00	400	00	0.5	0.40	
accommodation	15	60	180	60	25	340	
All other band 3	4	10	18	10	1	43	
Total band 3	19	70	198	70	26	383	
Total general lets	73	362	464	255	69	1223	
Temp to perm sign-up	0	1	108	17	0	126	
Sheltered	-		1 2 2	<u> </u>		, = ,	
Under occupiers	0	15	0	0	0	15	
Medical High	0	5	0	0	0	5	
General sheltered need	10	60	0	0	0	70	
Disabled adapted							
Decants	0	2	2	0	0	4	
Medical High	0	5	6	6	0	17	
General disabled need	0	2	0	2	0	4	
Total special lets	10	90	116	25	0	241	
Contribution to pan-London							
Mobility	7	23	14	7	0	51	
Overall total lets	90	475	594	287	69	1515	