Greater Norwich Housing Market Assessment

UPDATE

September 2011

CONTENTS

GLOSSARY OF TERMS

Registered Provider of Affordable Housing (RP's) – formerly known as Registered Social Landlords these are independent housing organisations registered with the Homes & Communities Agency under the Housing Act 1996. Most are housing associations, but there are also trusts, co-operatives and private companies.

Intermediate Tenure
Housing at prices and rents above those of social rent, but below market price or rents.

Social rent – defined in Planning Policy Statement 3 as 'rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime.' They are typically around 50-60% of market rents.

Affordable rent – defined in PPS3 as 'Rented housing let by registered providers of social housing to households who are eligible for social rented housing, but is subject to other rent controls that require a rent of no more than 80% of the local market rent.'

The 80% cap will be inclusive of any service charges and will be calculated through an independent valuation based on a method recognised by RICS. The HCA have advised RP's that they should only consider less than 80% where there is a clear business case for doing so such as where local housing allowance levels are lower than affordable rent or where a tenant is being decanted from a property and moving back to the site once redeveloped. The Affordable Rent tenure is only available to Registered Providers who commit to reinvest extra revenues in new supply.

Shared ownership
Part buy / part rent.

Shared Equity
Intermediate tenures whereby the occupier purchases a substantial proportion of the equity, with the remaining equity being held by the developer and/or a Registered Provider.

New Homes Bonus (NHB) – Councils will receive a new homes bonus (NHB) per property for the first six years following completion. Payments will be based on match funding the council tax paid on each property, dependent on which banding the new build falls within. An additional £350 per annum will also be awarded, when a property is classed as affordable housing. It is worth noting though that any properties that are classed as empty homes at the time of calculation will be deducted from the total of new dwellings.

Community Infrastructure Levy (CIL) – The Community Infrastructure Levy (the levy) came into force in April 2010. It allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. This includes new or safer road schemes, schools, community facilities, park improvements, green spaces and leisure centres.

The levy must be charged in pounds per square metre on the net additional increase in floorspace of any given development.

The regulations provide 100 per cent relief from the levy on those parts of a chargeable development which are intended to be used as social rented housing.

Section 106 Agreement – Section 106 (S106) of the Town and Country Planning Act 1990 allows a local planning authority (LPA) to enter into a legally-binding agreement or planning obligation with a landowner in association with the granting of planning permission. The obligation is termed a Section 106 Agreement.

These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing.

EXECUTIVE SUMMARY

This report updates the Greater Norwich Housing Market Assessment published by the Greater Norwich Housing Partnership in September 2007 and the subsequent refresh carried out in 2009. It is based on the findings of interviews with key players in the housing market held in February and March 2011, and on re-calculating housing need using the same methodology as Opinion Research Services (published in June 2006).

The construction of new homes has continued to fall, 2009/10 saw the lowest level of overall completions over the past 6 yrs, at 1242 for the Sub-region.

By the end of 2010 the average house price had increased to the same levels as at the end of 2006 at £192,160. This is an 11% increase from the dip in quarter 2 of 2009, and an overall increase of 0.3% from the original housing market assessment. Future prices will be influenced by market confidence and the availability of mortgages, especially for first time buyers**.**

392 affordable homes were completed in Greater Norwich in 2009/10 and 304 in 2010/11. Affordable housing completions are low compared with 2006-2009 where there were 500+ completions each year.

The number of applicants for affordable housing increased significantly in 2010 but has fallen back in 2011 to the same level as in 2009.

Private sector rents have increased slightly from the 2009 figures; however are still 3.3% lower than in 2006. There is strong demand for all property types but particularly for 2 and 3 bedroom houses.

Overall 5 year housing requirement across the sub-region has fallen slightly from the 2009 refresh to 10,382 from 10,659 but this is still an increase of 7.1% across the sub-region from 2006 when the requirement was 9,691.

The overall affordable housing need as a percentage of housing requirements has increased to 46.3% across the sub-region, now 962 per annum.

1. INTRODUCTION

1.1 The Greater Norwich Housing Partnership conducted a comprehensive Housing Market Assessment (HMA) of the Greater Norwich Sub-region between Spring 2006 and Summer 2007. It was based substantially on the ORS research into sub-regional housing requirements published in June 2006. The final report was published on 13 September 2007, 'A Study of the Operation of Housing Markets in the Greater Norwich Sub-region'. http://www.south-norfolk.gov.uk/housing/2527.asp

1.2 In response to the ever changing property market since the HMA was published, the GNHP has decided to produce regular updates; the last update was undertaken in 2009. This Update has a limited brief; combining a mixture of desk research, ORS data (using adjustments to the original base data) and a number of telephone interviews, and is designed to be achieved with existing staff resources.

1.3 Outcomes of the report will be presented to the Greater Norwich Housing Partnership's policy group, and internally within each authority where appropriate.

1.4 The Greater Norwich Housing Partnership covers the administrative areas of Broadland District, Norwich City and South Norfolk Councils. Membership includes the three local authorities, housing associations with stock in the Sub-region, and range of other housing organisations in the private and voluntary sectors, including developers, support agencies, project managers and architects. http://www.south-norfolk.gov.uk/housing/2487.asp

1.5 If you have any questions about this report, please contact:

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2. THE PROJECT BRIEF AND METHODOLOGY

2.1 **Objective**

The Greater Norwich Housing Market Assessment was published in September 2007. Since then the housing market has continued to experience substantial changes, including:

- Property prices beginning to increase following the slump, but still a long way from previous levels.
- Stagnation of the construction and development industry.
- Mortgages more difficult to obtain and lenders requiring substantial deposits.
- Restricted lending impacting on home buyers, developers and access to shared ownership.
- Change in funding arrangements creating an uncertain future for the development of affordable housing
- Significant change in housing and planning legislation, e.g. Housing benefit and Local Housing Allowance, introduction of Community Infrastructure Levy, Affordable Rent Tenure.

This report will investigate the current state of the housing market, and general housing trends in the short-term, providing a picture for the Sub-region to respond to accordingly.

2.2 **Resources**

The local authorities have no financial resources to pay for additional staff time to carry out the assessment; therefore the majority of the work has been carried out by the GNHP Co-ordinator with support from the HMA subgroup.

2.3 **Timing and Duration**

This is not a comprehensive update of the full HMA, which took almost 2 years. The intention is to focus on the issues set out in section 2.1 above, using the framework created for the 2009 HMA Update. The project ran from February – June 2011, which takes into account time to present outcomes.

2.4 **Methodology**

Due to the limited timescale, it was decided that the most effective use of resources would be to undertake the two exercises outlined below:

a) Investigating the Current Housing Market

The purpose of this exercise was to establish facts demonstrating the changes in Greater Norwich since 2007, and to investigate the impact on key players in the housing market. The methodology for this was a series of telephone interviews involving key players in the housing market. Representatives included:

- Developers
- Housing Associations
- Mortgage advisors
- Private rented sector agencies
- Local authority strategic housing and S106 officers

The information collected through discussions covered the following areas:

- most important housing issues at present
- most important factors affecting the housing market
- changes likely to take place in the market during 2011
- outline of activity, and priority areas of work during 2011
- interventions necessary to improve the situation
- response to legislation changes
- approaches to delivering affordable housing
- approaches to funding, finance and efficiency savings

b) Updating the ORS Research

In 2005 the Greater Norwich Housing Partnership commissioned Opinion Research Services (ORS) to research housing need in the Sub-region. The spreadsheet is unique to Greater Norwich, and it was necessary for ORS to make various changes and test them to ensure the accuracy of the calculations. The findings were published as an Evidence Base for a Housing Market Assessment: A Study in Housing Need and Stock Condition (June 2006). http://www.south-norfolk.gov.uk/housing/2744.asp

For the 2009 and 2011 updates, the original data has been used as a basis for the housing need calculations. ORS made available a spreadsheet which enabled us to update the figures used in their calculations. Percentage adjustments determined from the desktop data have then been input into the spreadsheet to establish how the market has changed since 2006. The following variables were adjusted, using 2010/11 data:

- new households,
- dissolutions,
- social rent levels,
- private rent levels,
- house prices,
- household income.

With the current uncertainties over the economy, we propose not to change assumptions about migration. We have used the latest data for all variables – in most cases figures will be from the end of 2010.

The outcome of this exercise is revised figures for the annual housing requirement, and within this:

- the number who can meet their requirement on the open market,
- the number who can meet their need through intermediate tenure,
- the number whose need can be met only through social rent.

2.5 **Outputs**

The main output is a single report incorporating the findings of the two research exercises. There are conclusions but, as with the original HMA, there are no recommendations.

a) The investigation into the current housing market should provide a better understanding, and a basis for housing and planning activity.
b) Updating the ORS calculations provides up-to-date evidence of tenure requirements. This too will be useful for housing and planning activity.

3. HOUSING DEVELOPMENT

3.1 The market is continuing to experience the long-term effects of the economic downturn, and due to the natural time lag in the development and construction process the knock-on effects will continue to play out several years beyond the initial impact. As a result, the sub-region has seen another year of reduced delivery.

3.2 The table below illustrates the trend for the last few years.

Table 3.2 Housing Completions (includes market and affordable combined)

	Broadland (net)	Norwich (net)	South Norfolk (net)	Greater Norwich
2004/05	282	690	434	1406
2005/06	139	879	340	1358
2006/07	280	954	604	1838
2007/08	221	1,040	1,223	2,484
2008/09	294	527	907	1728
2009/10	198	399	645	1242

Source: AMRs 2009/10, from district websites

3.3 Availability of finance continues to be a major issue for developers, RPs and for potential purchasers of new homes, resulting in a stagnating market.

3.4 Developers have reacted to the fall-off in sales by greatly reducing the number of homes completed and where possible reducing the sale price. Many have been forced to balance profitable sales with survival of the company. This has created a business pattern oscillating between selling low to meet overheads and generating profit for business growth. It is not a sustainable solution but at present there are no signs to suggest the situation will change in the foreseeable future.

Community Infrastructure Levy

3.5 The legislation introducing the Community Infrastructure Levy (CIL) came into force from April 2010. Local authorities can choose to charge the levy on new developments in their area implementing it alongside 'scaled back' Section 106 agreements. The levy will help pay for the infrastructure required to support new development.

3.6 The Joint Core Strategy for Broadland, Norwich and South Norfolk was adopted on 24 March 2011. Between 2008 and 2026 the JCS is designed to deliver substantial growth in housing and employment – 37,000 homes and 27,000 new jobs. This is dependent on investment to provide supporting infrastructure. A Community Infrastructure Levy has the potential to contribute considerable income to towards providing the essential infrastructure identified in the JCS.

3.7 Feedback from interviews on the subject of CIL produced mixed reactions from Housing Associations. On the one-hand they felt it was advantageous not to have to pay CIL on affordable housing, but on the other hand there was concern that the level of affordable housing would be negotiated down, where the impact of additional CIL infrastructure charges reduces the viability of a scheme. It was generally thought that CIL will increase the cost of development which, in the case of affordable housing, was feared by some associations would be passed on to tenants through rent increases.

3.8 Housing Associations also generally felt, as with the New Homes Bonus (NHB), that the use of CIL funds is in the hands of the Local Authorities. There was scepticism in how the generated income will be used, both from NHB and CIL, as it is largely seen to be influenced by the priorities of the authority, eg. The pressure of affordable housing versus infrastructure.

3.9 Although there are obviously some concerns from Housing Associations about the introduction of a CIL, Broadland, Norwich and South Norfolk Councils are committed to ensuring that future demands for jobs and homes are met and CIL must be set at a level that is viable and supports the Joint Core Strategy that provides policies which provide a range of accommodation to house the growing population to buy, rent and be supported in, recognising the requirement of different groups in society.

3.10 Policy Four of the JCS states that proposals for housing will be required to contribute to the mix of housing required to proved balanced communities and meet the needs of the area, as set out in the most up to date study of housing need and/ or Housing Market Assessment, with a policy target of 33% Affordable Housing on schemes of 16 dwellings or more.

3.11 The Affordable Housing Viability Study (Drivers Jonas, 2010) shows a reasonable prospect that the affordable housing requirements are likely to be viable (without grant) in a significant proportion of cases in the various market scenarios that may prevail over the course of the JCS period.

3.12 Further work commissioned by the Greater Norwich Development Partnership, Viability Advice on a CIL/ Tariff for Broadland, Norwich and South Norfolk (GVA Grimley, 2010) concluded that a CIL/ Tariff is viable under normal market conditions, assuming no NAHP grant and assuming that at least a 20% affordable housing contribution is provided).

Expectations for the Future

3.13 Over the next few years the sector will continue to experience a great deal of change, influenced by new legislation and change in funding arrangements. Until this begins to settle it is unclear what levels of development will be seen in the Sub-region or what strategies companies will use to adapt to the changes. In the short-term development is likely to continue at lower levels, ‘treading water’ rather than seeing significant business growth.

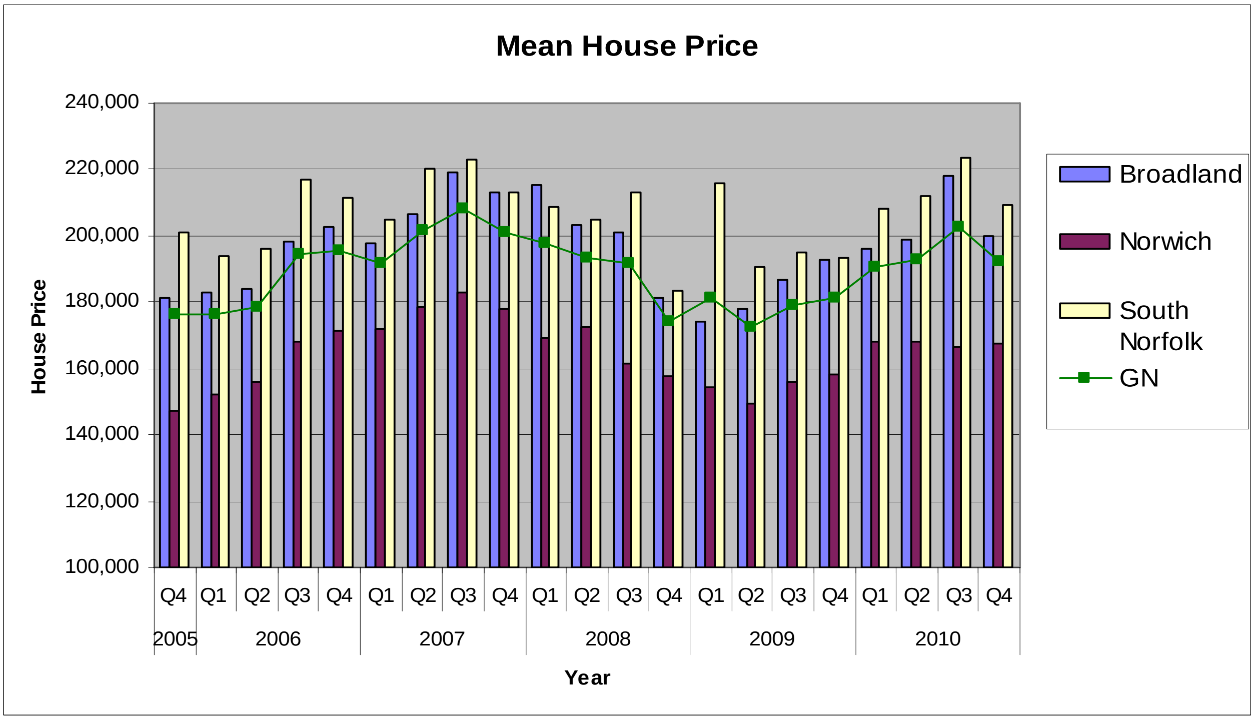
3.14 Developers and Housing Associations have been forced to carry out efficiency savings and redundancies, but to varying degrees. It largely depends on the culture of the organisation in adapting to change – attitudes have changed from 2009, in that organisations are focussing on evolving to stay buoyant, rather than waiting for recovery in the market as a solution.

4. THE OWNER-OCCUPIED MARKET

House Prices and Affordability

4.1 The chart below illustrates changes in property prices in recent years.

Chart 4.1 Changes in House Price



Source: Department of Communities and Local Government.

4.2 Generally house prices remain historically high. The figures show that at the beginning of 2006 the average price in Greater Norwich was £176,375. The top of the market was reached in quarter 3 of 2007 where the average price was £208,383. This is an increase of 18% within a two year period.

4.3 The notable dip happened in Q4 2008, lasting into 2009. Prices were equivalent to the end of 2005 at £174,140.

4.4 By the end of 2010 the average house price had increased to levels at the end of 2006 at £192,160. This is an 11% increase from the dip in quarter 2 of 2009, and an overall increase of 0.3% from the original housing market assessment.

4.5 House prices remain consistently higher in Broadland and South Norfolk, compared with the Norwich City area, with an average difference of £40,000.

4.6 The table below illustrates the changes in the mean average earnings across the sub-region.

Table 4.6 Changes in Average Household Income

Area	2006 (£)	2007 (£)	2008 (£)	2009 (£)	2010 (£)	Difference 2006-2010 (£)	% Increase
Broadland	32,526	33,920	34,302	34,884	35,131	2,605	8%
Norwich	27,418	28,896	28,252	28,814	27,917	499	1.8%
South Norfolk	32,275	33,651	34,217	34,869	35,085	2,810	8.7%
Greater Norwich	**30,597**	**32,076**	**32,133**	**32,668**	**32,488**	**1,819**	**6%**

Source: Norfolk Insight

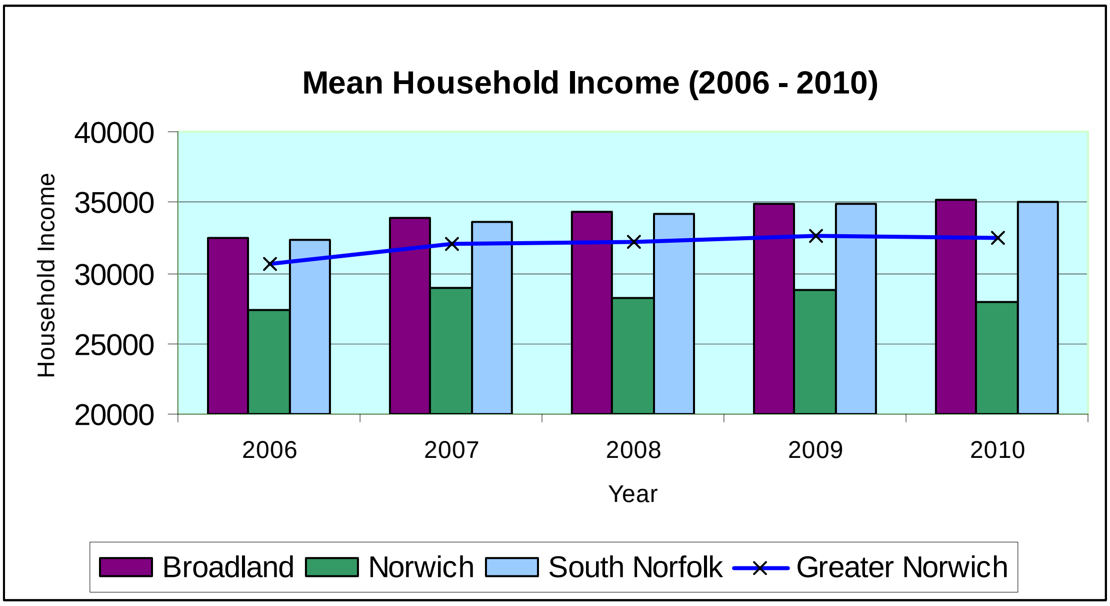


Chart 4.6 Changes in Average Income

4.7 Average income in the sub-region has shown a gradual increase in each district since the original research was undertaken in 2006. The largest increase has been seen in South Norfolk, while Norwich City has experienced fluctuation.

4.8 In line with house prices, household income remains consistently higher in Broadland and South Norfolk, compared with the Norwich City area, with an average difference of £6,500. One reason for this is likely to be the higher number of one person households in the Norwich City area, producing a lower average income per household.

4.9 The 'price: earnings' ratio for Greater Norwich has changed due to fluctuating house prices. In 2006 the ratio was 5.7:1, increased to 6.5:1 at the height of the market in 2007 and has fallen back to 5.9:1 by the end of 2010.

Buying a Home

4.10 One of the greatest impacts on the housing market has been the unwillingness of mortgage lenders to lend on terms which match the capabilities of potential purchasers, hitting first-time buyers and those who bought at the peak of the market hardest. Typically the lenders require a large deposit – up to 40% of the value of the property. Smaller deposits tend to incur higher interest rates. Lenders are particularly cautious of the additional risk associated with first-time buyers meaning in practical terms it is very difficult for buyers to access mortgages.

4.11 Confidence in the market remains low, seen in the reluctance of people to sell properties while the job market remains unstable. This means properties at the lower end of the market are not being released to first-time buyers. In addition, the imminent threat of increasing interest rates is putting more pressure on an already fragile market. The combination of these factors has resulted in cautiousness towards the housing market across all sectors.

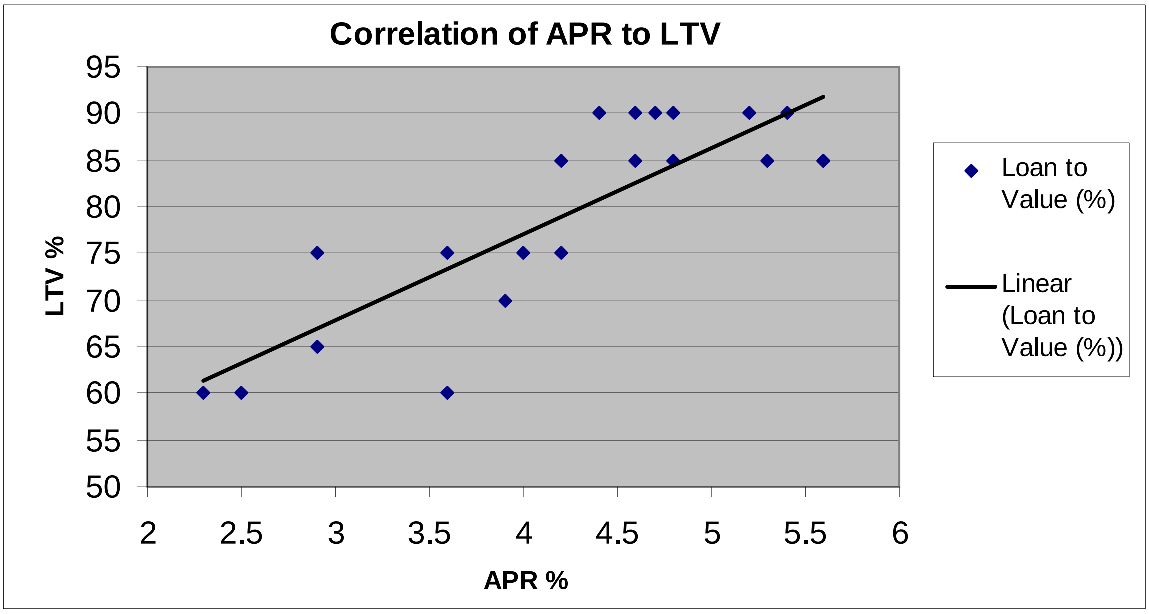
4.12 Below is a table showing a range of products accessible to first-time buyers available from a selection of lenders with branches in Norwich (April 2011). It also demonstrates the complexity of the system in determining which product is the most appropriate, which creates another barrier to accessing products even before initial discussions take place.

Table 4.12 Examples of Mortgage Products Available in April 2011 for first time buyers

Company	**T/F**	**Interest Rate APR (%)**	**Maximum Loan to Value (%)**	**Deposit %**	**Arrangement fee (£)**
HSBC	Tracker	4.4	90	10	999
Santander	Tracker	4.7	90	10	199
HSBC	Fixed	5.2	90	10	-
Halifax	Tracker	5.6	85	15	1495
Britannia	Tracker	3.6	75	25	999
Nationwide	Tracker	4.0	75	25	99
First Direct	Tracker	2.9	65	35	199
HSBC	Tracker	2.3	60	40	99

Source: www.mortgages.co.uk

Chart 4.12 Correlation between Interest rate APR and Loan to Value (April 2011)



4.13 The above chart shows the significant increase in interest rate for the life of the mortgage (both for fixed and tracker products) when buyers only have access to smaller deposits to put towards the purchase of the property. Concerns were raised by a number of participants that a rise in interest rates is imminent, adding further pressure to households who have already reached their financial limit to access mortgages. This is likely to have a longer lasting knock-on effect for the housing market beyond the point where it starts to pick up.

First-time buyer mortgage initiatives

4.14 Issues identified in the 2009 update remain largely the same - lenders are still not offering a product which meets the needs of most purchasers. Issues identified by first time buyers to be addressed include:

- a high loan to value ratio so that purchasers do not require a high level of savings;
- interest rates which are affordable, ideally fixed for a reasonable period without a large arrangement fee;
- Less restricted availability (e.g. not limited to existing customers or to applicants requiring only small multiples of income).

Meeting the varying eligibility criteria for mortgages remains restrictive and confusing, as terms are different between lenders.

4.15 The following initiatives have been introduced since the 2009 update, aiming to assist first-time buyers and reducing the financial pressure on parents in supporting their children onto the property ladder.

Table 4.15 Initiatives for First-time Buyers

Local Lend a Hand (Lloyds TSB) - Council scheme	Mar-11	Five councils have been selected as part of pilot, with 10 others keen to sign up. The councils will put 20% of the price in a Lloyds TSB account, with the lender asking for a 5% deposit. Councils will step in to provide a security worth up to 20% of the property's value, which would be held with the lender and on which interest would be paid, enabling the buyer to qualify for a lower mortgage rate. The individual would still borrow up to 95% of the property's value, but they would also own the home outright - unlike under a shared ownership scheme.
FirstBuy scheme - government initiative announced in Budget 2011	Mar-11	The initiative is open to those with a household income of less than £60,000 a year who can put down a 5% deposit on a new home. Applicants will be eligible for a loan worth up to 20% of the value of the property, jointly funded by the government and housebuilders. The loan will be interest-free for five years and only be repayable when the house is sold.
Hitachi Capital / Barratt	Jan-11	The Hitachi Capital loan deal enables parents to secure funds for the deposit on a new home for their child from the Barratt Group, whose brands include Barratt Homes, David Wilson Homes and Ward Homes. It means the typical buyer will need to raise only a five per cent deposit and find an 80% mortgage from a reputable lender. The remaining 15% is provided by Hitachi Capital (UK) plc as an unsecured loan to the parents of up to £50,000 for a period of 12 years at a fixed interest rate of 5.4%. There is no penalty for early repayment or overpayments made during the period of the loan.
Lend a Hand (Lloyds TSB)	May-09	The individual needs a 5% cash deposit, plus the backing of someone to help them onto the property ladder by putting their savings up as additional security for the mortgage. The guarantor will need savings of up to 20% of the property value. The deposit and the savings of the guarantor must equal 25% of the property value - they still earn interest on their savings, allowing the individual to benefit from the lower mortgage rates similar to those available to customers with a 25% deposit.

4.16 HomeBuy Direct has been reported to be more successful than shared ownership, as the property is owned outright at the end. HBD ended in October 2010 and will be replaced by the government FirstBuy Scheme mentioned in the table above.
(See also 6.19 in relation to the HCA’s prioritisation of shared ownership and shared equity)

Expectations for the Future

4.17 The following comments are taken from interviews with mortgage specialists:

- It has taken a long time for rates to come down, although in the last 12 months this started to happen. However, lack of confidence in the market has meant that interest rates are still unstable - since the media has been ‘talking up’ bank rates, the last few months has seen rates increasing again.
- Although APR on mortgages appears quite low, it is based on the term of the mortgage and therefore very unlikely that rates will remain this low for the next 25 years.
- Arrangement fees are little changed since 2009, and as a rule there is no correlation between fee and Loan to Value ratio or Interest rate APR. It is worth noting that more and more lenders are introducing Booking Fees which are paid up front and non refundable.

5. THE PRIVATE RENTED MARKET

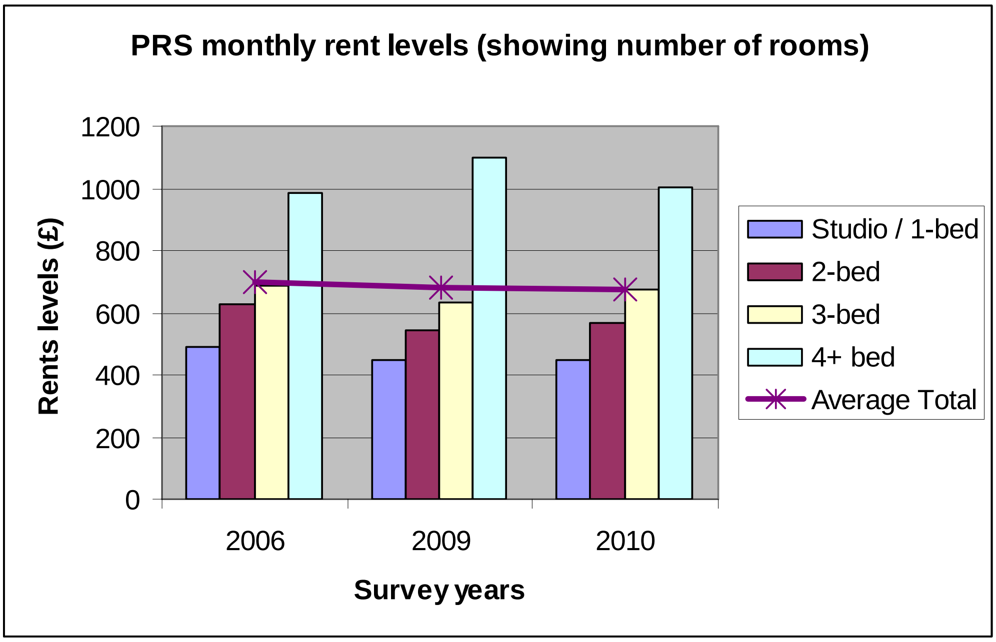
5.1 In order to ascertain the changes to rent levels in the private rented sector a sample of 303 properties currently being advertised for rent was taken from the Right Move website and compared to the survey carried out for the Housing Market Assessment, and the 2009 update.

Table 5.1 Changes in Rent Levels in Greater Norwich

	2006 (£)	2009 (£)	2010 (£)	% Change
Studio / 1-bed	489.84	446.98	446.43	-8.9%
2-bed	624.13	544.35	568.13	-9%
3-bed	684.49	632.45	674.07	-1.5%
4+ bed	983.80	1098.54	1000.77	+1.7%
Average Total	**695.57**	**680.58**	**672.35**	**-3.3%**

Source: HMA Survey March 2007, and sampling exercise using www.rightmove.co.uk (Apr 2011)

Chart 5.1 Changes in Rent Levels in Greater Norwich



5.2 Results from the Right Move survey show that rents have continued to drop slightly, with a decrease of 3.3% between 2006 and 2010. Having said this, 1 bed properties have remained stable over the past year, and 2 bed and 3 bed properties have both risen by at least 4.5%. 4+ bed properties have seen the greatest drop in rent level since 2009, affecting the overall trend line.

5.3 There is a good supply of 2 and 3 bed houses across Greater Norwich – demand for these properties has meant a gradual increase in rent levels within these two categories. Private Rented Sector representatives supported this, saying that 2 bed properties continued to be attractive to the market, along with terraced houses in Norwich.

5.4 Private rented sector organisations and letting agents reported that it is relatively easy to let properties at the moment as tenant demand greatly outweighs availability. Consequently, competition for new business instructions is extremely tough. Despite this, landlords remain reluctant to expand their portfolios due to lack of borrowing opportunities, and the imminent rise in interest rates. The Buy to Let market is reportedly beginning to pick up but lending criteria remain strict.

Local Housing Allowance

5.5 Since 2007 Local Housing Allowance arrangements have been introduced throughout Greater Norwich. Tenants claiming Housing Benefit have the right to have the benefit paid to them rather than direct to the landlord. Consequently, landlords are more reluctant to offer tenancies to people who rely on Benefit.

5.6 April 2011 saw significant changes to the way LHA is calculated and applied, which is likely to have a major knock-on effect for the Private Rented Sector.

- LHA rates will be lower as they will be calculated using the 30th percentile, rather than the median
- Single room rates previously applied from the age of 25+. From April 2012 single room rates will only apply from the age of 35+. Below this age LHA will apply at Shared Room rates.
- LHA rates capped at 4 bedroom rate, even for larger properties
- £15 maximum top-up (where LHA is up to £15 over the rent level) to be removed

Table 5.6 Local Housing Allowance Levels in Greater Norwich, April 2011.

Property Type	**Weekly LHA Level Greater Norwich**	**Monthly LHA Level Greater Norwich**
Shared Room	£56.54	£245.01
1 Bedroom	£91.15	£394.98
2 Bedroom	£111.92	£484.99
3 Bedroom	£126.92	£549.99
4 Bedroom	£173.08	£750.01
5+ Bedroom	Treated as 4 bedroom (as above)	

Source: SNDC district council website – April 2011

5.7 In the 2011 sample of 303 properties for let, 17% (52 properties) were within the LHA limit compared with 36% in the 2009 update. This exercise was carried out after the LHA changes in April 2011.

Table 5.7 Percentage of properties whose rent is above LHA level

No of rooms	**Percentage of properties with rents fully met by LHA payments** (in relation to no of rooms)
Studio	50%
1bed	14%
2bed	19%
3bed	10%
4bed	36%
5bed	0%
Total	17%

5.8 Landlords expressed concerns that tenants receiving LHA may struggle to meet rent payments, and that landlords will be forced to reduce rents. However, until the full details are known landlords are left in limbo. Similarly the increase in age from 25 to 35 in order to access single room rates means that people in this age group are less likely to be able to rent a flat and there will be a greater need for single room lets, changing the dynamic of the housing stock, and potentially reducing the quality of the housing stock at the point of resale.

5.9 The following additional points were gathered from telephone interviews carried out with private rented sector representatives:

- From the lender's perspective, portfolios of over ten properties present a greater lending risk, meaning that landlords with the financial security to borrow and to take on more properties are unable to do so.
- As landlords trade as individuals, rather than businesses, they are required to pay Capital Gains Tax when a property is sold. Therefore, unlike a business, not all the money from the sale of a property is available to be reinvested. Landlords are tending to hold on to properties, particularly those in a poorer state, because it is more attractive than selling, but at the same time cannot find tenants for them. If CGT wasn't an issue, these properties, could be released back to the market to first time buyers to take advantage of the lower cost and refurbishment opportunities, creating churn in the market. This would allow landlords to buy more rentable properties, benefitting the Private Rented Sector as a whole.
- Across the board it was felt that the market is being hindered by a great deal of uncertainty and scare-mongering. Landlords feel they are in limbo while they wait for the rise in interest rates. Similarly the change in government legislation, e.g. Article 4 in relation to the requirement for planning permission to change certain properties into HMOs, LHA changes – all the while it is unknown to what degree these changes will impact on the sector, preventing landlords from planning ahead.

Expectations for the Future

5.10 Landlords expect to see a repeat of last year during 2011, with evidence of recovery beginning to be seen in 2013, when properties start to come through from existing landlords. It was felt that the recovery process could be assisted through government intervention in the form of tax incentives or reduction in stamp duty, thereby enabling landlords to increase their portfolios and increasing the availability of properties on the market.

6. THE AFFORDABLE HOUSING MARKET

6.1 Since the adoption of the Joint Core Strategy in March 2011 the affordable housing targets for the Sub-region stand at 33% for developments of 16 dwellings and over, 30% for developments of between 10 and 15 dwellings and 20% for developments of between 5 and 9 dwellings. It is hoped that this will make schemes more viable than the originally proposed 40% target and potentially increase market activity. The Greater Norwich Development Partnership Affordable Housing Viability Study, carried out in July 2010 by Drivers Jonas Deloitte explores the surrounding factors in greater detail. http://www.gndp.org.uk/content/wp-content/uploads/downloads/2010/07/GNDP-Affordable-Housing-Viability-Study-FINAL.pdf

6.2 The table below shows the number of completions in each of the last 7 years, including forecast figures from 2010/11 (as yet unverified, as prior to end of year submission).

Table 6.2 Affordable Housing Completions in Greater Norwich

	Broadland	Norwich	South Norfolk	Greater Norwich
2004/05	82	255	26	363
2005/06	32	244	71	347
2006/07	107	293	108	508
2007/08	39	283	245	567
2008/09	83	229	403	715
2009/10	61	120	211	392
2010/11	31 (+0 HBD* =31)	112 (+7 HBD* = 119)	110 (+44 HBD* = 154)	253, (inc HBD* =304)

Source: Internal records from each district (Housing Development)
* HBD – HomeBuy Direct

6.3 The overall trend has been an increase in the stock of affordable housing, but not sufficient to meet the annual need. Since 2007 very few properties have been lost from the social rented stock through the Right to Buy and the Right to Acquire. However, some shared ownership properties are no longer affordable homes because their owners have bought the equity previously owned by the housing association. Nevertheless, during the last four years there has been a substantial net increase in the stock of affordable housing of almost 2000 homes.

6.4 In November 2007 the Greater Norwich Housing Partnership introduced its sub-regional choice based lettings arrangement, Home Options. Applicants are registered with one district council as their ‘primary authority’ but can place a maximum number of bids per week in each district. The figures below are based on ‘primary authority’ figures, and also include people already in social housing but requesting a transfer to another property within the Sub-region.

Table 6.4 Number of people registered on Greater Norwich Housing Register.

	Broadland	Norwich	South Norfolk	Greater Norwich
2005	2606	5583	2685	10874
2006	3185	5601	2967	11753
2007	3883	5256	3117	12256
2008	2801	6999	2945	12745
2009	3404	8038	4003	15319
2010	3,503	9,169	4,832	17,504
2011 (Mar) Abritas report	*3450*	*6761*	*5024*	*15235*

Source: Housing Strategy Statistical Appendices

6.5 There continues to be strong demand for social rented housing, as expressed through bids on Home Options. Bids are being made for all property types throughout Greater Norwich, and there are no long-term, difficult-to-let properties.

Social Rented Housing

6.6 Most of the Affordable Housing Completions listed in Table 6.2 above were provided for social rent. During the period 2009-2011 the majority of new homes were in the growth areas of the Norwich housing market (within the City and in places such as Costessey and Cringleford, and building on former lock-up garage sites). In Broadland and South Norfolk homes were built in villages for local need in Burston, Bressingham, Rockland St Mary, Great Moulton, Alpington, Thurlton, Barnham Broom, Bergh Apton, Denton, Scole, Reepham, Horstead, Freethorpe, and Halvergate. Such exception site schemes make a valuable contribution to the social sustainability of rural settlements.

6.7 In order to determine social rent levels, information on how much Local Authorities charge for their properties is collected through the second subsidy claim form. Data on the cost of renting housing association properties comes from two sources:

- the continuous recording system (referred to as CORE) for rents charged for newly let housing association properties; and
- the regulatory and statistical return (RSR) for rents charged for all RSL properties. The RSR is an annual return that has to be completed by all housing associations.

6.8 The table 6.8 below illustrates the changes in the average housing association rent levels across the sub-region.

Table 6.8 Weekly Average Social Rent Levels Charged by Housing Associations.

	2005	2006	2007	2008	2009	2010	% Change
Broadland	61.39	63.83	66.36	69.32	71.42	76.43	24.5%
Norwich	56.42	59.98	62.67	65.94	69.38	73.04	29.5%
South Norfolk	53.24	56.34	59.52	63.21	67.52	72.34	35.9%
G.Norwich	**57.02**	**60.05**	**62.85**	**66.16**	**69.44**	**73.94**	**29.7%**

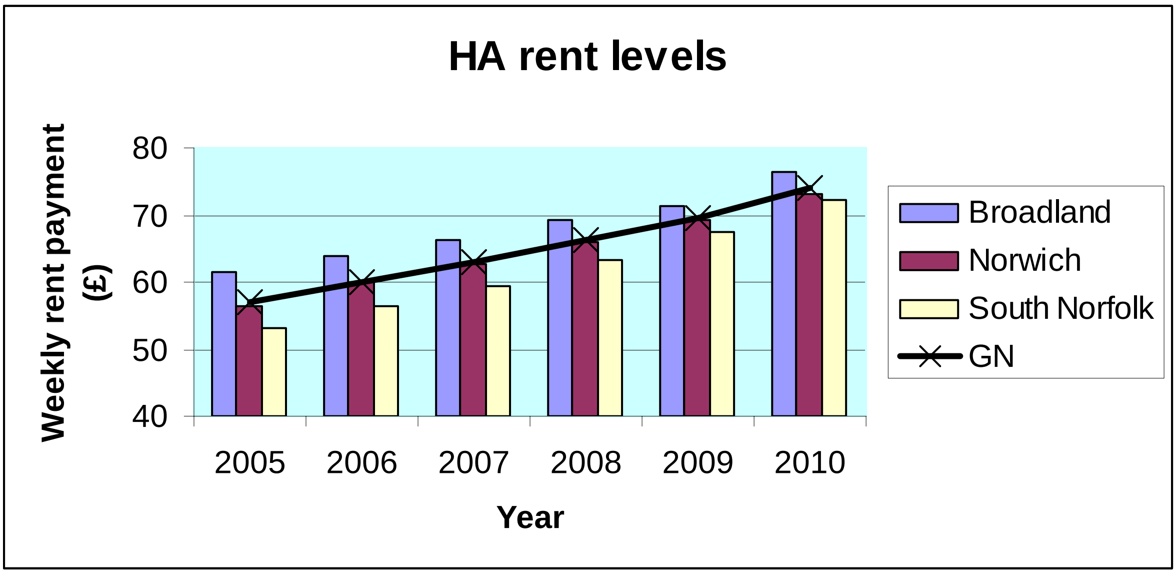
	% change 2005 - 06	% change 2006 - 07	% change 2007 - 08	% change 2008 - 09	% change 2009 - 10
Broadland	3.97%	3.96%	4.46%	3.03%	7.02%
Norwich	6.31%	4.48%	5.22%	5.22%	5.28%
South Norfolk	5.82%	5.64%	6.20%	6.82%	7.13%
Greater Norwich	**5.32%**	**4.66%**	**5.26%**	**4.96%**	**6.48%**

Source: Department for Communities and Local Government

6.9 Housing Association social rent levels are highest in Broadland averaging £76.43 per week, compared to £73 in Norwich and £72 in South Norfolk. SNDC has generally seen a year on year increase of 6-6.5%, although 2009/10 saw an increase of over 7%. Broadland's increase was similar, compared to increases of 4% in the past, and HA levels in Norwich City increased by 5.25%.

6.10 Chart 6.10 shows the overall increase in HA rents of 27% between 2005 and 2010, as well as the gradual convergence of rents, reducing the gap between the three districts.

Chart 6.10 Average Social Rent Levels Charged by Housing Associations



6.11 The table 6.11 below illustrates the changes in average local authority rents. Broadland DC and South Norfolk DC have both undergone a local stock voluntary transfer leaving Norwich CC as the only stock holding local authority in the sub region.

Table 6.11 Average Local Authority Rent Levels.

Local authority rent (Norwich City Council as stock retaining authority)					
2005-06	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**
48.29	50.76	54.36	56.24	57.99	59.58

% change 2005 - 06	% change 2006 - 07	% change 2007 - 08	% change 2008 - 09	% change 2009 - 10
5.11	7.09	3.46	3.11	2.74

Source: Department for Communities and Local Government

6.12 In comparison to Local Authority social rent figures in Norwich, Housing Association figures are significantly higher. 2009-10 figures: £73 per week for HAs, compared to £58. The yearly increase in 2009-10 was also lower at 2.7%.

Affordable Rent Tenure

6.13 Affordable Rent will be the main type of new supply supported by the HCA's Affordable Housing Programme. The Affordable Rent product will allow rents to be charged at up to 80% of the gross local market rent. The higher rents charged will generate additional revenue and debt servicing capacity for providers, in order to reduce the level of public subsidy required. Surpluses generated are intended to be used to deliver new supply of affordable housing.

6.14 Housing Associations in particular will see the effects of the change in funding. Any Housing Association or Local Authority that is eligible to access HCA funding for the development of affordable housing will have to follow the criteria below, and Local Authorities in consultation with housing associations will be required to draw up a Tenancy Strategy on how Affordable Rent Tenancies will be implemented, managed and negotiated with developers.

- Rents set at 80% of market rent
- Annual rent increases - affordable rent properties limited to RPI +0.5%, with a requirement to rebase to 80% of the market rent each time the property is re-let.
- Review of policy surrounding life-time tenancies - Tenancies can be for a minimum of two years in exceptional circumstances with an expectation that the minimum term will be for five years, however providers will have flexibility to offer longer tenancies, including lifetime tenancies.

6.15 The programme is likely to work most effectively for national Registered Providers of Affordable Housing where cross-subsidisation can contribute to the delivery of affordable housing in areas where rents generate less headroom. They are being encouraged to spend this headroom within the broad market area which could be as wide as a county. This could however conflict with the Localism agenda, in terms of local communities having the opportunity to benefit from funding generated in their area.

6.16 Comments gathered during interviews with Housing Associations seem to suggest that it is simply another initiative for organisations to adapt to, in order to secure funding, rather than being seen as an instant solution to the delivery of affordable housing. From finance modelling that has already taken place, it was felt that the headroom between social rent and 80% market was unlikely to be significantly different in Norfolk once service charges had been considered. Therefore Housing Associations based locally in Norfolk had little incentive to pursue Affordable Rent Tenure as they would have no access the cross-subsidisation from other regions, unless wider finance partnerships were formed. There may however be little choice as it is the only way to access HCA subsidy for development.

Low Cost Ownership

6.17 There is a wide range of products available for first-time buyers. In addition to private market products outlined in 4.14, low cost ownership products endorsed by the HCA include:

- **Shared Ownership**
  New Build HomeBuy
  HOLD
  SOFTE (shared ownership for the elderly, now OPSO)
  Key Worker Living – shared ownership
  Re-sales
  Social HomeBuy
  OPSO (Older People's shared ownership)

- **Equity Loan Schemes**
  HomeBuy Direct
  First Time Buyers Initiative
  Open market HomeBuy
  Own Home
  GLO Open Market
  London Wide Initiative
  Key Worker living Open market Homebuy

- **Rent to Buy**
  Rent to HomeBuy
  Try before you buy

6.18 The list above demonstrates the complexity surrounding many low cost ownership products, exacerbated over time as initiatives become re-branded, or altered slightly through marketing. The HCA document 'Affordable home ownership – brand guidance', published in April 2011 has been produced to promote a consistent approach to how local HomeBuy Agents, Registered Providers of Affordable Housing, House Builders and other stakeholders describe products funded by the HCA. It can be found at: www.plumlife.co.uk/Libraries/Documents/Affordable_home_ownership_-_brand_guidance.sflb.ashx

6.19 Both shared ownership and shared equity are being encouraged over the next few years as supported in the HCA's Affordable Housing Framework, published in February 2011, section 4.9.
'*We expect shared ownership to form the main element of the affordable home ownership offer to ensure that households on a range of incomes can be assisted. Therefore offers for the provision of properties on equity loan terms will only be considered as part of an offer which also includes shared ownership or where an equity loan offer is the most appropriate home ownership option for the local area and agreed with the local authority*.'
http://www.homesandcommunities.co.uk/sites/default/files/our-work/affordable-homes-framework.pdf

6.20 Having said this, Housing Associations had mixed views on the viability of such schemes, particularly due to the risk associated with holding stock that cannot be sold, and where mortgages are difficult to obtain.

6.21 It is worth noting that whilst shared ownership dwellings qualify for an exemption from CIL, shared equity dwellings do not.

Expectation for the Future

6.22 Despite the ongoing uncertainty, Housing Associations are generally taking a ‘business-as-usual’ approach as new legislation takes shape. The general feeling is that reacting to new initiatives and adapting appropriately is simply the nature of the sector and an ongoing process. However, nearly everyone expressed concern that the housing market would only see real improvement once the key underlying issues were addressed.

6.23 For Housing Associations that accessed HCA funding in the 2008-11 programme, completion of current schemes means that development is continuing in the short-term. All the Housing Associations involved in the interviews had sites coming through and on a local scale felt that their companies were evolving to the changes well, such as taking advantage of lower land prices, and adjusting their business policies to be more responsive to arising opportunities. However, once current HCA funding has been exhausted the change from capital funding to revenue funding is going to cause significant issues. Housing Associations reported that they are exploring financial modelling and innovative solutions but the future is inevitably looking challenging for the delivery of affordable housing.

6.24 2008/09 was the peak year for affordable housing completions in Greater Norwich, and due to changes in funding arrangements it unlikely this will be reached in the foreseeable future without a radical change in approach. Delivery of new affordable homes beyond 2011 will continue to be challenging, despite the high level of need across the Sub-region. Predicting the proportion of Social Rent in relation to Affordable Rent tenure that can feasibly be delivered over the next few years (due to financial, rather than capacity, restraints) is still becoming clear.

7. UPDATING THE ORS RESEARCH

7.1 Adjustments to variables

As described in 2.4(b), percentage adjustments, determined from the desktop data, were inputted into the ORS spreadsheet to establish how the market has change since 2006. The following section sets out how the variable adjustments were calculated and what the outcome has been.

7.2 Households

7.2.1 There is no readily available data to determine new households and household dissolutions and so for the purposes of this research we will look at the total number of households across the sub region in comparison with the original research.

7.2.2 A minority of households share a dwelling; the original housing market assessment estimated this at around 0.2% of households. This means that the number of households will exceed the number of occupied dwellings.

7.2.3 To calculate the number of households in 2011 we have used the simple formula as used in the original research:

- o Households 2011 = Households 2001 x (Dwellings 2011 / Dwellings 2001)

7.2.4 Table 7.2.4 shows the change in the number of dwellings across the sub region:

Table 7.2.4 Change in total Dwellings (by Local Authority):

	2001	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Broadland	51437	53,006	53352	53705	54,016	54,263	54,522
Norwich	57181	59,098	59902	57293	59,000	59,500	63,100
South Norfolk	48383	50,174	50548	51178	52,145	53,216	54,037
G. Norwich	**157001**	**162,278**	**163802**	**162176**	**165161**	**166979**	**171659**

7.2.5 Table 7.2.5 shows the change in households when using the formula as shown in 7.2.3

Table 7.2.5 Change in total Households (by Local Authority):

	2001	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Broadland	50016	51542	**51878**	52221	52524	52851	**53016**
Norwich	54580	56410	**57177**	54687	56316	59578	**60230**
South Norfolk	46592	48317	**48677**	49284	50215	51088	**52037**
GN	**151188**	**156268**	**157732**	**158199**	**161063**	**163517**	**165282**

7.2.6 The increase in households across Greater Norwich since the housing market assessment 2006 is 7550 or 4.8%.

7.3 Other Variables

7.3.1 Overall social rent levels have increased by 23.12% since 2006.

7.3.2 Overall there has been a 3.34% decrease in average weekly charges for private rental properties across the sub region.

7.3.3 The mean average house price within the sub-region is now £192,160 which is an increase of 9% from the original housing market assessment.

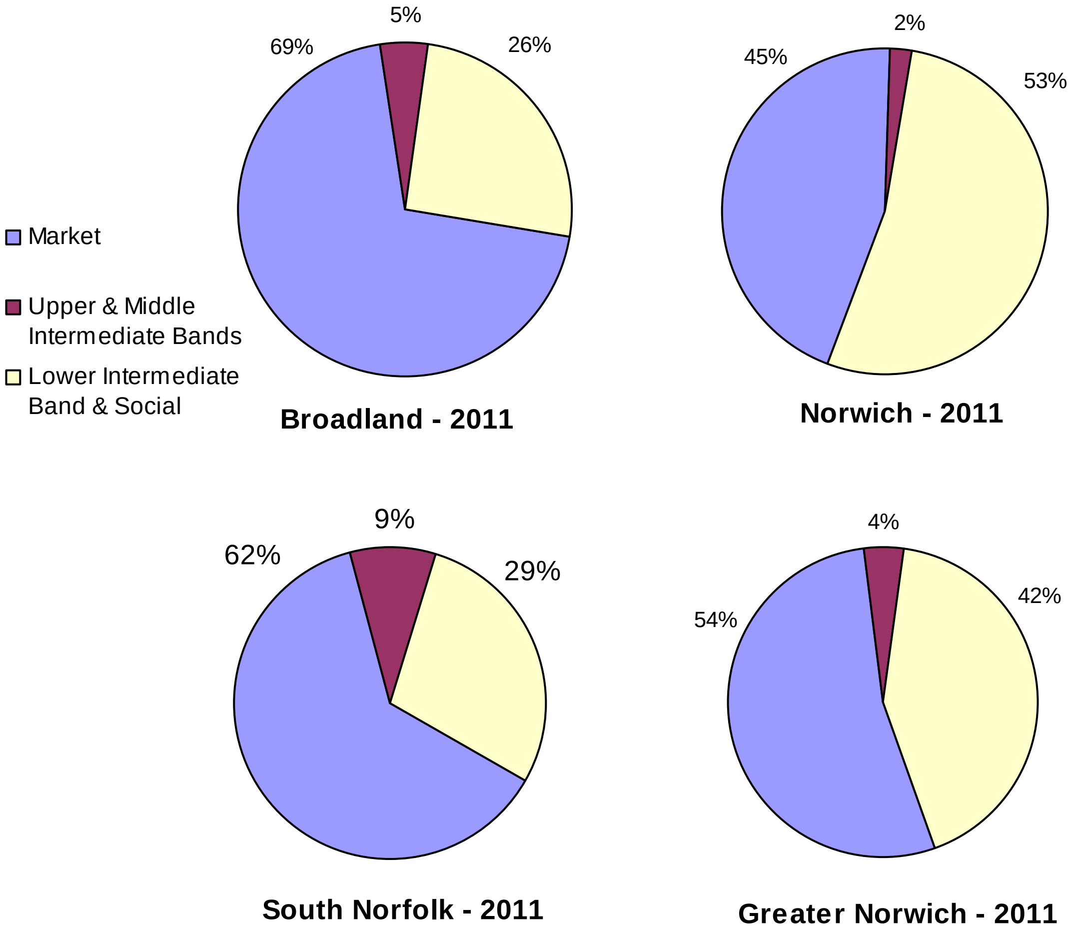
7.3.4 Mean household Income across the sub-region has risen by 6.18% since 2006.

7.3.5 Having carried out the research above we used the toolkit to update the table below from the original research:

Table 7.4 Summary of 5-year Housing Requirements by Housing Type and Local Authority when considering Lower Intermediate and Social together (generated using ORS database)

Housing Type	Local Authority									Greater Norwich		
	Broadland			Norwich			South Norfolk					
	2006	2009	2011	2006	2009	2011	2006	2009	2011	2006	2009	2011
5-Year Net Requirement												
Market	1166	1284	1250	2495	2799	2712	1824	1952	1611	5,485	6,034	5,573
Upper & Middle Intermediate Bands	183	361	81	120	132	129	225	232	229	527	725	438
Lower Intermediate Band & Social	303	196	456	2997	3254	3180	379	449	735	3679	3900	4371
TOTAL	**1652**	**1840**	**1787**	**5,612**	**6,185**	**6,021**	**2427**	**2633**	**2574**	**9,691**	**10,659**	**10,382**
Net Requirement (Annualised)												
Market	233	257	250	499	560	542	365	390	322	1,097	1,207	1,115
Upper & Middle Intermediate Bands	37	72	16	24	26	26	45	46	46	105	145	88
Lower Intermediate Band & Social	61	39	91	599	651	636	76	90	147	736	780	874
TOTAL	**330**	**368**	**357**	**1,122**	**1,237**	**1,204**	**485**	**527**	**515**	**1,938**	**2,132**	**2,076**
% of Net Requirement												
Market	70.60%	69.70%	70%	44.50%	45.30%	45%	75.10%	74.10%	62.60%	56.60%	56.60%	53.70%
Upper & Middle Intermediate Bands	11.10%	19.60%	4.50%	2.10%	2.10%	2.10%	9.30%	8.80%	8.90%	5.40%	6.80%	4.20%
Lower Intermediate Band & Social	18.30%	10.70%	25.50%	53.40%	52.60%	52.80%	15.60%	17.10%	28.50%	38%	36.60%	42.10%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Chart 7.4 % of Net Requirement (generated using ORS database)



7.5 Results from the Refresh of the ORS Research

7.5.1 The percentage of need that can be met through market housing remained stable across 2006 and 2009 however has shown a significant decrease of almost 3% in 2011.

7.5.2 There has been significant fluctuation between the two categories ‘Upper and Middle Intermediate Bands’ and ‘Lower Intermediate Band & Social’ for Broadland District Council. This is due to the fact that Broadland contained more households in the original research who were initially assigned to the lower intermediate but were close to being able to afford upper intermediate tenure dwellings. The changes to rents in the private sector and the increase in income over the course of the last 5 years demonstrate that these categories are particularly sensitive to even minor changes.

8. CONCLUSIONS

8.1 The following conclusions can be drawn from the desk-top analysis:

- 2009/10 saw the lowest level of overall completions over the past 6 yrs, at 1242 for the Sub-region.

- Affordable housing completions are also low compared with 2006-2009 (500+ completions per annum), but at 392 in 2009/10 is similar to 2004-06 levels. In 2010/11 the number of completions was 304, so another low figure.

- At the beginning of 2006 the average house price in Greater Norwich was £176,375. The top of the market was reached in quarter 3 of 2007 where the average price was £208,383 - an increase of 18% within a two year period.

- The notable dip happened in Q4 2008, lasting into 2009. Prices returned to those at the end of 2005 at £174,140.

- By the end of 2010 the average house price had increased to levels at the end of 2006 at £192,160. This is an 11% increase from the dip in quarter 2 of 2009, and an overall increase of 0.3% from the original housing market assessment.

- Income figures have gradually been rising across the Sub-region since 2006 – Both Broadland and South Norfolk District Councils have seen a steady rise, but figures in Norwich City have fluctuated. There is a difference of approximately £6k higher per household in South Norfolk and Broadland, compared to Norwich – this gap is gradually widening. One reason for this is likely to be the higher number of one person households in the Norwich City area, producing a lower average income per household.

- Housing register figures currently stand at: South Norfolk District Council = 5,024, Broadland District Council = 3,450, Norwich City Council = 6,761, totalling 15,235 across the Sub-region.
  Various pieces of efficiency work are taking place at the moment which may have an impact on these figures – potentially reducing the numbers.

- Housing Association rents are highest in Broadland averaging £76.43 per week, compared to £73 in Norwich and £72 in South Norfolk. South Norfolk has generally seen a year on year increase of 6-6.5%, although 2009/10 saw an increase of over 7%. Broadland's increase was similar, compared to increases of 4% in the past, and Norwich increased by 5.25%.

- In comparison to local authority rents in Norwich, Housing Associations are significantly higher. 2009-10 figures: £73 per week for Housing Associations, compared to £58 for Norwich City Council. The yearly increase in 2009-10 was also lower at 2.7%.

- Households and dwelling figures have continued to increase, as expected. There has been a 4.8% increase in both households and dwellings in the 4 year period from 2006 to 2010.

Totals for 2010: South Norfolk District Council = 52037, Broadland District Council = 53016, Norwich City Council = 60230.
Compared with the end of 2005 this is a 7% increase for South Norfolk District Council, 2% for Broadland District Council and 6% for Norwich City Council. Total for Greater Norwich Sub-region = 165282.

- Private sector rents have continued to drop slightly, with a decrease of 3.3% between 2006 and 2010. 2 bed and 3 bed properties have both risen by at least 4.5%, while 4+ bed properties have seen the greatest drop in rent level, affecting the overall trend line. There is a good supply of 2 and 3 bed houses across Greater Norwich, and these remain attractive to the market.

8.2 To conclude, the key themes affecting those involved in the housing market over the next few years are:

- **Availability of finance – lending, mortgages, funding**
- **Confidence in the market**
- **Evolution of organisations rather than waiting for recovery**

9. EVIDENCE

The following perceptions can be drawn from feedback collated from the interviews:

9.1 **Local Authorities and Housing Associations:**

- **Government legislation - Housing benefit and local housing allowance, CIL, Affordable Rent Tenure**
- **Delivery of affordable housing – challenging**

- Government legislation is also creating a major shake-up. In particular: Housing benefit and local housing allowance, introduction of Community Infrastructure Levy, and the Affordable Rent Tenure.
- Recovery in the market is not expected before 2014 at the earliest. Participants reported that rather than waiting for recovery, it is a case of evolving with the changes in order to survive.
- For RPs that accessed HCA funding at the right time, completion of current schemes means that development is continuing in the short-term.
- All the RPs involved in the interviews had sites coming through and felt companies were evolving to the changes well, eg. such as taking advantage of lower land prices, and adjusting their business policies to be more responsive to arising opportunities.
- Once current HCA funding has been exhausted the change from capital funding to revenue funding is going to cause significant issues. RPs reported that they are exploring financial modelling and innovative solutions but the future is inevitably looking challenging for the delivery of affordable housing.

9.2 **Developers:**

- **Reduction in sales**
- **Balancing profitable sales with survival of the company**

- Developers have reacted to the fall-off in sales by greatly reducing the number of homes completed and where possible reducing the sale price.
- Availability of finance continues to be a major issue for developers, RPs and for potential purchasers of new homes, resulting in a stagnating market.
- Many have been forced to balance profitable sales with survival of the company. This has created a business pattern oscillating between selling low to meet overheads and generating profit for business growth. It is not a sustainable solution but at present there are no signs to suggest the situation will change in the foreseeable future.

9.3 **Mortgage advisors:**

- **Mortgages difficult to access, particularly for first-time buyers. Existing home owners reluctant to move, due to financial uncertainty**
- **Stagnating market**
- **New mortgage initiatives available**

- Mortgages remain difficult to access, particularly for first-time buyers. Lettings agents and PRS organisations feeling strongly that this is causing the market to stagnate. Also, existing home owners are reluctant to move to larger home, thereby releasing homes accessible to first-time buyers, as there is uncertainties about jobs and mortgage interest rates – again, ‘clogging up’ the housing market.

- On the plus side there are a number of initiatives aiming to help first time buyers.

9.4 **Private rented sector:**

- **Lack of clarity surrounding new legislation, particularly LHA changes**
- **Lack of lending preventing expansion of landlords’ portfolios**
- **Cost of selling on properties restricting churn of low-end market properties**

- Private rented sector organisations and letting agents reported that it is relatively easy to let properties at the moment as tenant demand greatly outweighs availability.
- Landlords remain reluctant to expand their portfolios due to lack of borrowing opportunities, and the imminent rise in interest rates. The Buy to Let market is reportedly beginning to pick up but lending criteria remain strict.
- Landlords reported being in a state of limbo while they wait for the rise in interest rates and implementation of the changes in government legislation, e.g. Article 4 in relation to HMOs, and LHA changes – it is unknown to what degree these changes will impact on the sector, preventing landlords from planning ahead.
- Landlords are tending to hold on to properties, particularly those in a poorer state, because it is more financially attractive than selling, but at the same time cannot find tenants for them. If Capital Gains Tax wasn’t an issue, these properties could be released back to the market to first time buyers to take advantage of the lower cost and refurbishment opportunities, creating churn in the market. This would allow landlords to buy more rentable properties, benefitting the Private Rented Sector as a whole.
- The private rented market is being hindered by a great deal of uncertainty.

APPENDIX A

Data sources:

Table 3.2 - Housing completions
AMRs from district websites

Norwich City Council:
http://www.norwich.gov.uk/webapps/atoz/service_page.asp?id=1714&pid=1014
Broadland District Council:
http://www.broadland.gov.uk/housing_and_planning/2225.asp
South Norfolk District Council:
http://www.south-norfolk.gov.uk/planning/291.asp

Note 1: The 2009/10 AMRs include housing completion figures over the past 10+ years. As part of the housing trajectory they take into account adjustments to end of year figures, which may vary slightly from initial end of year submissions, for example, schemes that have been delayed or brought forward at the April cut-off date. These amendments have been reflected in the table above, hence minor differences between these HMA figures and the 2009 update.

Chart 4.1 – House prices (median), including 2010
CLG website
http://www.communities.gov.uk/documents/housing/xls/table-581.xls

Table 4.6, and Chart 4.6 – Changes in average Income
Requested directly from Norfolk Insight
www.norfolkinsight.org.uk/
01603 228988

Table 4.12 and Chart 4.12 – Examples of Mortgage Products Available in April 2011
www.mortgages.co.uk

Table 5.1 and Chart 5.1 - Changes in Private Sector Rent Levels in Greater Norwich
Table 5.7 Percentage of properties whose rent is above LHA level
Original data from HMA Survey - March 2007.
Sampling exercise carried out April 2011 using private rented properties (sample size: 303 properties) being advertised on:
www.rightmove.co.uk

Also includes section comparing Social Rent levels (average month rent levels, property size split by number of rooms) as at 2010.
CORE data ('analyse CORE data – create custom report'):
https://core.tenantservicesauthority.org/

Table 5.6 – Local Housing Allowance rates – April 2011 (incorporating change in legislation)
Available from: www.south-norfolk.gov.uk/benefits/347.asp
(supplied by the Valuation Office Agency for Broad Rental Market Areas - Central Norfolk & Norwich (102))

Table 6.2 – Affordable Housing Completions in Greater Norwich
Internal records from each district (Housing Development)

Note 2: Internal Affordable Housing records monitor housing completions over the past 7 years. Retrospectively they may vary slightly from initial end of year submissions, for example, schemes that have been delayed or brought forward at the April cut-off date. These amendments have been reflected in the table above, hence minor differences between these HMA figures and the 2009 update.

Note 3: Figures are different from AMR and HSSA records due to the individual descriptions of affordable housing used in each, eg. whether Homebuy Direct, discounted market sale, shared equity in particular years, housing with care, tenure conversions to social rent are included in the description. By using local figures from each district Housing Development Officer this guarantees actual completion figures and consistency across the Sub-region.

Note 4: 2010/11 figures also include Home Buy Direct (HBD) completions. HBD finished in 2010 and will be replaced by the government 'First Buy Scheme'.

Table 6.4 – Housing Register
CLG Live tables on rents lettings and tenancies: Table 600
http://www.communities.gov.uk/documents/housing/xls/1783262.xls

Latest snapshot figures: Home Options statistics reported to Partnership Board, directly from Home Options Manager

Table 6.8 – HA social rent levels
CLG Live tables on rents lettings and tenancies: Table 704
www.communities.gov.uk/documents/housing/xls/141632.xls

Table 6.10 – LA social rent levels
Table 6.11 – Average Local Authority Rent Levels
CLG Live tables on rents lettings and tenancies: Table 702
www.communities.gov.uk/documents/housing/xls/1777605.xls

Table 7.4, and Chart 7.4 – ORS Housing Need data
Original data from Housing Needs Survey - March 2006. Variables adjusted based on desktop research to produce 2010/11 figures.
www.ors.org.uk/housing/modelling/norwich

7.2.4 – Total dwellings
CLG Housing Strategy Statistical Appendix (HSSA) [Ref: column hsa1f]:
www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/localauthorityhousing/dataforms/

7.2.5 – Households
Calculated using the following formula (as used in the original research and 2009 update), and dwellings data sourced from CLG HSSA figures used in 7.5.4:
www.communities.gov.uk/housing/housingresearch/housingstatistics/housingstatisticsby/localauthorityhousing/dataforms/

Formula: Households 2011 = Households 2001 x (Dwellings 2011 / Dwellings 2001)

Sources: (2001 census data) (CLG HSSA) (2001 census data)

APPENDIX B

Table 5.2 - Changes in Private Sector Rent Levels in Greater Norwich
Sampling exercise carried out April 2011 using private rented properties (sample size: 303 properties) being advertised on:
www.rightmove.co.uk

	Studio	1bf	2bf	3bf	1bh	2bh	3bh	4bh	5bh+
Aylsham		375			350	550x6, 575, 585, 600, 625	595, 640, 650, 695, 850	700, 800	1500
Beccles/ Bungay	360	400	450x2, 525		400, 450	425, 450, 515, 525x4, 550, 595	520, 525, 575, 595, 625, 650	595, 650	1300
Broads		350, 450, 475x2	380, 425x2, 475, 495x2, 525x2. 725		500x2	575, 595x2, 625, 695	625x3, 650, 695x4, 750x4, 795x2, 1275	695, 795x2, 1000	
Diss		350, 425, 475, 500	450, 525	595	520	550x2, 565, 575, 725	500, 595, 650, 675, 695, 775	695, 725, 875, 950, 1350	
Harleston		325, 425	395, 475x3			495, 500, 550, 575	495, 595, 625x2, 650x3		
Long Stratton		395				425, 475, 495x2, 525x2, 535, 550	550x2, 575x2, 595, 630		800
Norwich	300, 320, 325, 365, 395x2, 425, 445, 450, 475	375, 425x3, 435, 450x2, 465, 475, 495x2, 520, 525x2, 550, 575, 595, 625, 700	415, 475, 490, 495x2, 500x2, 525, 535, 550x2, 560, 570, 575x2, 650, 725, 775, 795x2, 800, 850, 900, 950x2, 995	485, 495, 545, 600, 625, 750, 795, 875, 895, 1500, 3000	450, 475x2, 495	550x3, 595x4, 600, 625, 675, 695	525x2, 550, 575x2, 585, 595, 600, 610, 625x3, 650x5, 675x2, 695x3, 725, 750x5, 775, 795x2, 850, 895	575, 750, 875, 1000x2, 1100x3, 1140, 1400	1075, 1175, 1225, 1250, 1320, 1400, 1750
Reepham		375, 425					695	1100	
Wroxham						595	650	695	
Wymondham	295	435	450, 475x2, 500	525		525, 550x2, 575, 595x2, 650	575x2, 600, 625, 675, 695, 750, 850	750, 875, 900	1250
No of properties	**12**	**35**	**48**	**12**	**9**	**60**	**88**	**28**	**11**

	Studio	1bf	2bf	3bf	1bh	2bh	3bh	4bh	5bh+
Number of properties in survey	12	35	48	12	9	60	88	28	11
Averages (monthly rent levels)	**£379.17**	**£462.43**	**£574.69**	**£723.75**	**£473.89**	**£562.88**	**£667.30**	**£892.32**	**£1,276.82**
Averages (weekly rent levels)	£87.50	£106.71	£132.62	£167.02	£109.36	£129.90	£153.99	£205.92	£294.65
LHA (as at Apr 2011)	£91.15	£91.15	£111.92	£126.92	£91.15	£111.92	£126.92	£173.08	£173.08
LHA monthly	£394.98	£394.98	£484.99	£549.99	£394.98	£484.99	£549.99	£750.01	£750.01
Affordable Rent Tenure (80% of market rent) *Estimated using 80% of sample figures:*	**£303.33**	**£369.94**	**£459.75**	**£579.00**	**£379.11**	**£450.31**	**£533.84**	**£713.86**	**£1,021.45**
Soc Rent (ave. wk rent levels) as at 2010	**£58.45**	**£58.45**	**£68.59**	**£85.66**	**£58.45**	**£68.59**	**£85.66**	**£85.66**	**£85.66**
Soc Rent (ave. month rent levels) as at 2010	**£253.28**	**£253.28**	**£297.22**	**£371.19**	**£253.28**	**£297.22**	**£371.19**	**£371.19**	**£371.19**
Difference between ave. soc rent and ART (80%) *NB. Does not consider service or support charges*	16.50%	31.53%	35.35%	35.89%	33.19%	34.00%	30.47%	48.00%	63.66%

* Red figures – indicate average rent levels not fully covered by LHA payments (as at Apr 2011, taking into account LHA changes)

Monthly rents			
	2006	**2009**	**2010**
Studio / 1-bed	489.84	446.98	446.43
2-bed	624.13	544.35	568.13
3-bed	684.49	632.45	674.07
4+ bed	983.80	1098.54	1000.77
Average Total	**695.57**	**680.58**	**672.35**

Percentage of properties with rents met fully by LHA payments		
	No of props	% above LHA
studio	6	50.00%
1b	6	13.64%
2b	20	18.52%
3b	10	10.00%
4b	10	35.71%
5b	0	0.00%
Total	52	17.16%