



Report to:	STOCKPORT HOMES MEMBER COMMITTEE <i>09 October 2023</i>
Report of:	DIRECTOR OF SKYLIGHT & CUSTOMER SERVICE
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Type of Report	<i>Consultation</i>
Title of Report:	HOUSING DEMAND AND SUPPLY
Purpose of Report:	To inform debate around the issues of housing supply and demand in Stockport and consider the role of SHG in addressing and meeting this challenge.
Recommendation(s):	That the Stockport Homes Member Committee consider the discrepancy between supply and demand and the role of SHG in mitigating the impact, regarding: <ul style="list-style-type: none"> • Lobbying and exerting influence to bring about change. • Maximising development opportunities • Intervening in the private rented sector to offer affordable, stable homes. • Enabling access to available options for those most in need • Minimising the impact of sub-optimal housing conditions on households and properties • Minimise Relet times
Confidentiality	Non-Confidential
Resource Implications	The response to supply and demand issues has resource implications ranging from the investment in development through to expenditure on hotels for homeless families – encompassing most areas of SHG.
Impact on Risk Appetite and Risk Register	While the impact of homelessness has significant risks, the challenges posed mean that SHG are innovative and open to new ideas, while not putting core services in jeopardy. As such, the risk appetite across the range of services is 'open'

with a willingness to try different ways of working alongside ensuring reliable and successful outcomes.

Risk Number	Risk Description	Risk Mitigation
5	SHG does not deliver excellent customer services in the way that customers require them and does not maintain a strong, positive reputation where stakeholders have trust and confidence in SHG	Measures adopted to increase housing supply and mitigate the impact of sub-optimal housing conditions.
6	SHG does not deliver its approved Business Plan or realise the benefits of operating in a group structure by not making best use of the subsidiary companies	Group structure used to maximise impact in addressing supply and demand issues
7	Positive, strategic relationships are not maintained with Stockport Council (at both officer and political level) and other key local partners / third sector organisations across Greater Manchester (GM)	SHG ensures it is positioned to make a positive impact on wider local, sub-regional and national steps to address supply and demand issues.

Customer Voice	Supply and demand are key issues identified from complaints, member enquiries and wider consultation exercises.
Equality, Diversity & Inclusion implications	Overcrowding and access to affordable accommodation has a disproportionately adverse effect upon minoritized groups on a national basis.
Regulatory compliance	Demand and supply have an impact primarily upon Home, Tenancy and Neighbourhood and Community standards – both directly and indirectly.
Comments of the Stockport Homes Monitoring Group	<p>The customers commended the report, highlighting how informative they found it.</p> <p>The current housing situation was viewed as being very alarming, and the customers stressed that they could not envisage a satisfactory solution without major government initiatives.</p> <p>The customers highlighted that it was clear to them that the demand for housing will continue to increase and is already at overwhelming levels. The projected rise in the need for temporary accommodation was viewed as worrying and the Housing Options Team's work deemed as invaluable in trying to prevent homelessness. They added that it was evident that Stockport Homes' approach is impacting positively across the Borough despite the challenges.</p> <p>Maximising access to the privately rented sector is something that the customers hoped would increase further.</p> <p>It was asked whether Stockport Homes undertake regular reviews of their own properties and whether they could be updated to potentially add a further room, possibly with the use of a stud wall. It was felt that this could help tackle the growing need for three- and four-bedroom properties.</p> <p>More promotion of alternative methods of housing, such as Shared Ownership Tenancies was encouraged.</p> <p>The customers were surprised to hear that none of the new build developments in Stockport Town Centre were ringfenced for social housing.</p> <p>The customers were pleased that around 150 new build properties are built each year by Stockport Homes, but they highlighted that this alone will not fix the housing shortages.</p>

The idea of the Rightsizing scheme was commended, but again customers felt that more needed to be done to impact the housing shortage.

1. INTRODUCTION

- 1.1 SHG is a provider and manager of social housing and provides the housing options, Homechoice and homelessness service on behalf of Stockport Council. As a result of a wide range of factors there is a mismatch between the available supply of affordable housing and the demand and housing need in the Borough. This includes demographic change, benefit changes, the sale of social housing through the right to buy scheme, reductions in relets/availability of both social and private properties, significant increases in the cost of market sale and rental prices and insufficient new development over many years. Therefore, the disparity between affordable housing supply and demand is reaching a critical level in Stockport and much of the Country.
- 1.2 While the strategic responsibility for addressing housing supply and demand rests with the Council, resultant issues from homelessness to over-crowding and unmet need directly impact upon SHG. The resultant levels of over-crowding and unmet housing need impact upon the wider provision of community services from housing support to anti-social behaviour. Damp, mould, and condensation are additionally exacerbated by too many people living in properties, with further links to negative outcomes around health, education, economic status and crime at neighbourhood and borough wide levels.
- 1.3 Increasing the supply of housing to meet need through its property development function is a key objective of SHG, however there are several barriers to achieving this including access to capital funding (particularly grant support and the level of that support), the costs of construction, less favourable tax frameworks and site availability. Addressing these factors are all essential to the Local Authority meeting its strategic housing objective of:
- ‘More housing, with growth across all types and tenures to meet current and future housing needs’.*
- 1.4 This report outlines some of the context around housing supply and demand on a national and local basis. With homelessness and allocations, the foremost service areas directly dealing with demand issues, a summary of key statistics and trends also illustrates some of the impact and related challenges.

2. NATIONAL CONTEXT

- 2.1 The last decade has seen the acute shortage of affordable housing traditionally associated with London and the South-East extend across the rest of England. Average house prices rose by 89% between 2013 and 2023 to £287,000, 59% ahead of the rate of inflation¹, with supply of affordable accommodation to rent in either the private or public sector becoming

¹ Customer Price Index

increasingly constrained. Three million less properties were built in the last 30 years than the preceding 30 years, while the population increased by 3.8m people and 1.2m households between the 2011 and 2021 censuses.

- 2.2 Despite £11.5bn being committed by the Government under its 2021/2026 Affordable Homes Programme (AHP), the gap between demand and supply is expected to increase, with 38,000 'affordable' social housing tenancies built for rent in 2021/22 against a projected need of 90,000 per year for the near future². The AHP is also dwarfed by the £30bn spent between 2013 and 2023 on equity loans to help people buy new build properties, with various parliamentary committees questioning its efficacy and role in driving house price inflation³.
- 2.3 Support for people on low incomes to access the private rented sector through Local Housing Allowance (LHA) is frozen at 2020 levels until at least April 2024, meaning that even properties within the lowest 30th percentile of rent levels are becoming out of reach to many. Nationally, this has resulted in only 5% of private sector rents falling within LHA rates in 2023 compared to 23% in 2020⁴.
- 2.4 The impact of housing shortages is clearly visible in increased levels of homelessness and use of temporary accommodation, with an 80% increase in households accommodated nationally from 56,000 in 2013 to 101,000 in 2023. An estimated 8.5m households within England have some form of housing need, with 3.7m households overcrowded and 1.9m 'concealed' households where people are having to live with other family members or sofa-surfing⁵.
- 2.5 The Government had set a mandatory target of 300,000 additional units of residential accommodation to be built per year by the mid-2020s to relieve pressure, albeit with no specific proportion to meet 'affordable' requirements. However, this has been changed to being a guideline objective, with more discretion given to local authorities to make their own decisions.
- 2.6 In addition to structural factors affecting demand in the housing market, short-term issues include 24,000 Afghan and 150,000 Ukrainian nationals arriving in the Country over the past two years. The Government has committed to closing the hotels accommodating Afghan households by the end of 2023 and after over a year, a substantial number of the Ukrainian placements with host families are ending or breaking down.

3. STOCKPORT CONTEXT

² Crisis/National Housing Federation 2018.

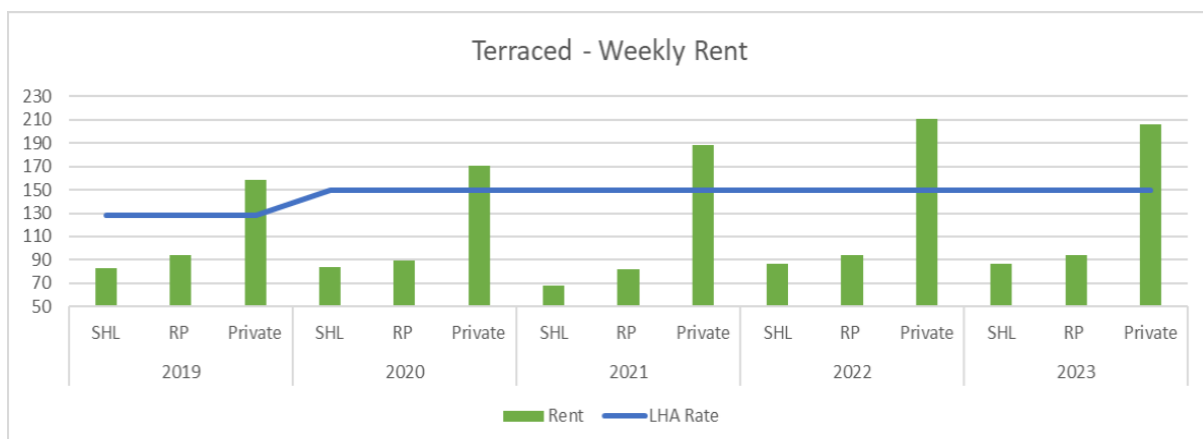
³ [Meeting housing demand \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/commons-select/housing-and-communities-committee/inquiries-and-reports/2022-meeting-housing-demand/)

⁴ Institute for Fiscal Studies (IFS) June 2023 [Housing quality and affordability for lower-income households | Institute for Fiscal Studies \(ifs.org.uk\)](https://www.ifs.org.uk/publications/1114)

⁵ National Housing Federation 2021

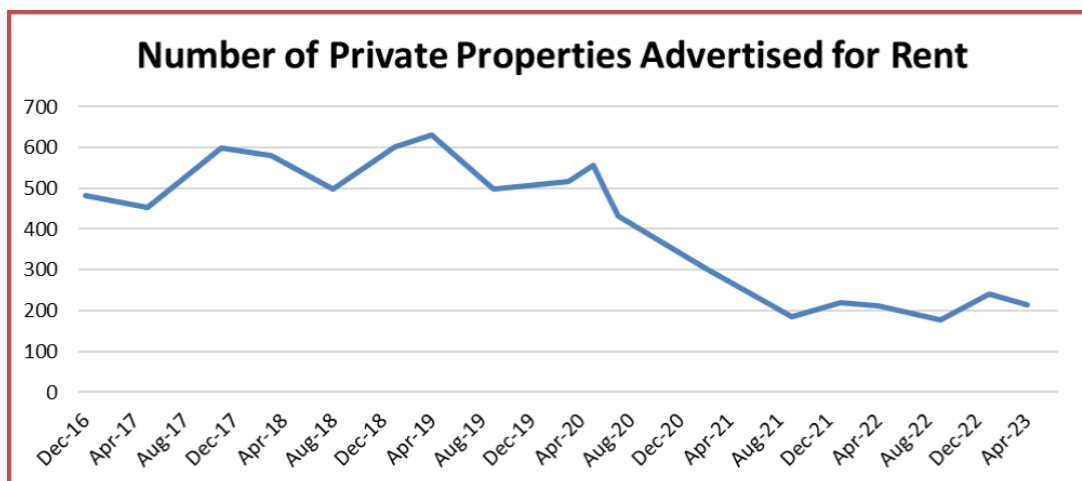
- 3.1 Stockport has an above average level of owner-occupied properties at 72%, leaving both social and private rented lower than most areas, both at 14%.
- 3.2 House prices within the Borough have increased significantly in recent years, reaching an average of £309,000, the second highest in Greater Manchester after Trafford and equivalent to around nine times the median income for Stockport. As well as making owner-occupation an unlikely option for most people on even average salaries within the Borough, it also has a knock-on effect upon the private rental market, pushing up rent levels and resulting in people on benefits or in low paid work competing against 'generation rent' professionals. Shared-ownership schemes, while offering a real alternative for many and cross subsidising affordable or social rent schemes, are equally still out of the reach of many.
- 3.3 The last Council Housing Needs Assessment completed in 2019 suggested an annual shortfall of 549 affordable housing completions, with less than 100 delivered in 2022/23. As such there is an ever-increasing backlog, while not beginning to address current or future demand.
- 3.4 The freezing of Local Housing Allowance (LHA) rates on a national basis since 2020 has meant that people on benefits or low incomes find it exceptionally difficult to access or sustain private rented tenancies. A May 2023 snapshot on Rightmove, the largest on-line property portal showed no properties available within LHA rates, with the cheapest three-bedroom home costing £219 per week. This represents a shortfall of £45 compared to the LHA rate and as an ex-right to buy property in Brinnington this compares to a rent for neighbouring social rent properties of £114. At a rent of £219 per week, unless meeting an exception clause such as having a disability, a household on benefits would also be affected by the Benefit Cap of £20,000 per annum, leaving £165 per week for all other living costs.
- 3.5 Graph A below illustrates the difficulty faced by families on low incomes, outlining the average rent for a two-bedroom terrace house in each tenure within the Borough compared to the LHA rate.

Graph A – Average rent for two bed terrace compared to LHA.



- 3.6 Increasingly, with a potential down-turn in house prices of 5-10% forecast, there have also been definite indications of private landlords exiting the sector and realising capital gains⁶. The 360 Living Team have seen 37 landlords sell their properties within 2022/23, citing a less generous tax regime towards buy to let landlords and interest rates rising from historically low levels to cut into effective yields from properties. This must be balanced though against the increase in landlords during the 1990s/2000s to provide future pension income/capital who are now likely to be of an age where they would be looking to sell and realise the investment value to fund retirement.
- 3.7 Graph B shows the reduction in supply of private rented properties becoming available to let, down by almost 66% from a peak in August 2019 of 600 to 200 in April 2023.

Graph B – Number of private rented properties available to let.



- 3.8 The impact of the Renters Reform Bill upon supply in the private sector is hard to predict, as while likely to offer greater security of tenure to most and a better-quality product, it may also create easier routes to possession where people are struggling to pay their rent due to affordability issues. There is concern this may additionally encourage wavering landlords to exit the market or be more risk averse when selecting tenants and lead to lower levels of supply.
- 3.9 As the private rented sector in Stockport is small, the impact on house prices of landlords selling properties is likely to be minimal, although may add to downward pressures with an increase in supply on the market. However, opportunities for people to get a first step on the housing ladder are likely to be offset by reduced affordability due to interest rates and general cost of living considerations.

4. ALLOCATIONS

- 4.1 On 1 April 2023 there were a total of 7689 households on the housing register, a figure that has varied little in recent years. However, the turnover of

⁶ Bank of England Monetary Policy Report Feb 2023 [Monetary Policy Report - February 2023 | Bank of England](#)

applicants is high as people often do not renew their application when realising they are unlikely to be successful, so this is not a particularly effective measure of housing need.

- 4.2 Table 1 below shows the breakdown of applicants by size of property needed, with the numbers registered reducing as the numbers of bedrooms needed increases.

Table 1 – Applicants by property size needed.

Bedroom requirement	Count of applicants
1	4210
2	2281
3	1075
4	112
5	8
6	3
Sum:	7689

- 4.3 The most common type of need amongst housing applicants is medical need, although only a small number fall within the ‘very urgent’ category. Depression and anxiety are the most common cause of housing need, often linked to other factors need such as overcrowding or affordability issues causing distress and pressure within families.
- 4.4 Table 2 shows the breakdown of levels of assessed need, with the unfortunate reality that unless associated with other additional housing needs, even those with a significant need to move are very unlikely to be successful in applying for a social housing tenancy.

Table 2 – Applicants by medical need

Medical Social or Welfare Needs including Differential	Count of applicants
Differential award (only for specific property types such as adapted)	721
10 points (need to move)	1821
25 points (significant need)	260
50 points (urgent/immediate need)	10
Sum:	2769

- 4.5 Overcrowding constitutes the second most prevalent form of housing need, either within social housing or the private sector. In its most extreme form, it is usually where people have left accommodation and moved in with family or friends on an interim basis. Table 3 shows the breakdown of overcrowding level by property type needed and again unless exceptionally overcrowded or additional housing need exists, people are very unlikely to be rehoused.

Table 3 – Applicants by level of overcrowding

Bedrooms needed	15 points Lacking one bedroom	30 points Two bedrooms	45 points Three bedrooms	60o/c points Four bedrooms	Sum:
1	908				908
2	608	112			720
3	488	45	23		556
4	67	23	2	3	95
5		7			7
6	1	1	1		3
Sum:	2072	188	26	3	2289

4.6 Table 4 below shows the reduction in supply of Council/SHG properties becoming available over the past five years, down by 351 (34%) to 680 in 2022/23 from 1031 in 2018/19. This is mainly the result of a lower level of general turnover, with less ‘move on’ options for tenants in need in their current home.

Table 4 – Lettings by CBL and Direct Offers

	2018/19	%	2019/20	%	2020/21	%	2021/22	%	2022/23	%
Choice Based Lettings	751	73%	522	70%	452	63%	466	68%	404	59%
Direct Offers	280	27%	221	30%	270	37%	221	32%	276	41%
Sum:	1031	100%	743	100%	722	100%	687	100%	680	100%

4.7 The percentage increase in ‘direct offers’ compared to those going through choice-based lettings is noticeable, albeit with the actual numbers not rising significantly compared to earlier years. This reflects both the increased demand on homelessness services, as well as the reduced overall number of homes available for letting.

4.8 With less properties advertised and a shortage of other affordable housing options, it is unsurprising that the average number of bids has increased in 2022/23. The highest ever number of bids for an individual property was recorded during the year, with a three-bedroom house receiving 614 applications. Even properties previously considered ‘lower demand,’ such as three-bedroom flats at Lancashire Hill have received more than 100 applications, with only very occasionally small, sheltered bedsits having less than viable shortlists. Table 5 outlines average bids since 2018/19.

Table 5 – Average bids

Bid date	Bids	Average bids
2018/19	71295	105
2019/20	65878	134
2020/21	66357	165
2021/22	66774	142
2022/23	68948	202

- 4.9 Demand for properties across the board is therefore universally high, meaning that many people applying for social housing have little or no chance of being rehoused. The current process of re-registering all applicants while implementing the new Abris IT system stresses this very clearly to customers, although many will still bid on a weekly basis even when knowing they will be low down in any shortlist.
- 4.10 The disappointment faced by many applicants does feed through into complaints and enquiries to members and the approach is taken to offer wider housing options advice while being clear and honest with customers around their prospects.

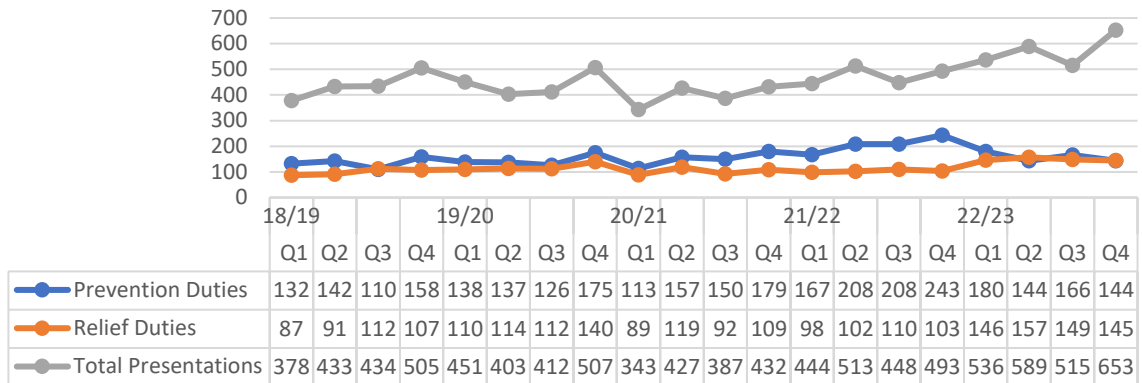
5. HOMELESSNESS

- 5.1 Stockport saw the highest ever level of homelessness presentations in 2022/23 with over 2300 households seeking assistance, an increase of 22% on the 1900 seen the previous year. With temporary accommodation running at capacity, hotels were also needed for short-term intermediate placements at a cost over the year of £180,000. Using a predictive model used by a national housing consultancy, demand for temporary accommodation in the Borough may rise by 68% in 2023/24.⁷
- 5.2 The five-year trend in demand is shown in Graph C. with early indications that this will rise further in 2023/24. While rehousing over 20 Afghan households placed in Stockport is being achieved through effective partnership working, filtering over 80 Ukrainian households into mainstream housing is providing an additional challenge. There are now also two hotels in Stockport providing accommodation to asylum seekers, which with those asylum seekers in existing Home Office procured housing totals circa. 1,000 people, leading to a significant increasing pressure on homelessness services when people receive positive decisions.

Graph C – Homelessness demand

⁷ Andy Gale Consultancy

Homeless Presentations and Duties by quarter

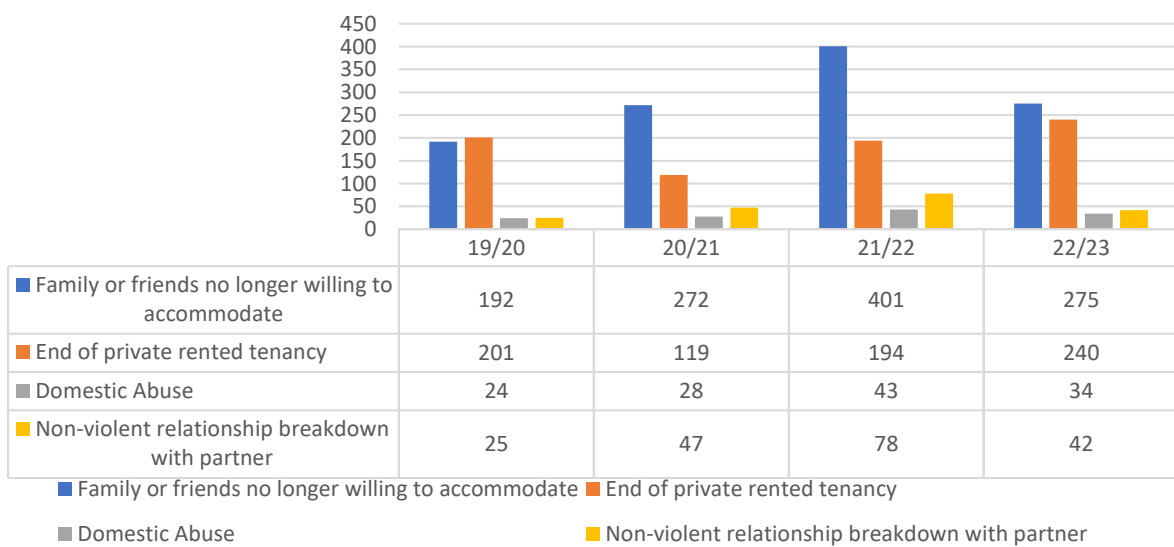


5.3 There are two main initial duties owed to households at risk of homelessness, the first being the Prevention Duty where people are threatened with homelessness within 56 days. The Housing Options Team work with the household to try to prevent loss of accommodation or find an alternative. The Relief Duty is where someone is homeless and extends to providing accommodation where a household has children or a particular vulnerability.

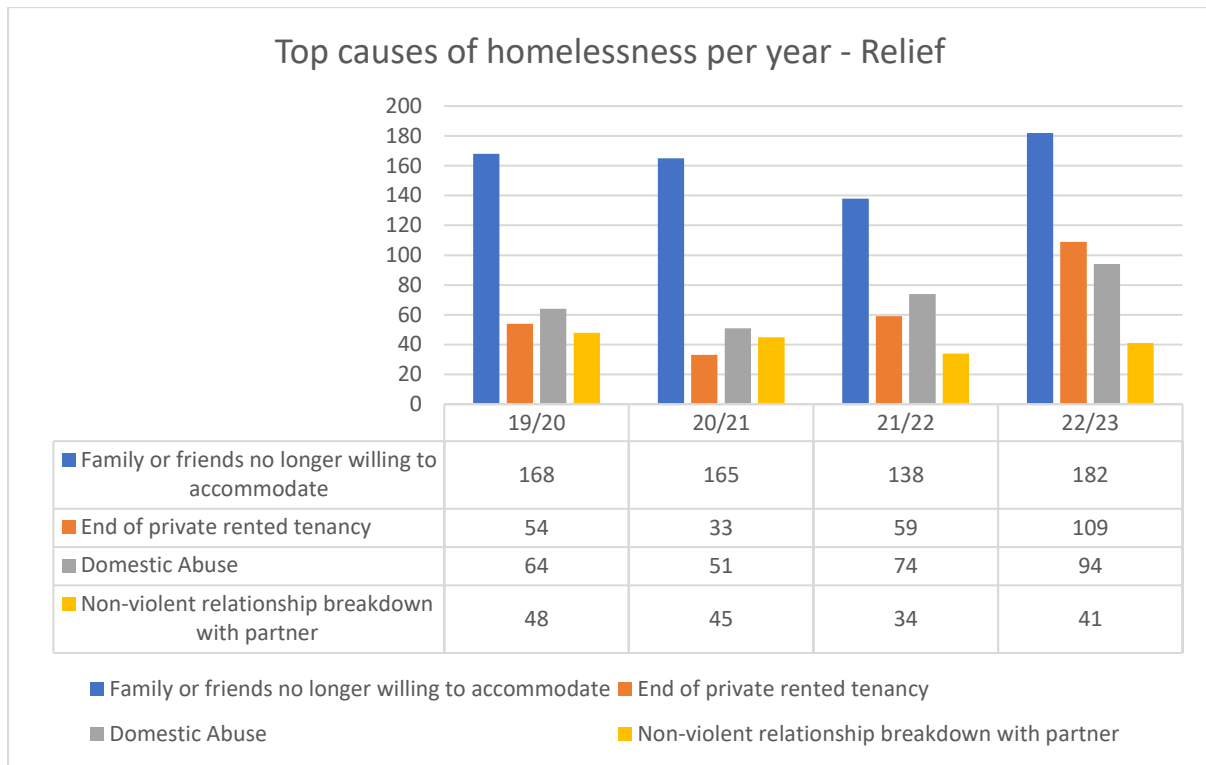
5.4 During 2022/23 there was a marginal increase in both duties, although a shift in the cause of homelessness with more people affected by loss of private rented accommodation. Graph D shows the causes of homelessness leading to a prevention duty arising and Graph E the relief duties.

Graph D – Causes of homelessness prevention duty.

Top causes of homelessness per year - Preventions

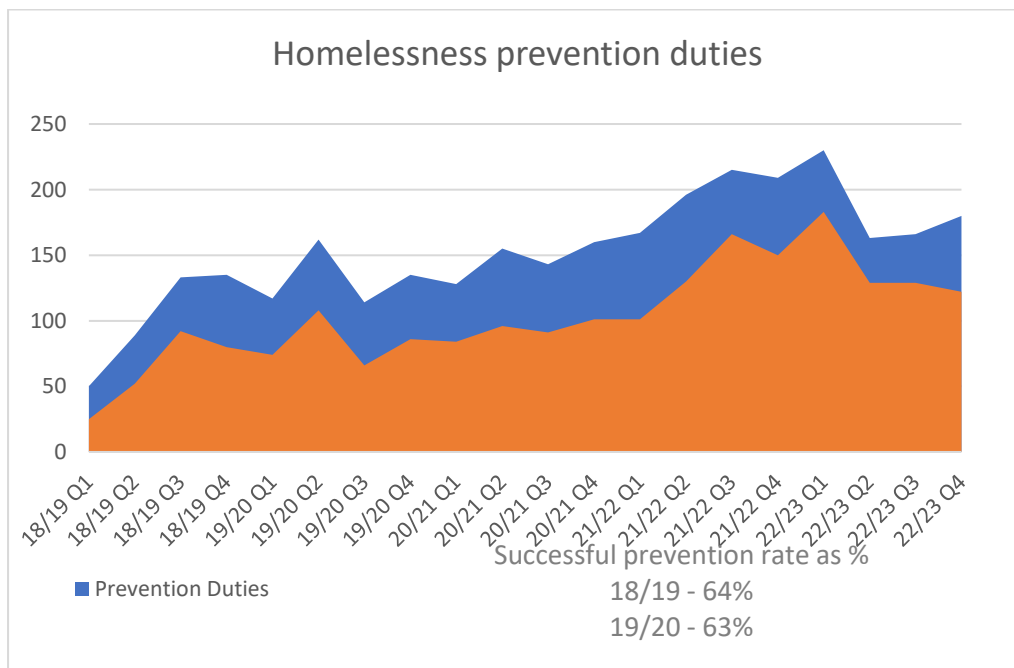


Graph E – Causes of homelessness relief duty.



5.6 The reason for homelessness duties not rising at the same rate as presentations has been more effective work to help prevent the loss of accommodation. The number of homeless prevention duties resolved without a household becoming homeless rose to 76% in 2022/23, well more than national and sub-regional performance under 60%. This is outlined in graph F.

Graph F – Prevention duties and successful outcomes



5.7 Performance has been achieved through additional external resources from homelessness grants being allocated to mediating with friends, family and property owners, a refocussed domestic abuse service and increased funding to help clear rent arrears and access the private rented sector. With finding alternative affordable accommodation so difficult, preventing homelessness is the overriding goal of the Housing Options Team and its internal and external partners.

6. STOCKPORT HOMES GROUP AND ADDRESSING DEMAND AND SUPPLY ISSUES

6.1 The factors driving the disparity between supply and demand often reflect historic policy decisions at a national level, are impacted by global issues such as migration and conflict and the prevailing state of the economy. However, SHG do retain a degree of agency to mitigate the adverse impacts of the housing shortage, with actions including:

- Lobbying– At a national, sub-regional and local level SHG work to influence decision making, often in collaboration with other housing providers through the Greater Manchester Housing Providers Group, National Housing Federation and National Federation of ALMOs.
- Development – While there are significant constraints due to land, tax, and finance issues, SHG can use its expertise in maximising development opportunities to increase housing supply and target the type of properties most needed.
- Maximising access to the Private Rented Sector – Through Three Sixty Living, SHG offer a lettings service to landlords which seeks to reduce the difficulties of managing properties, as well as offering the capacity to take advantage of available funding to promote leasing or other access schemes.
- Making the best use of available social housing stock – Through investing in a ‘right-sizing’ service, SHG can incentivise and support people in homes too large for them to move to smaller, more manageable homes.
- Minimising the impact upon homelessness - Through the Housing Options Team, SHG offer holistic support to access accommodation that is available and help people remain in their existing homes where possible.
- Mitigating overcrowding – The social impacts of overcrowding and poor housing conditions can be reduced by multi-agency support, effective housing management practices and a proactive approach towards damp, mould, and condensation.
- Addressing property conditions – working with the Council’s Housing Standards team to ensure poor property conditions in the PRS are addressed and do not result in the need for rehousing.
- Reletting voids as quickly as possible.

6.2 With little likelihood of a major change in the wider housing picture for the short to medium term, how SHG can maximise these interventions can make

a material difference to the lives of people within the Borough but will only impact on relatively small numbers of the population, not resolve the overall issue.

7. SUMMARY

- 7.1 Structural factors such as a rising population and a long-term lack of investment in developing new, affordable accommodation has led to demand in the housing system far exceeding supply. The underlying difficulties have been accentuated by cost-of-living increases, freezes in LHA and wider changes within the private rental sector. The availability of land and planning issues remain a barrier to rectifying this situation. The Council Housing Needs Assessment in 2019 outlined a shortfall of over 500 affordable homes each year, with even an existing target of 200 not being met.
- 7.2 In addition to these longer-term issues, more immediate pressures have come to bear through Afghan and Ukrainian households arriving in the UK and either having hotel placements ended or struggling to maintain lodging arrangements with host families. Reductions in funding for other support services have also contributed towards rough sleeping remaining a challenge, affecting some of the most vulnerable in society.
- 7.3 There are record levels of homelessness and the effect upon customers and the Borough of an ever-deteriorating housing situation is stressful. The consequences of poor housing are well documented from educational achievement and poor health incomes through to anti-social behaviour and economic productivity. Managing housing stock in this climate is inevitably more challenging, and the monetary impacts, are significant.
- 7.4 Unfortunately, there appears to be no quick fixes to resolving the current situation, but SHG will:
- Lobby and influence to bring about change.
 - Maximise development opportunities.
 - Intervene in the private rented sector to offer affordable, stable homes.
 - Enable access to available options for those most in need.
 - Minimise the impact of sub-optimal housing conditions on households and properties.
 - Relet voids quickly

8 RECOMMENDATION

- 8.1 That the Stockport Homes Member Committee consider the discrepancy between supply and demand and the role of SHG in mitigating the impact, regarding:
- Lobbying and exerting influence to bring about change.
 - Maximising development opportunities.
 - Intervening in the private rented sector to offer affordable, stable homes.

- Enabling access to available options for those most in need.
- Minimising the impact of sub-optimal housing conditions on households and properties.
- Minimise relet times.