

HOMELESSNESS AND HOUSING NEED

Report of the Director of Place Management

1.0 Purpose of report

- 1.1 This report has been produced at the request of the Scrutiny Committee and provides information on housing need, supply and homelessness in the borough.

2.0 Background

- 2.1 As has been reported widely in the media, 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, 59% ahead of the rate of inflation¹, with supply of affordable accommodation to rent in either the private or public sector becoming increasingly constrained. Three million less properties were built in the last 30 years compared to 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 the 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.

¹ Customer Price Index

² Crisis/National Housing Federation 2018.

³ [Meeting housing demand \(parliament.uk\)](https://www.parliament.uk/business/committees/committees-a-z/commons-select/housing-committee/pages/Meeting-housing-demand-parliament-uk)

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/1144)

- 2.4 The impact of housing shortages is clearly visible in increased levels of homelessness and the 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 all 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.
- 2.7 Nationally, and locally, there are concerns about landlords deciding to sell properties and leaving the sector, with the consequential impact on availability and cost of private lets. Whilst the media and landlord organisations have speculated that this is as a direct result of landlords being concerned about government proposals to abolish section 21 (Housing Act 1988) 'no fault' evictions, and to increase the Minimum Energy Efficiency Requirements (MEES), the picture is more complex. Post the Housing Act 1988 introduction of shorthold assured tenancies and market rents, and the various pension scandals during the 1990s, there was a significant increase in the number of individuals entering the market as landlords, often with the longterm ambition for the properties purchased to fund their retirement. Many of these individuals will now be of an age where they are entering retirement, have seen the value of their properties increase significantly and will be wanting to realise the return on their investment. In addition, recent increases in interest rates, together with some predictions of reducing market values are likely to have encouraged some landlords to consolidate their assets, that is sell off some properties to release capital, and then reduce borrowing levels against others in their portfolio.

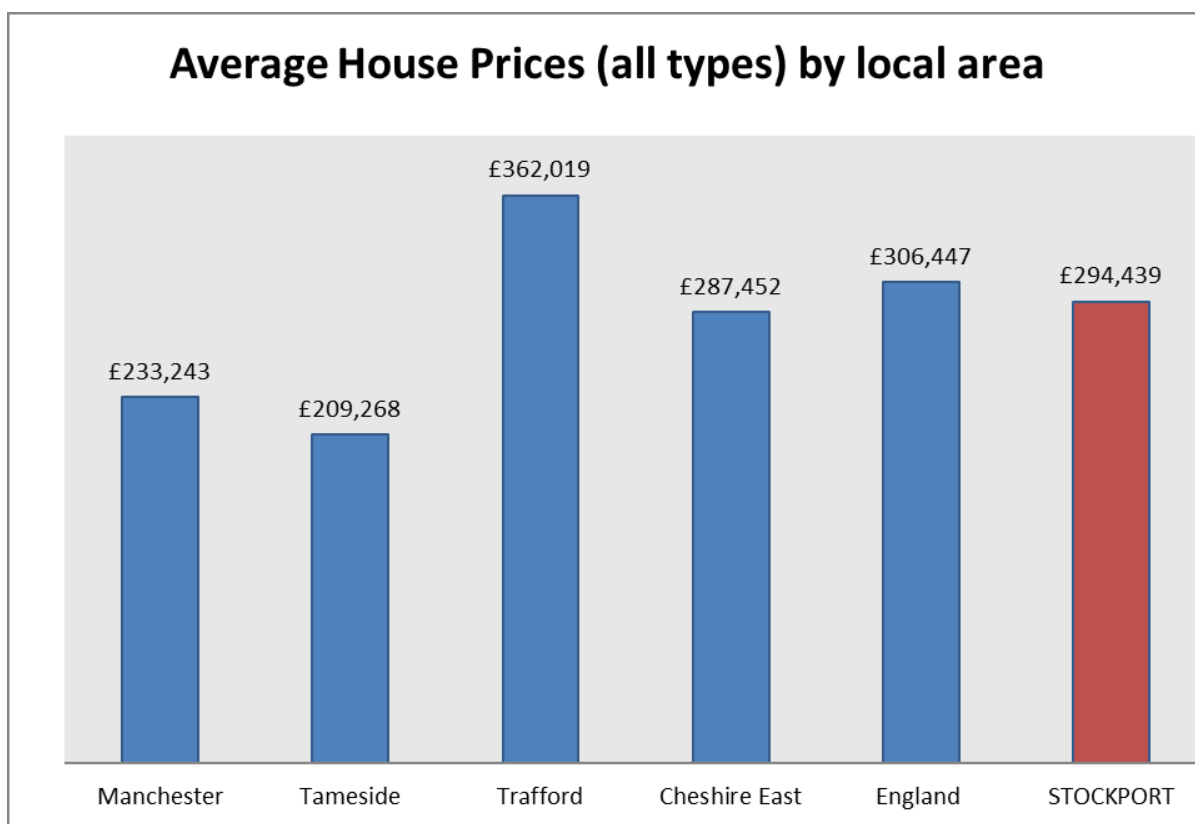
3.0 Stockport Housing Market

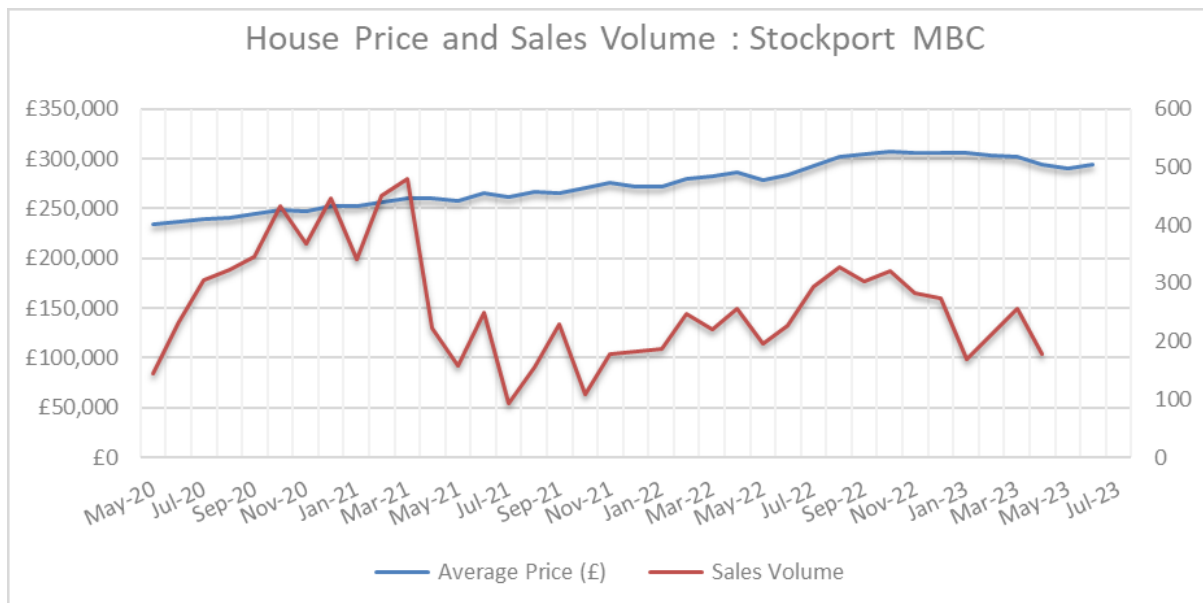
- 3.1 Stockport has an above average level of owner-occupied properties at 72% (64% national), leaving both social and private rented sectors lower than most areas, at 14% each - the private rented sector (PRS) in Stockport is about half the national average.

⁵ National Housing Federation 2021

3.2 House prices within the borough have increased significantly in recent years, reaching an average of £294,439 (HM Land registry Sept 2023), the second highest in Greater Manchester after Trafford and equivalent to circa nine times the median income for Stockport. As well as making owner-occupation an unlikely option for most people on even average incomes within the borough, it also has a knock-on effect upon the PRS, 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 affordable alternative, are still out of the reach to many, although demand far exceeds supply.

The charts below show comparable average property prices (HM Land Registry Sept 2023) and the significant reduction in sales volumes in recent years.



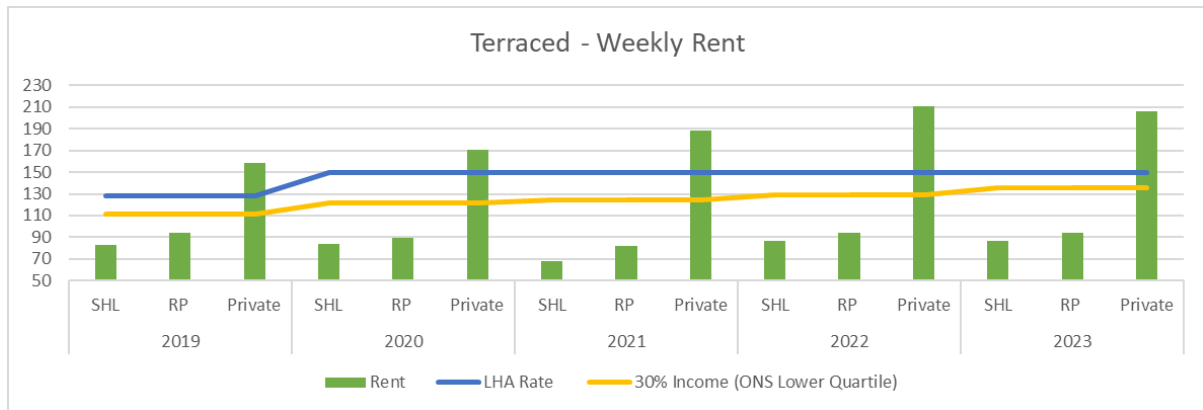


3.3 The last Housing Needs Assessment (HNA) completed in 2019 suggested an annual shortfall of 549 affordable housing completions. With annual delivery falling significantly short of this requirement (creating an ever increasing backlog), losses of social housing through ‘Right to Buy’ and demand increasing, it is expected that the results of any future HNA will demonstrate the current and future shortfall will be significantly more than assessed in 2019.

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 in Stockport. 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, which represents a shortfall of £45 compared to the LHA rate. This property was a former ‘right to buy’ house in Brinnington, with the social rent on the neighbouring property set at £114 per week. 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. An analysis of LHA rates, property availability and rent shortfalls in other Greater Manchester Local Authorities shows a similar picture. Although rents in many are lower, their LHA rates are also lower, meaning a recent ‘snapshot’ check has revealed no properties within LHA rates were available for rent.

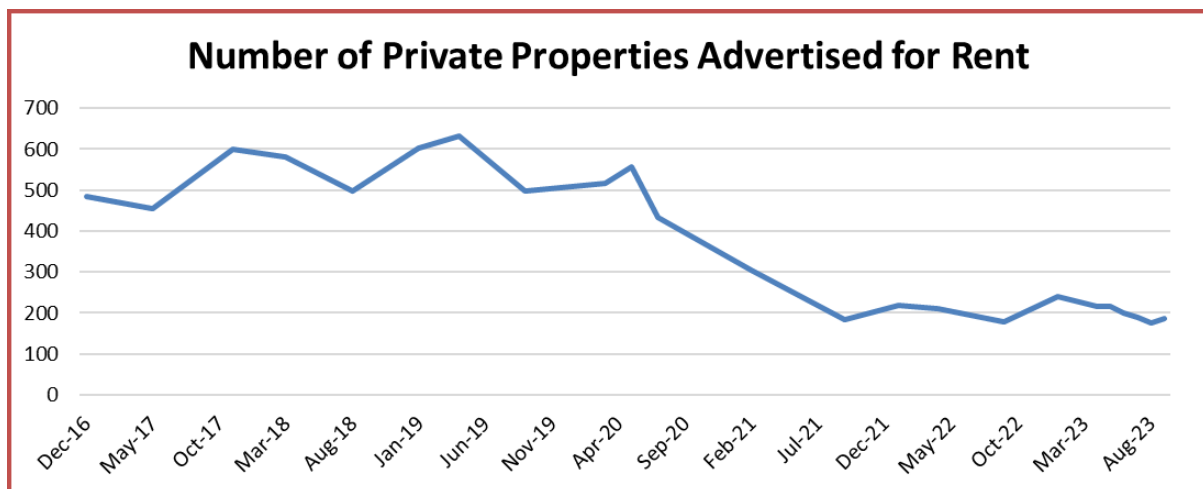
3.5 The graph below illustrates the difficulty faced by families on low incomes, outlining the average rent for a two-bedroom terrace house in each tenure within the borough compared to the LHA rate. The graph also shows the rent levels compared to 30% of lower quartile income: it is generally accepted that housing costs in excess of 30% of income is unaffordable. This increasing unaffordability of PRS is not only impacting on those looking for accommodation, but with rents rising it is hitting many already in the PRS. An

increasingly worrying trend is households receiving s21 notices either because of rent arrears, or to enable landlords to relet at a much higher rent.



3.6 Within Stockport there has certainly been a reduction in the availability of PRS lets, in part suggesting that landlords have been rationalising their stock and selling properties. The 360 Living Team within SHG 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.

3.7 The graph below 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 circa 200 in August 2023.



3.8 The exact impact of the Renters Reform Bill on the PRS in Stockport 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. As previously highlighted, the Bill may also be encouraging wavering landlords to exit the market or be more risk averse when selecting tenants.

3.9 The Council is continuing to lose properties through the 'right to buy' (RTB) and has since the 1980s been forced to sell almost half of the Council owned

housing, most of which have been houses. The level of discount varies according to length of tenancy, but, whilst capped at 70%, the Government have increased the maximum discount for each of the last 15 years. The current maximum discount (outside of London) is £96,000. The table below shows the RTB sales over the last 5 years

Year	No of Sales
2018/19	58
2019/20	63
2020/21	50
2021/22	59
2022/23	55

3.10 The table below shows the reduction in supply of Council/SHG properties becoming available for letting over the past five years, down by 351 (34%) to 680 in 2022/23 from 1031 in 2018/19 (total circa 12,000 units). The Stockport Housing Partnership Registered Housing Providers (RPs), which between them own over 95% (7700 units) of the RP stock in the borough, let the majority of their units through a 'nominations' arrangement resulting in over 50% of letting being made in accordance with the Council's approved Housing Allocation Policy through Homechoice. The Partner RPs position on relets however, matches that experienced by the Council/SHG with relets at an all time low. 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.

	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%

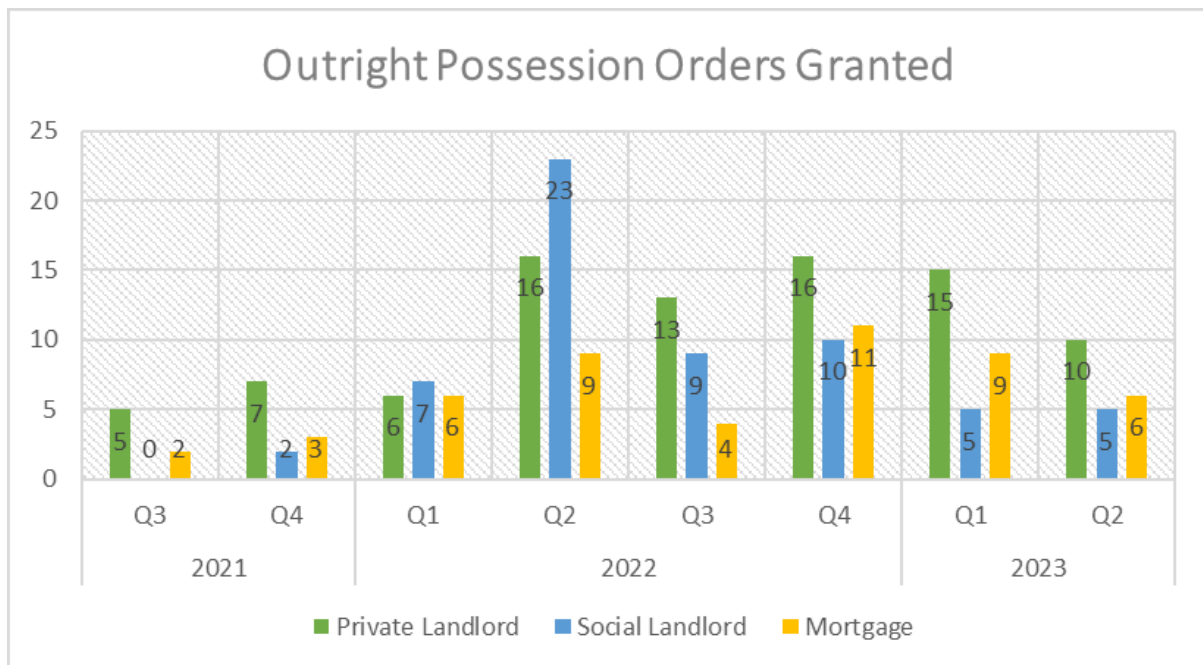
3.11 In recent years, the Government, working with lenders, have put in place a series of safeguards aimed at reducing the likelihood of repossession. These measures include mortgage 'holidays', interest only mortgages and extending the repayment terms. Despite the recent increases in lending rates, it is likely

that these measures will continue to be effective at reducing repossession in the short-medium term.

The Housing Act 1988, section 21 ‘no fault’ eviction process remains in place for the PRS and is being used widely. In truth, however, few landlords progress to gaining possession and rely on tenants leaving on receipt of the initial notice.

Repossession in the social sector is always the last resort, but with the increased security of tenure often requires the landlord to actually seek the possession orders. Such measures are often linked to wider support plans to encourage tenants to accept help and support.

The table below shows the possession orders granted in Stockport since 2021 when the ‘covid’ ban on repossession was lifted (Ministry of Justice September 2023). It should be noted that this ban had created a backlog of cases which does now seem to have worked through the system.



4.0 Housing Demand

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 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. A more realistic assessment comes from looking at the over 4000 households considered to be in ‘reasonable preference’, that is really in urgent housing need (for example actually homeless, sofa surfing, at imminent risk of eviction, statutorily overcrowded)

4.2 The table below shows the breakdown of applicants by size of property needed, with the numbers registered reducing as the numbers of bedrooms needed increases. There are of course very few larger social rented housing units, meaning that finding accommodation for larger families is particularly challenging.

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 the medical housing need, which is often linked to other factors such as overcrowding or affordability issues causing distress and pressure within families.

4.4 The table below 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.

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, both within social housing and 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. The table below 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.

Bedrooms needed	15 points Lacking one bedroom	30 points Two bedrooms	45 points Three bedrooms	60 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 The percentage increase in 'direct offers' (see table in 3.10 above) 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. Direct offers are usually made to those in temporary accommodation, and failure to accept a reasonable offer may mean the household is deemed to have made themselves 'intentionally homeless'.
- 4.7 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 (older person) bedsits having less than viable shortlists. The table below outlines average bids since 2018/19.

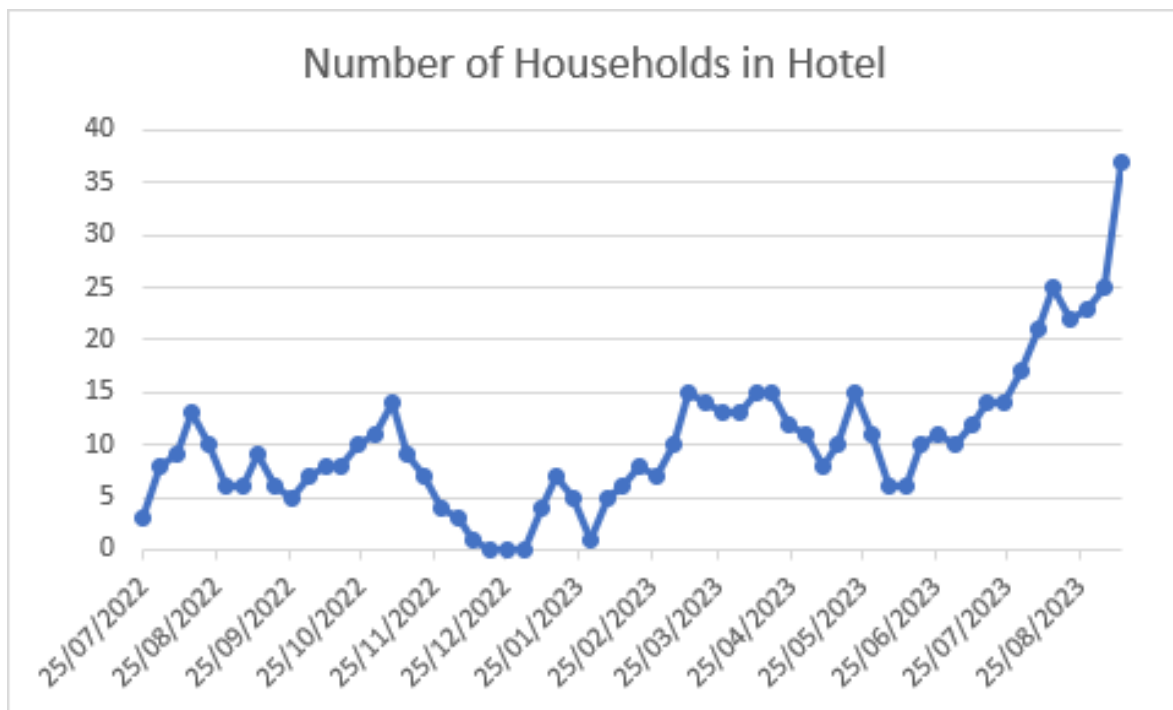
Bid date	Bids	Average bids
2018/19	71295	105
2019/20	65878	134
2020/21	66357	165
2021/22	66774	142
2022/23	68948	202

- 4.8 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 through the implementation of 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 on any shortlist.
- 4.9 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

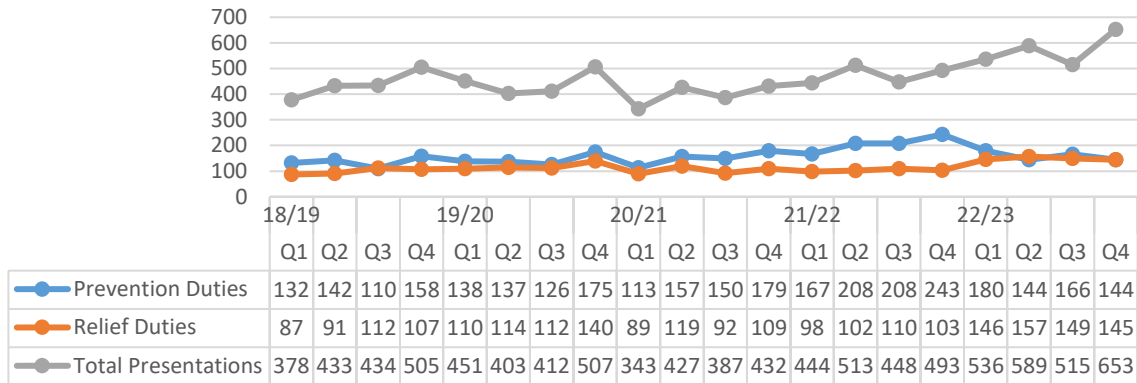
5.1 Stockport saw the highest ever level of homelessness presentations in 2022/23 with over 2300 households seeking assistance, an increase of 22% on the 1900 seen the previous year. The Council owns three dedicated temporary accommodation schemes, supplemented with a number of 'off site' flats which are far more suited to some individuals/households. Before 2022, the service had always managed demands for temporary accommodation within these existing units and had never regularly had to resort to bed & breakfast accommodation. With temporary accommodation running at capacity and limited/slow 'move ons', hotels have been in regular use during the last year at a cost for 2022/23 of £150,000. A predictive model used by a national housing consultancy, has assessed that demand for temporary accommodation in the borough may rise by 68% in 2023/24.⁶, and current predictions for this year would suggest that spend on hotels may exceed £500,000: costs during Q1 were over £150,000. At the time of writing, there were 137 households in temporary accommodation plus a further 29 households in hotels.



5.2 The five-year trend in demand is shown in the graph below with early indications that this will rise further in 2023/24.

⁶ 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 will work with those households to try to prevent loss of accommodation or find an alternative. The Relief Duty is where someone is homeless and extends to directly providing accommodation where a household has children or a particular vulnerability.

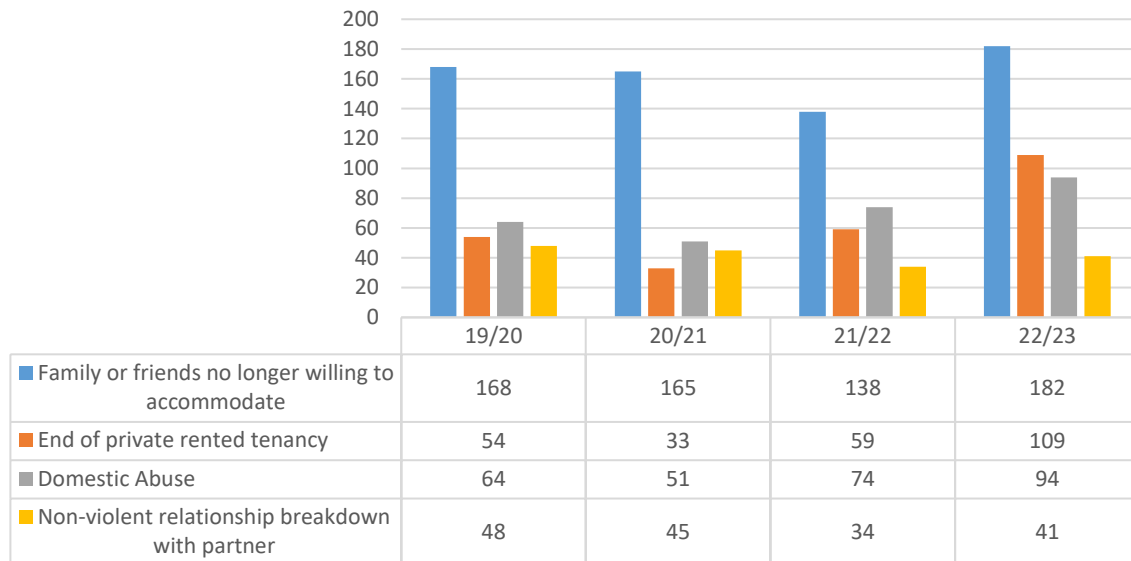
5.4 During 2022/23 there was a marginal increase in both duties, with a shift in the cause of homelessness to more people affected by loss of private rented accommodation. The graph below shows the causes of homelessness leading to a prevention duty arising and the second graph the relief duties.

Causes of homelessness prevention duty.

Top causes of homelessness per year - Preventions

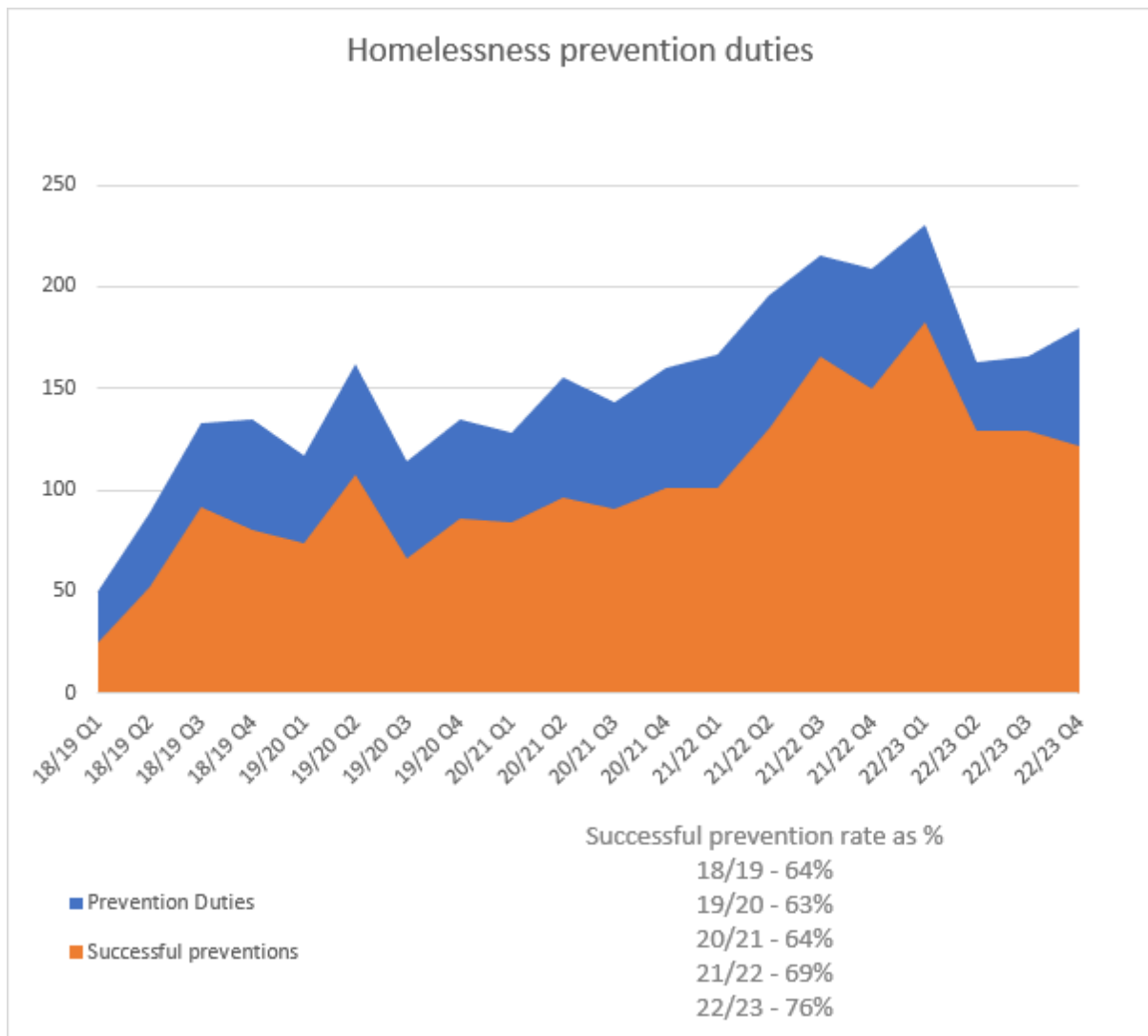


Top causes of homelessness per year - Relief



■ Family or friends no longer willing to accommodate
 ■ End of private rented tenancy
■ Domestic Abuse
 ■ Non-violent relationship breakdown with partner

5.5 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, significantly more than national and sub-regional performance at under 60%. This is outlined in the following graph.



5.6 Performance has been achieved through additional external resources from homelessness grants being allocated to mediating with friends, family and property owners, a refocused 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, and as can be seen above has been extremely successful.

5.7 There is significant partnership work between the agencies to address problems of rough sleeping and to encourage these individuals to work with the agencies and accept the support and assistance available. Many rough sleepers can be extremely challenging, and often have significant addiction/mental health/behavioural needs. Partners meet regularly to identify individuals and develop approaches that may best suit the individuals concerned, and have had a great deal of success. It should be noted that although there has been a small overall increase in 'rough sleepers', numbers remain relatively small at circa ten individuals at any one time. Many reports of 'rough sleeping' on investigation are found to be related to begging with those

concerned having stable tenancies/being adequately housed: purporting to be homeless can increase the levels of income significantly for those that are begging.

Please see the two case studies in the Appendix below

6.0 **New Housing Development**

- 6.1 The Council works with SHG through the Viaduct Housing Partnership to deliver affordable housing directly owned by the Council (Housing Revenue Account or HRA) and housing owned by SHG (SHG is wholly owned by the Council). These two delivery routes were developed to maximise both funding opportunities (availability of Homes England grant and debt provision through the HRA or PWLB) and to provide flexibility. In addition, the Council also works directly with Partner RPs to deliver affordable housing.
- 6.2 The delivery of affordable housing is through either Homes England grant or planning gain (s106) where private developers have to provide affordable housing to meet planning policy requirements.
- 6.3 The table below sets out the delivery of affordable housing over the last 5 years. It should be noted that delivery in a single year can be exceptionally difficult to predict, as the process can take several years and usually results in large numbers being handed over on a single day.

year	Shared Ownership	Social Rent	Affordable Rent	Total
2018/19	132	3	134	269
2019/20	52	9	73	134
2020/21	57	25	50	132
2021/22	14	26	28	68
2022/23	91	23	4	118

Total	346	86	289	721
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In addition to the above completions, there are currently 489 units on site with 200 expected to complete during 2023/4 and the remainder during 2024/5. SHG, Partner RPs and Council officers are also working on a series of pipeline schemes which it is hoped will come forward over the next few years.

- 6.4 Working with the Greater Manchester Mayor and Homes England, the Council established the Stockport Mayoral Development Corporation in 2019 to drive regeneration within the town centre. The MDC will include the delivery of 4,000 new homes by 2035, with 1,100 currently on site by the end of 2023 for completion within the next 18 months, and a further 1,200 to be delivered through Stockport 8.

6.5 Development at present is extremely challenging, with a number of factors severely impacting on the ability of housing providers to deliver more affordable units including:

- Limited site availability
- Complexity of sites, which often have significant planning policy, delivery and financial challenges
- Competition for sites with the private sector, which not only drives up prices but also means deliverable sites are sold very quickly
- Rampant building inflation, and linked to this, 'risk averse' contractors (a number of contractors have gone into administration as a result of difficult trading conditions making contractors wary and wanting certainty over expenditure)
- Homes England grant levels, which can severely impact on viability

7.0 Conclusions

7.1 In conclusion, like many areas in the Country, increasing housing need linked to limited supply and escalating rents and property prices are meaning more and more households are facing housing insecurity and homelessness. Despite the significant challenges, the homeless and housing options service, along with partner agencies, are working hard to keep improving the service and to ensure families are supported and able to keep a roof over their heads

8.0 Recommendations

8.1 The Scrutiny Committee is requested to consider and note the report

Anyone requiring further information should contact:

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APPENDIX – Case studies

Mr X was served a notice from his private landlord who was seeking to increase the rent by £250 per month. After discussion with the landlord, an interim increase of £125 was agreed, with the applicant supported by the SHG Employment Team to access a higher paid job and the rent increase covered for three months. The alternative would have been a homeless family placed in hotel accommodation at a cost of £700 per week and subsequent disruption to family life.

Mr A had significant mental health and substance misuse issues and was rough sleeping. Through a joint funded SHG/ASC role an in-depth Care Act assessment was undertaken. This resulted in funding for a support package being identified, linked to a Rough Sleeping Accommodation Programme (RSAP) tenancy. As well

as resolving homelessness, this led to almost daily presentations at A&E ending and a transformational difference in the customers mental health.