

**South East London
Strategic Housing Market Assessment 2009:**

Gross Requirement for Owner Occupation

Main Report of Study Findings
DRAFT: January 2010





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Chapter 1: Requirement for Owner Occupation

Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by the local authorities in South East London to undertake a comprehensive and integrated Strategic Housing Market Assessment for the sub-region. The local authorities involved in the project are Bexley, Bromley, Greenwich, Lewisham and Southwark.
- 1.2 The research was based on the analysis of 7,250 interviews conducted with households in each of the boroughs in June 2007 and November 2008 (the Household Survey, which primarily underwrote the housing needs and requirement modelling) coupled with secondary data.

Figure 1

Overview of the Document Structure for the South East London Strategic Housing Market Assessment 2009



- 1.3 This document is one of the sub-group reports for South East London. Other sub-group reports include an analysis of the circumstances and housing requirements of people with support needs, families, older persons, young persons, Black and Minority Ethnic groups, migrant workers, public sector workers, intermediate housing, the private rented sector, social housing and students.
- 1.4 Other documents available include:
- A report which focuses upon the key findings and potential policy conclusions of the study;
 - A technical appendix covering details of the fieldwork, modelling methodology and a summary of the extensive stakeholder engagement undertaken for the study including

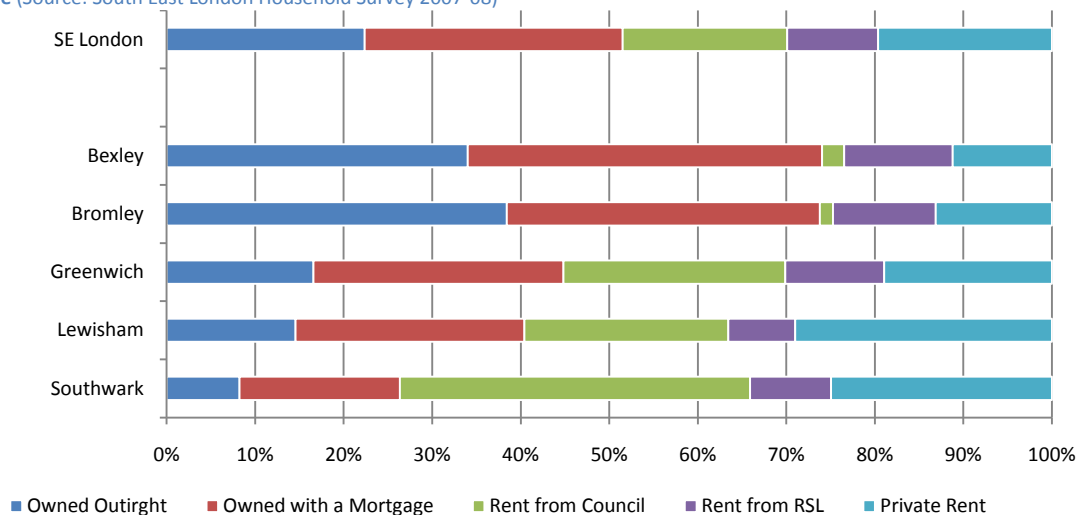
workshops with economic development and social care officers along with the results of a survey and workshop with private landlords;

- An executive summary designed to be accessible to all;
- Individual reports for each of the five boroughs involved in the study.

Tenure

- ^{1.5} Figure 2 shows the overall tenure of housing stock in South East London. Across the whole sub-region owner occupation forms just over half of the housing stock with around 29% rented from social landlords and 20% from private landlords, however in Bexley and Bromley over 70% falls into the owner occupied sector. Private renting rates are highest in Lewisham, with almost 30% of the housing stock in the borough falling into this category while the proportions of social rented dwellings are relatively high in both Southwark (47%) and Greenwich (36%).

Figure 2
Housing Tenure (Source: South East London Household Survey 2007-08)



- ^{1.6} Figure 3 (overleaf) and Figure 4 (overleaf) show the changes which have occurred to tenure in South East London since 2001. In 2001 42.1% of all households were owner occupiers who had a mortgage, but by 2008 this has fallen to 29.2% although those who own outright has risen from 18.8% to 22.4%. The social rented sector has risen slightly from 26.9% to 28.9% of all households and in 2001, private rent tenants formed 12.1% of all households, but by 2008 this had risen to 19.6%. The proportion of those who own with a mortgage has fallen across all boroughs in the sub-region but the most marked change is in Bexley which has seen a 14% decrease since 2001. Conversely, the private rented sector has risen across all boroughs but it varies from an increase of 4.5% in Bromley and Bexley to 15.5% in Lewisham. It should be noted that this data is taken from two separate sources, the 2001 census and the household survey, however they should still provide a useful comparison.

Figure 3
Housing Tenure 2001
 (Source: UK Census of Population 2001. Note: Owned with a mortgage includes shared ownership)

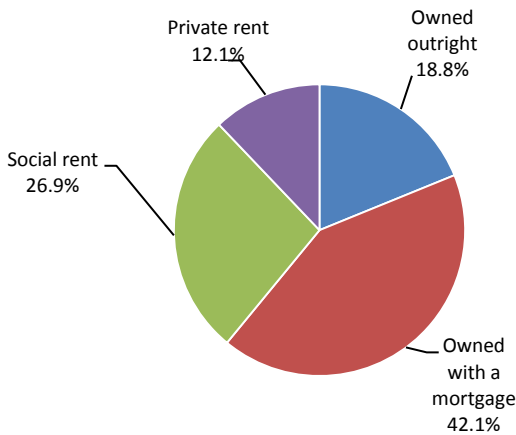
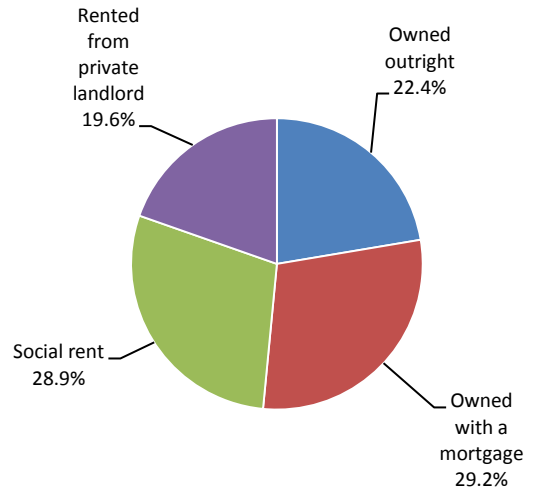


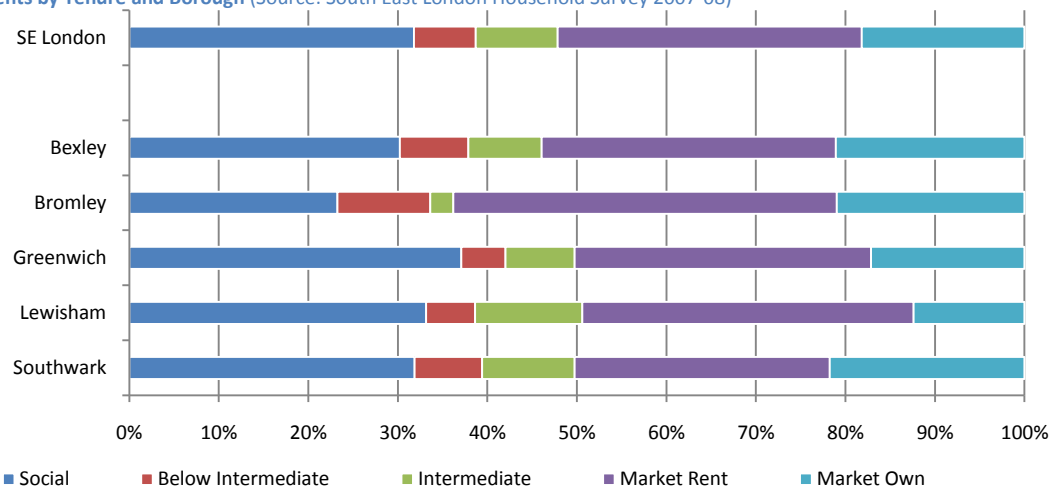
Figure 4
Housing Tenure 2008
 (Source: South East London Household Survey 2007-08. Note: Owned with a mortgage includes shared ownership)



1.7 Although it is clear that there are now less people living in the owner occupied sector there is still a gross requirement for 49,440 dwellings of this tenure across the sub-region. The remainder of this report concentrates on the characteristics of these households who currently require owner occupation, to help understand how best to deliver this requirement now and in the future. It should be noted that the housing requirements set out below are based purely upon affordability as set out in Planning Policy Statement 3 (PPS3). Therefore, if a household is able to afford owner occupation is it assessed that this is their housing requirement. The preferences of the household are not considered in the model.

Gross Requirements

Figure 5
Housing Requirements by Tenure and Borough (Source: South East London Household Survey 2007-08)



1.8 Figure 5 details how the total housing requirement is split by tenure and area, where it is clear that across the whole of the sub-region only around 18% of the requirement is for market owned properties, with the largest requirement for market rent (34%), closely followed by social

rent (32%). However, this varies between boroughs - while around 20% require owner occupation in Bexley, Bromley and Southwark, only 12% do in Lewisham.

Household Characteristics

Figure 6
Household Type by Households Requiring Owner Occupation
(Source :South East London Household Survey 2007-08)

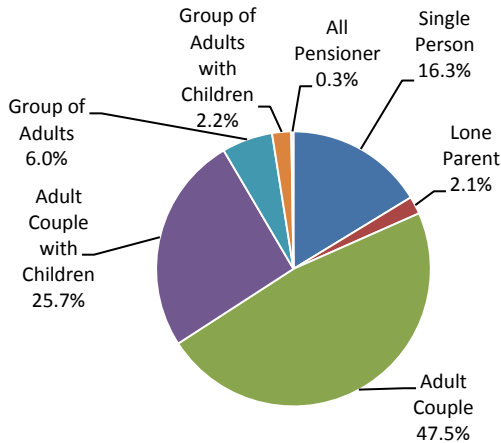
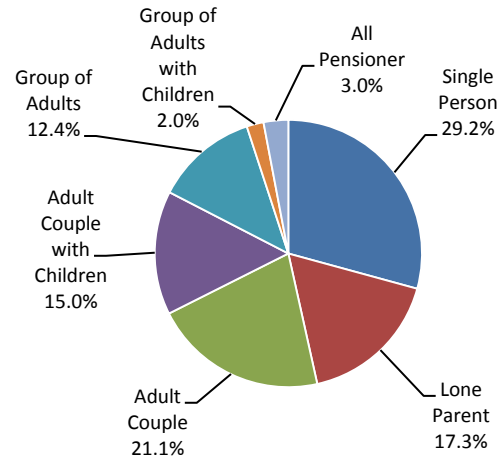


Figure 7
Household Type across all Tenure Requirements
(Source: South East London Household Survey 2007-08.)



1.9 Figure 6 and Figure 7 show that there is a significant difference between the household types that require market ownership and the household types that require other tenures. Almost half the requirement for owner occupation is for adult couples, with a further quarter being for adult couples with children compared to only 36% for these two groups combined across all tenures. Very few single persons (16%) or lone parents (2%) require market ownership compared to 29% and 17% respectively across all tenure requirements.

1.10 Figure 9 shows the gross household income levels for households requiring owner occupation and Figure 8 shows this information for all tenure requirements. Gross household income includes income from all sources such as earnings, pensions, interest on savings, rent from property and state benefits, but does not include housing benefit. This measure of income is more important than individual earnings for housing purposes because household income gives a better guide to how much a household can afford to spend on housing.

Figure 8
Household Income across all Tenure Requirements (Source: South East London Household Survey 2007-08)

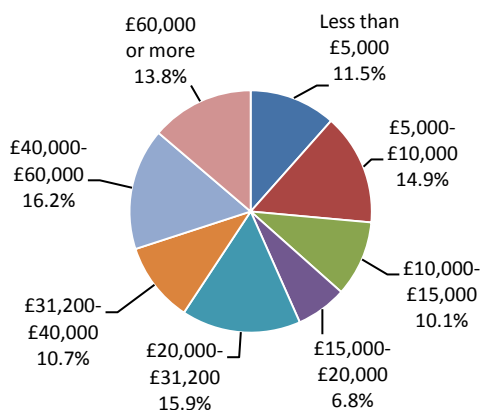
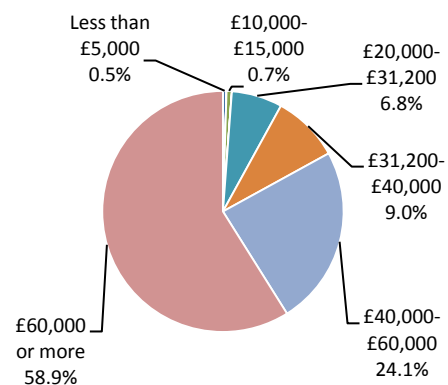


Figure 9
Household Income for Households Requiring Owner Occupation (Source: South East London Household Survey 2007-08)



1.11 This indicates that while 83% of households requiring owner occupation have an income of over £40,000, this is the case for only 30% of all households requiring properties. Furthermore while 37% of all households have an annual income of less than £15,000, this is only 1% of those who live in the owner occupied sector. It can be seen that in reality a household income of at least £20,000 is needed to access market ownership, with the majority having incomes of £40,000 plus.

1.12 It is clear from Figure 10 and Figure 11 that there is also an ethnic dimension to housing requirements when split by tenure. Those requiring owner occupation are much more likely to be White British with 66% falling into this ethnic group compared to only 49% across all tenure requirements. Additionally only 14% of those requiring owner occupation are from non-white ethnic groups, compared to 34% of all households.

Figure 10
Ethnic Group by Households Requiring Owner Occupation
(Source :South East London Household Survey 2007-08)

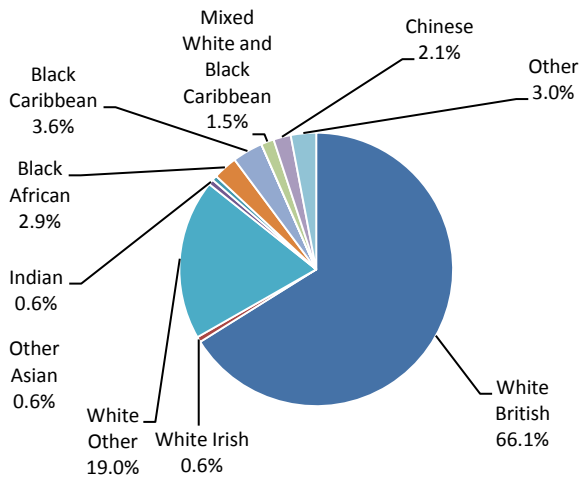
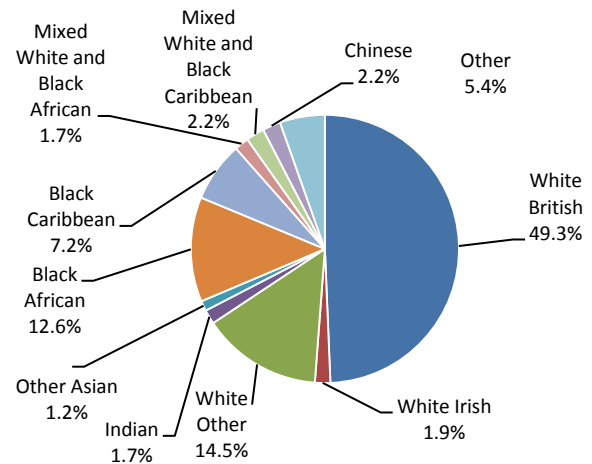


Figure 11
Ethnic Group across all Tenure Requirements
(Source: South East London Household Survey 2007-08.)



1.13 Figure 12 shows that households that require market ownership are in general older, with 54% aged over 35, compared to only 40% across all tenure requirements. However, still over a third of the owner occupied requirement are aged between 25 and 34.

Figure 12
Age Group by Households Requiring Owner Occupation
(Source :South East London Household Survey 2007-08)

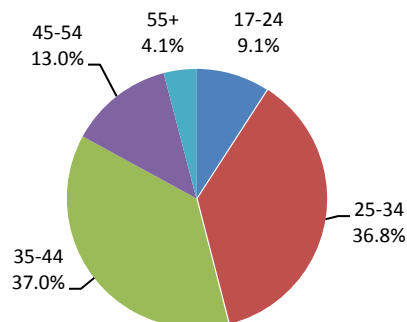
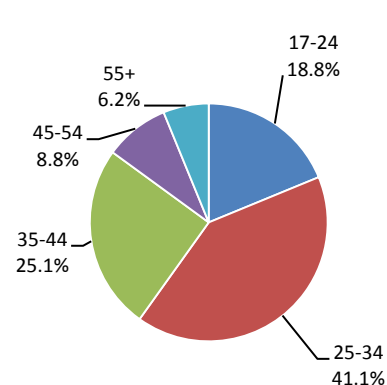


Figure 13
Age Group across all Tenure Requirements
(Source: South East London Household Survey 2007-08.)



Housing Stock

1.14 Figure 14 shows that while households currently living in flats form the majority (58%) of the requirement for owner occupation this is significantly lower than across all tenure requirements where 74% currently live in a flat. Those requiring owner occupation are more likely than those requiring other tenures to currently live in a semi detached (16%) or terraced property (23%).

Figure 14
Property Type for Households Requiring Owner Occupation
(Source :South East London Household Survey 2007-08)

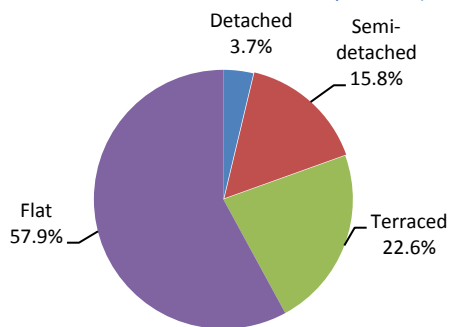
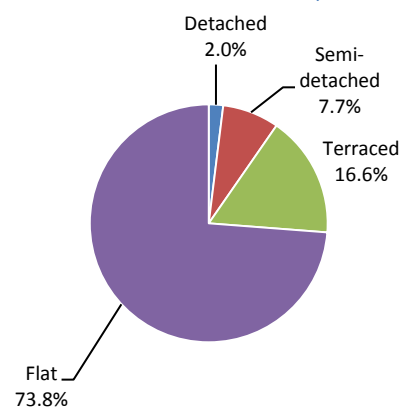


Figure 15
Property Type across all Tenure Requirements
(Source: South East London Household Survey 2007-08.)



1.15 The majority (59%) of households requiring market ownership already live in the owner occupied sector, with most of these owning with a mortgage. The remaining 41% currently rent privately with no households currently living in the social rented sector. This compares to 52% of all households requiring properties who currently rent privately, and 26% who currently live in the social rented sector.

Figure 16
Current Tenure by Households Requiring Owner Occupation
(Source :South East London Household Survey 2007-08)

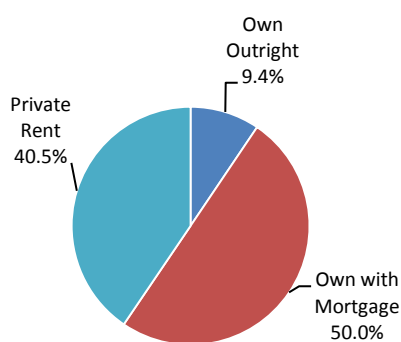
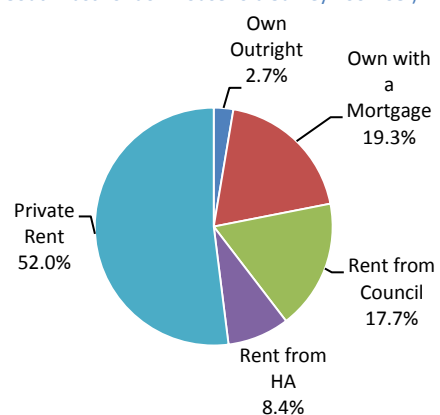


Figure 17
Current Tenure across all Tenure Requirements
(Source: South East London Household Survey 2007-08.)



1.16 Across all tenure requirements in South East London 43.5% of households are unsuitably housed, however this falls markedly to only 12.3% of those who require market owner occupation. Figure 18 (overleaf) details the percentage of unsuitably housed households by

problem category, where it can be seen that for owner occupation there is no group that stands out as having a large proportion.

Figure 18

Proportion of Established Households in Unsuitable Housing by Tenure Requirement and Problem Category (Source: South East London Household Survey 2007-08. Notes: Households experiencing problems in more than one unsuitability category are only counted once within the overall total. Owned figures include shared ownership properties. Private rent figures include rent free housing, tied housing and other properties rented from employer)

Unsuitability Category	Tenure Requirement					All Tenures
	Market Own	Market Rent	Below Intermediate	Intermediate	Social	
Homeless or with Insecure Tenure						
Tenancy/mortgage under notice	3.3%	5.3%	4.0%	8.3%	7.0%	5.7%
Accommodation too expensive	0%	0.7%	11.9%	16.9%	30.7%	12.4%
Mismatch of Household and Dwelling						
Overcrowding	2.5%	4.8%	23.7%	26.1%	21.5%	12.9%
Sharing facilities	2.6%	3.7%	6.1%	14.0%	4.2%	4.8%
Home too difficult to maintain	0%	0%	0.2%	0%	3.2%	1.0%
Children in high-rise flats	0%	0.5%	0.6%	1.8%	2.9%	1.3%
Support needs	0.5%	0%	9.8%	5.6%	16.6%	6.6%
Dwelling Amenities and Condition						
Lacking facilities	0%	0%	0.6%	0%	0.4%	0.2%
Major disrepair	3.7%	7.5%	5.7%	6.4%	13.6%	8.5%
Social Requirements						
Harassment	0.6%	0.8%	5.0%	4.2%	6.3%	3.1%
TOTAL	12.3%	21.4%	59.0%	67.5%	74.8%	43.5%

Household Moves

1.17 Almost 80% of the requirement for owner occupation has moved within the last three years which is slightly less than for the requirement across all tenures. However, those requiring owner occupation are more likely to have moved in from other parts of the UK (45%) when compared to other tenures (35%), whereas 34% of all tenure requirements moved within the local authority compared to only 22% for owner occupation.

Figure 19
Moved in Last 3 Years by Households Requiring Owner Occupation
(Source :South East London Household Survey 2007-08)

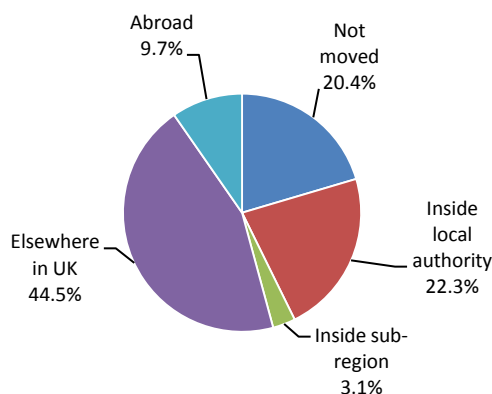
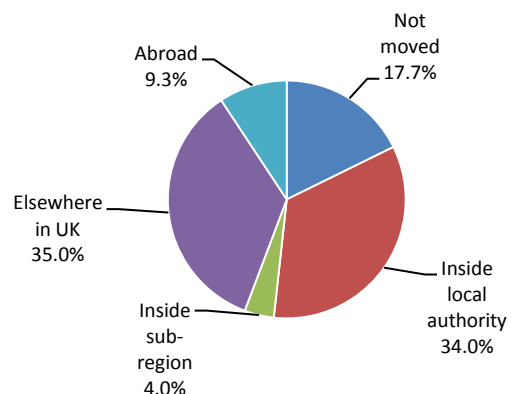


Figure 20
Moved in Last 3 Years across all Tenure Requirements
(Source: South East London Household Survey 2007-08.)



- 1.18 Figure 21 (overleaf) details the previous tenures of recent movers who form part of the requirement for owner occupation - it is clear that the majority (55%) have moved from private rented accommodation, 24% from a property owned with a mortgage and 11% from living with family. Across all tenure requirements (Figure 22) despite forming the majority, private rent only forms 42% of the total, and owned with a mortgage only 10% of the total, while over 28% were previously living with family.

Figure 21
Previous Tenure of Recent Movers by Households Requiring Owner Occupation
(Source :South East London Household Survey 2007-08)

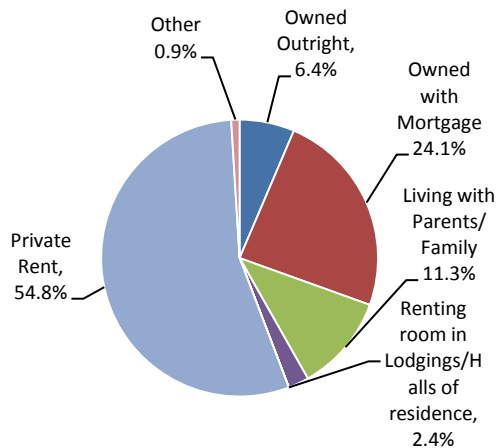
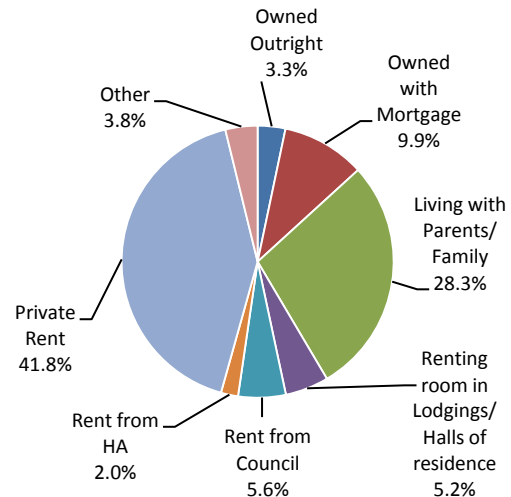


Figure 22
Previous Tenure of Recent Movers across all Tenure Requirements
(Source: South East London Household Survey 2007-08.)



Summary

- 1.19 Owner occupation rates have been falling across South East London, despite the number of households who own outright rising as a share of the population. The share of households who own with a mortgage has fallen sharply in recent years with far more households now renting in the private sector.
- 1.20 Although it is clear that there are now less people living in the owner occupied sector there is still a gross requirement for 49,440 dwellings of this tenure across the sub-region.
- 1.21 Almost half the requirement for owner occupation is for adult couples, with a further quarter being for adult couples with children reflecting the higher household incomes required to access this tenure. Very few single persons (16%) or lone parents (2%) require market ownership.
- 1.22 The requirement for market ownership is being generated by households who already live in owner occupied dwellings (59%) or the private rented sector (41%). Households who are identified as requiring market ownership are typically in higher income bands with 83% having an income of over £40,000.
- 1.23 Those requiring owner occupation are more likely to have moved in from other parts of the UK (45%) when compared to other tenures (35%), whereas 34% of all tenure requirements moved within the local authority compared to only 22% for owner occupation.