

# Housing Needs and Demands Study 2008

## Executive Summary



**Oldham**  
Council

## Executive Summary

The Oldham Housing Needs and Demand Study highlight a number of key issues and challenges that Oldham will need to address. The evidence from this study will be used to help inform the Oldham Housing Strategy 2009-11 and the work of the Oldham Housing Partnership.

This Study shows a wide range of issues affecting the full spectrum of Oldham's housing market. There are concerns over the levels of affordability, access to housing, the quantity of new housing being built and a number of other areas around the needs and aspirations for particular groups now and in the future.

Findings in the Study show that the issues are not all concerned with Council or Housing Association properties, but with the Private Rented Sector and Private Housing as well. If Oldham is going to be able to offer real quality and choice, there are a number of findings from the study which need to be tackled.

### Oldham's Housing Stock

- In 2007-8, of the 93,757 homes in the Oldham borough, 78.6% were privately owned and just over a fifth (21.3%) was managed by either the council or a Registered Social Landlord (RSL)
- Through a variety of reasons such as demolition, transfer and right to buy, Local Authority (LA) stock has decreased. Within the period 2005-6 to 2007-8, levels of social housing in the borough reduced from 21,137 to 19,993 (-5%) and there was an increase in privately owned stock from 71,998 to 73,721 (+2.6%)

### Affordability- pre Credit Crunch

- Between 2002 and 2008 the value of entry level (lower quartile) owner occupation housing rose by 180% in the Oldham Borough compared to a 163% rise for Greater Manchester and a 108% rise for England as a whole.
- Between 2005/6 and 2007/8 the average Re-Sale price of a property in Oldham Borough increased from £93,725 to £125,047.
- Similarly, the new build market saw an increase in values from £108,466 in 2005/6 to £194,540 at the start of 2006/7.

## Affordability- post Credit Crunch

- Since the end of 2007 there has been a decline shown in entry level house prices as a result of the credit crunch.
- In the year between second quarter (July – September) 2007 and the same period 2008 the average value of housing in Oldham, reduced by 7.4% from £128,964 to £119,495. Only in East Oldham (+3%) did prices rise.
- By the start of 2007/8 the average resale value had reduced to £119,495, a reduction of 4.4% in the period. By the second quarter 2008, average new build values were shown to be £134,037, a reduction of 31.1%.
- Despite recent decreases in entry level house prices, it is still virtually impossible for any lower quartile income single person and household buyers to enter the housing market. Single buyers would require lending of 6.5 times income and a household 4.9 times income.
- As with entry level first time buyers, first time buyers on an average income would find it virtually impossible to afford an average priced property.
- To many first time buyers on an average household income, the average value household market is not possible in their own areas (i.e. where they currently live). For first time buyers living in East Oldham and West Oldham, the whole of the Borough is unaffordable.
- For single first time buyers, nobody could afford to stay in their own areas based on average income and average house values. Only average earners in Chadderton, Saddleworth and Lees and Shaw and Royton could reasonably afford to buy in any part of the Borough.

## Property sales

- Since October 2007, the volumes of both re-sales and new build sales have reduced across all property types. The sales of flats and detached properties have been particularly affected.
- There has been a decrease of 61% and 81% in the volume of Re-Sale and New Build markets respectively.
- Data taken from the first half of 2008/9 shows that there has been a reduction in the volume of sales across all value bandings from the previous year, particularly those valued at over £150,000

- The previously buoyant Right to Buy market has been affected by the current housing crisis. The number of sales reduced from 226 in 2005/6 to 23 in the first six months of 2008/9. It is known that the levels of Right to Buy purchases have been affected by the increased difficulty in securing a mortgage. Another reason is the availability of three bedroom houses to buy.

## Housing Need

- The 2001 census shows that 7% of Oldham's housing stock is overcrowded, with around 6,400 households. This is the second highest level of overcrowding in Greater Manchester.
- By tenure, overcrowding is highest in private renting (and those living rent free), affecting 13% of such households. Owner occupation, in contrast, has the lowest levels of overcrowding, affecting just 5% of households. According to census 2001 there were 2311 overcrowded households in the social rented sector in Oldham (11.48%)
- Based on "Reasonable Preference Groups" a constant source throughout AGMA and recognised national definitions. Figures taken from end of 2007-8 indicate that Oldham had 2,436 households in need.
- Using data taken from the Greater Manchester forecast model it was projected that an average of 431 new households would form in Oldham each year.
- It was calculated that 155 of newly formed households could not afford to enter the Private Rented Sector.
- Using a three year average from 2004/5 to 2007/8 it was calculated that there were 370 existing households as opposed to newly arising households) who might fall into housing need.
- Using CLG guided calculation the estimated net annual housing need for social housing in the Oldham Borough is 321.
- The figure of 434 committed supply of units is an indication of developments that have been granted planning permission; however there is a high likelihood that many of these developments will not be completed.

## Local Authority Housing

- There are over 11,000 people on the waiting list for Local Authority properties in 2008.
- There are very high numbers of bids received for all Council properties in Oldham. In 2007/08, 1 bed properties received on average 55 bids per vacancy, 2 bed received 72, 3 bed received 73 and 4 bed and higher received 63.

- Only 4, 4 bed or larger Council properties became available to rent over 2007/08.
- Despite of the higher turnover of bedsits and one bedroom properties, the highest proportional demand is for two and three bedroom properties. It also illustrates that the lack of availability of four bedroom plus properties means that demand is high when they do become available.

## People

- The proportion of Oldham's population from BME groups is forecast to increase from around 16.6% in 2007, to around one fifth (19.4%) in 2012 and to one quarter (24.6%) in 2022. This is predominantly associated with the growth of Oldham's Pakistani and Bangladeshi heritage communities.
- There is a greater need for three bedroom or larger houses amongst the BME applicants for Local Authority housing.
- Older people in socially rented accommodation are proportionally more likely to have some form of limiting long-term illness than those in owner occupation.
- The government agenda for maintaining independence in the home, and the forecasted increase in the number of older people reinforce the need to improve links between housing, social care and public health.
- A number of cross tenure and geographically diverse findings are reflected in this Study. It will be important to consider a range of innovative measures to tackle some of these issues. Oldham will need to develop a robust and deliverable action plan and strategy to ensure that all partners are aware of the aims and their responsibilities to meet the housing challenge in these difficult times.