



## Affordable accommodation in limited supply

Property prices continued to rise throughout the UK in 2007 making Hertfordshire an increasingly difficult place to find affordable accommodation. On average, sale prices in the county were 33% higher than in England and Wales with ratios of affordability<sup>1</sup> that were the 7th and 8th highest in England. Despite rental prices appearing to show little difference, more people are renting which adds to the county's housing pressures.

In acknowledging the pressures that underpin the ability to secure a good quality of life, the government replaced its housing policy document of March 2000 with Planning Policy Statement 3 (PPS3) in 2006. This document states strategic housing policy objectives that the county's local authorities are expected to deliver to ensure everyone has the opportunity to live in a decent home, that they can afford, in a community where they want to live.

## Dwellings in Hertfordshire

On the 1st of April 2006 there were 448,681 residential properties in Hertfordshire. A dwelling is a self-contained unit of accommodation, as defined by the Census 2001. The tenure split of the dwelling stock across all 10 districts and the county can be seen below. The table shows that the majority of dwellings (81%) were privately owned (including those being let). The remainder were owned and let by either local authorities or registered social landlords.

Hertfordshire Area	Local Authority	Registered Social Landlord	Other Public Sector	Private Sector non RSL
BBC	0.98	12.98	0.01	86.03
DBC	18.21	4.06	0.43	77.30
EHDC	0.00	13.70	0.10	86.20
HBC	0.41	16.20	0.05	83.34
NHDC	0.02	19.42	0.65	79.90
SACD	9.53	3.07	0.29	87.11
SBC	24.88	4.95	0.14	70.03
TRDC	12.14	3.04	0.00	84.82
WBC	12.80	4.50	0.11	82.59
WHDC	21.65	6.49	0.25	71.61
County	9.63	9.04	0.23	81.09

Source: CLG<sup>2</sup> Housing Strategy Statistical Appendix return 2006

## Definition of Affordable Housing from PPS3 2006

"Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

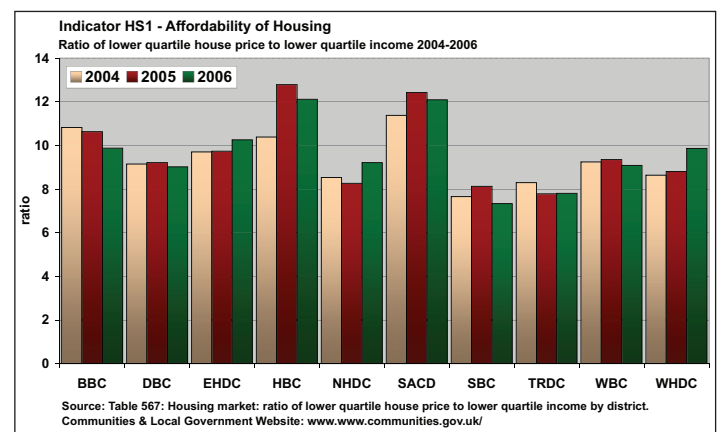
- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision."

## Indicator HS1 – Affordability of Housing

In November 2006 Communities and Local Government (CLG) produced a consultation paper entitled, "Housing Investment in the Regions". The paper proposed the use of five different indicators to reflect affordable housing needs and affordability pressures. In particular, it identified low affordability of housing in the market as a key indicator of the pressure on affordable housing supply.

We have therefore renamed this indicator to reflect affordability more closely and used the ratio of lower quartile (25%) house prices to lower quartile earnings. The ratio is derived from the Land Registry's lower quartile house prices data and the Annual Survey of Hours and Earnings lower quartile earnings of full-time employees' weekly pay (grossed to a year) by workplace<sup>3</sup>.

National figures show that those in the lower quartile income bracket could have to pay seven times their annual income for a house priced in the lower quartile. In Hertfordshire this ratio rises to almost ten times the annual income.



The most severe affordability ratios in the county were Hertsmere and St Albans where the ratio was over twelve times the annual income. These districts also had the seventh and eighth highest ratios in England. Whilst Stevenage and Three Rivers ratios were just under eight times, this was still above the national average.

## Property Prices in Hertfordshire

Property prices continued to remain high throughout the county in 2006 and many people, especially first time buyers, were unable to purchase a property. Comparing property prices in the county between October to December 2005 with the same period in 2006, appears to show a 6.5% average property price rise overall. All districts experienced a price rise over the period; Hertsmere rose the most by 14.5% and Three Rivers rising least by 1.7%. By type, semi-detached houses rose most at 7.9%. In England and Wales the average property price for all types during the period was £207,573. The average property price in Hertfordshire was 33% higher than the average for England and Wales. Scarcity of land and proximity to London are two of the major reasons for the high property prices in Hertfordshire.

**Hertfordshire Average Property Prices October - December 2006**

LA	Detached	Semi Detached	Terraced	Flat/maisonette	Overall
BBC	416326	262341	213909	154486	236252
DBC	468113	274256	212333	168544	261720
EHDC	476233	278874	228582	172002	286346
HBC	670097	304351	252142	183279	330672
NHDC	407567	249993	199581	155743	246493
SACD	595299	376332	283361	199384	352863
SBC	290292	216382	161744	123495	180786
TRDC	625703	282306	239732	193973	329461
WBC	449498	273266	219990	169895	231333
WHDC	476030	288931	219070	162886	258611
County	498444	287444	221631	170172	275130

Source: UK Land Registry 2007

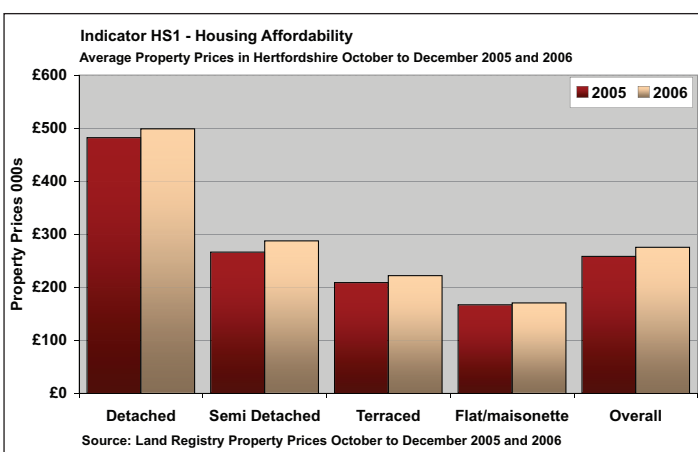
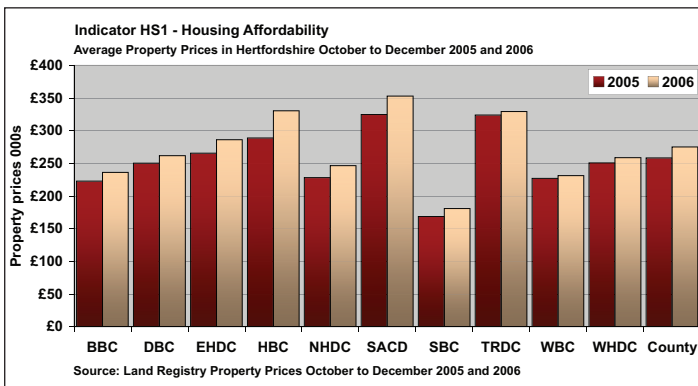
## Rented Accommodation Prices in Hertfordshire

In the year to June 2007 the average monthly rent for a one bedroom property in the county varied from £515 to £694 per month. Comparing this with the previous year appears to show little difference. The biggest rise was in Broxbourne at 6% and the biggest fall was in Welwyn Hatfield at -9%. Most of the districts experienced a reduction in the total number of 1 bedroom properties rented. Whilst there was little difference between June 2006 and 2007, nationally in recent years there has been an increase in the numbers renting. This is mainly due to people being unable to afford to buy a home. Some people, however, choose to rent, rather than buy, for the attractive short-term accommodation solution it provides.

**Hertfordshire's 1 Bedroom Rate Monthly Rent Levels June 2007**

Council	Min £	Max £	Average £	Number of properties
BBC	475	675	581	35
DBC	400*	750*	590*	35*
EHDC	525*	750*	650*	42*
HBC	n/a	n/a	n/a	n/a
NHDC	415*	800*	519*	22*
SACD	525	925	694	39
SBC	400	645	539	27
TRDC	420	875	684	11
WBC	450	800	644	20
WHDC	456	575	515	20*

Source: LCB Sub-Regional Housing Strategy Coordinator November 2007 (\* Latest information from 2006)



## Indicator HS2 – Statutorily Unfit Homes

Unfitness is a key factor of the broader measure of condition in decent homes. The English Condition Survey identified the most common reason for unfitness as disrepair, followed by dampness and poor food preparation facilities. Properties must be maintained to prevent them becoming unfit for occupation - the responsibility for which lies with the owner.

## Decent Homes

One of the government's aims is to ensure all social sector homes are decent by 2010 and to raise the number of vulnerable households living in decent homes in the private sector. This is to ensure that everyone has the opportunity of a decent home, to encourage social cohesion and more sustainable communities. A 'decent home' is defined as:

- Meeting the current statutory minimum for housing (the Housing Health & Safety Rating Standard)
- Being in a reasonable state of repair
- Having reasonably modern facilities and services
- Providing a reasonable degree of thermal comfort
- Free of serious hazards, the most common hazard being cold

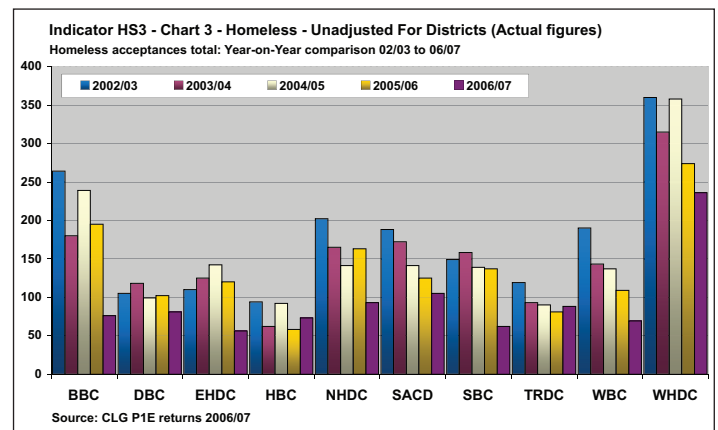
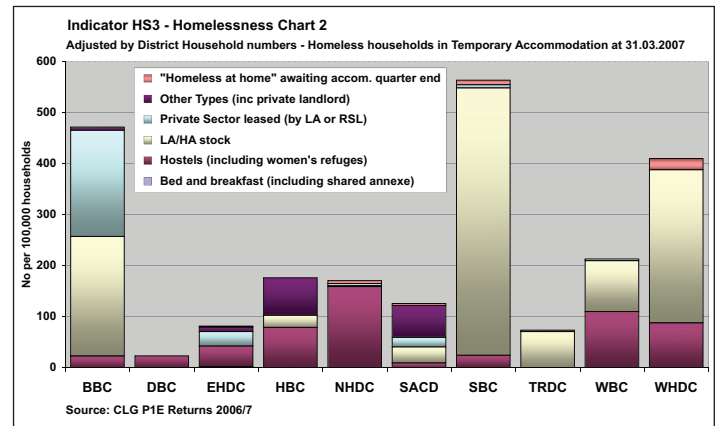
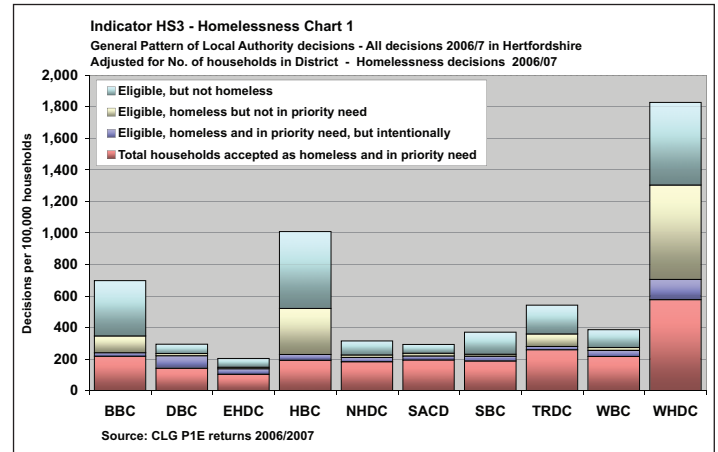
CLG's 2006 Housing Strategy Statistical Appendix Return shows that 193 private, 'non-decent', homes were improved in Hertfordshire to become 'decent'.

## Indicator HS3 – Homelessness<sup>4</sup>

There are more applications each year for council or other social housing than there are vacancies. In response, every local authority has had to produce a Local Homelessness Strategy since 2002. This sets out objectives for service provision to homeless people and the prevention of homelessness by providing advice and accommodation. These strategies have contributed to the reduction of those sleeping rough, ending the use of bed & breakfast accommodation except for emergencies and to meet targets in these areas. Hertfordshire's local authorities are committed to and continue to invest in these services to reduce homelessness through early intervention and by tackling the wider causes.

The first 2 charts show the numbers and reasons for homelessness acceptances by district for 2006/07, adjusted to the number per 100,000 households (based on 2003 mid-year estimates). The highest adjusted number of households homeless and in priority need was 576 in Welwyn Hatfield. The lowest

was in East Hertfordshire at 104. Stevenage had the highest adjusted figure of homeless households in temporary accommodation with 555, falling from 630 in 2006. Dacorum had the lowest number at 23, all temporarily accommodated in hostels.



- 1 The higher the ratio, the more earnings required to afford a home
- 2 Communities & Local Government [www.communities.gov.uk](http://www.communities.gov.uk)
- 3 Workplace earnings is used in preference to resident earnings to calculate the ratio as it is thought to create a better picture of unaffordability of housing close to the workplace.
- 4 Note: these figures are not to be compared for trends year on year due to the way these figures are prepared and interpreted.