

6. Conclusions and estimates of the shortfall of affordable housing

6.1 The overall market position

In broad terms, the available evidence suggests that the Nottingham housing market is quite close to being in balance overall, but with imbalances and distortions both within it and with the wider housing market including the surrounding boroughs.

House prices have risen fast, but in many parts of the city this would seem to be a reflection of wider national trends - due to low interest rates - rather than very high demand pressures as in the South East, or even the southern parts of the East Midlands. Some sub areas have experienced larger price rises, showing strong demand from households with resources and higher incomes.

Neither does it display the low demand symptoms of areas just a short distance to the north, still within Nottinghamshire, of the former coalfields. There are issues and areas of unpopular estates and housing in the city, but at present these would appear to be largely a result of localised effects of crime and anti social behaviour or unpopular stock types rather than any structural decline. A move into more entrenched low demand patterns seems unlikely, but continuing efforts and resources will be needed in some areas to prevent patches of unpopular housing spreading.

6.2 The need for affordable housing

In terms of the numerical estimates, the overall annual needs flows are:

Existing moving households unable to afford in the open market	5,360
New emerging households unable to afford in the open market	2,220
Homelessness cases likely to result in long term need not counted elsewhere	689
Asylum seeker families approved to stay in the UK	70
Total housing need	8,339

The supply of affordable housing to meet this annual need flow is:

Nottingham City Council relets	5,451
Housing association lets	1,290
Private rented lets supported by Housing Benefit	1,277
Shared and low cost - housing association sales	30
Total	8,048

The difference between these two figures, and the estimated net shortfall in affordable housing, is **291** additional lettings, or 3.5% of the total affordable supply. However, quite small variations in the assumptions, especially the entry level house price and mortgage to income multiplier, cause quite large changes in the need element. If house prices continue to rise the net shortfall can be expected to increase.

6.3 Housing and Planning

The need for additional affordable housing is often expressed as a percentage of new development supply, so that it can be included in Section 106 Planning conditions. In most housing markets which consist largely of resale properties, this can lead to apparently contradictory situations.

For example, if general house prices rise so that increasing numbers of the local population cannot afford to buy even entry level resale properties, then the requirement for affordable housing can rapidly exceed the total supply from new developments. So this is not always a conceptually appropriate or helpful way of expressing the needs figures and requirements, but should be seen as a guideline only.

The total of new building developments for 2001-2 was 719, consisting of:

Table 83: Nottingham City new build supply.

Nottingham City supply figures	Number
New build private:	507
New build RSL:	212

Source: Nottingham City Development and Environmental Services Department

Housing association building is affordable, and will become part of housing association lettings already included in the affordable supply. Of the remainder, if the shortfall figure of 290 a year is applied as an affordable percentage of new supply, the requirement would be for over 50% to be 'affordable'.

While this appears to be, and indeed is, a high figure, there is no logical connection between the need for affordable housing within a housing market and the supply of newly developed dwellings. If house prices rise so that more and more households cannot afford housing on the open market, then the 'need' will inevitably rise to exceed the total new supply.

The overall analysis suggests that the Nottingham housing market is broadly in balance overall. There is a need for a steady flow of additional affordable housing in the city, but that this needs to be in locations that will not be unpopular; that some new supply should be built to replace older, unpopular or stigmatised stock; and that the types of housing built should meet increased modern aspirations and choices.

It is also important that understanding and interventions cover the wider housing market – including at least the surrounding districts of Rushcliffe, Broxtowe, Gedling, and parts of Ashfield such as Hucknall.