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# Housing affordability study

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Blackpool Council commissioned Opinion Research Services to undertake a comprehensive housing affordability study and needs analysis, completed in October 2019. The study provides up to date evidence on current and future needs for affordable housing as well as an in-depth understanding of accessing housing for rent and sale compared with local incomes.

[Blackpool Affordability Report \(Updated July 2020\)](#)

(The council has applied 'disproportionate burden', should you require the Housing Affordability Study in an accessible format then please email [Housing.Strategy@blackpool.gov.uk](mailto:Housing.Strategy@blackpool.gov.uk))

This summary uses these findings to set out what affordable housing is required in Blackpool. It is designed to help inform developers' plans for new affordable housing, including affordable housing included within market housing developments, homes built by affordable housing providers, and Blackpool Council's own plans for new affordable council housing. We recommend reading this summary in conjunction with the authority's planning policy, and particularly Blackpool Local Plan part 1: Core strategy and affordable housing supplementary planning document (currently in draft), and the housing strategy 2018.

It should also be noted this summary sets out the needs for affordable housing at the level of the whole borough and that the mix of affordable homes on any one site should also take into account the particular character and needs of that locality.

## Affordable housing and its role in Blackpool

The definition of affordable housing in the national planning policy framework can be summarised as any housing which is made more affordable to buyers or tenants because it is sold or let at sub-market values.

But there is a great deal of difference in who can access affordable homes for sale which generally still require that the purchaser has the ability to secure a mortgage and make the repayments, and who can access affordable homes for rent. The level of discount from the market value obviously also significantly affects affordability.

Clearly, affordability is determined not just by the costs of buying or renting, but by the income of buyers and tenants, and by the availability of help with meeting those costs, especially welfare payments like Universal Credit. There are also further barriers to being approved for a mortgage that can prevent some people from buying their own home even if they can afford the repayments, such as a poor credit history or lack of a deposit.

In Blackpool, house prices are much lower than the national average and have seen little change in real terms in the past 6 years. The price of new build dwellings is markedly more expensive than the second hand stock ([figure 1](#)).

Based on the assumption that purchasers will have a 10% deposit and lenders will apply a 3.5 x income multiplier, it's estimated that purchasers will need an annual income of £13,000 to buy an existing single bedroom property or £32,100 to purchase a new built dwelling. For two bedroom properties a purchaser will need an annual income of £17,400 for an existing property or £33,400 for a newly built dwelling. The earnings required to buy small lower quartile existing properties in Blackpool are quite modest - for a single bedroom property it's less than the full-time minimum wage if the purchaser has a good credit history and has been able to save up a deposit.

The existing stock of affordable rented homes in Blackpool is small at 7,200 homes, or just over 10% of the town's homes. Around 14,000 households who cannot meet their own housing costs in the market live in Blackpool's large private rented sector and receive help with their housing costs through Housing Benefit and Universal Credit. Market rents in Blackpool have remained stable over the past few years and is usually set close to Local Housing Allowance levels ([figure 2](#)), so in most cases the sector is very accessible to

benefits claimants.

Despite relatively low market house prices and rents, many households still struggle to afford to meet their housing costs. A large proportion of residents are reliant on Housing benefit or Universal Credit, reflecting the low levels of income in Blackpool.

## Conclusion

The housing affordability challenges in Blackpool are driven more by low incomes than by high housing costs. Indeed, around 13% of working age households have no-one in work, and nearly 30% of households receive help with their housing costs through housing benefit and Universal Credit. But affordable housing for rent has an important role to play in helping to ease the affordability pressures for many working households paying rents from low incomes, some of whom receive some welfare assistance but do not have their rents fully covered. Affordable housing can also provide higher quality homes with lower running costs, and homes designed to better meet the needs of particular groups, like older people with limited mobility.

Affordable housing for sale can help enable people on modest incomes afford homes that they would otherwise not be able to buy. Shared ownership can be more affordable overall (than an equivalent home), requires a much smaller deposit, and the smaller mortgage can be obtained on a lower income.

## Extent of affordable housing need

Using the prescribed methodology set out in the national planning guidance, Blackpool currently has a net need of 1,104 households who need affordable housing. Over a 9 year period (2018 to 27) there will be a need to provide affordable housing equating to 1,892 dwellings in addition to the current stock, an average increase of 210 dwellings per year. There is potentially a need for a higher number of affordable homes for those who are currently renting privately but who aspire to home ownership. Furthermore, any losses from the current stock (such as demolitions/clearance or sales through Right to Buy) would increase the number of affordable dwellings needed by an equivalent amount.

However, not all of the households included in future need may meet the local connection requirements of social housing because the figures include new need arising from in-migration. The current local connection requirement for the housing register is that applicants have lived in Blackpool for the last 3 years, although local connection is also given to anyone who is in employment, and to people with close family established in the town.

## Conclusion

There is a high need for new affordable homes. But it is unlikely that 210 new affordable dwellings will be built in Blackpool each year given that the total local plan requirement for all housing is for a net increase of an average of 280 dwellings each year (2012 to 2027). This means that many households will continue to remain in the private rented sector receiving help with their housing costs from housing benefit and Universal Credit and/or will not be able to meet their aspirations to buy their own home.

## Extent affordable housing tenure

The affordability of different tenures to households identified as needing affordable housing in 2018, by property size, the below table illustrates the same for all 1,892 requiring affordable housing between 2018 and 2027. Both assume that a home is affordable if no more than 35% of gross household income (excluding housing benefit) is spent on housing costs.

**Affordable housing mix by household affordability 2018-2027 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

Number of bedrooms	Unable to afford Social Rent	Can afford Social Rent	Can afford Affordable Rent	Can afford Shared Ownership	Total
1 bedroom	162	0	0	10	172
2 bedrooms	371	46	0	98	515

3 bedrooms	576	110	22	165	873
4+ bedrooms	215	39	2	77	332
Total	1,323	195	23	350	1,892

Across all property sizes, 70% of the households unable to afford and in need of affordable housing would not even be able to afford the relevant social rent for a property of the size needed without assistance from housing benefit / UC. Only 18.5% would be able to afford to buy through shared ownership.

The household survey, which formed part of the Housing Affordability Study identified the most common barriers to moving are i) local house prices being too expensive (28%), ii) unable to get a mortgage (17%) and iii) local rents being too expensive (13%). This unaffordability is reflected in those unable to get a mortgage because of being unable to save a large deposit and insufficient income. For those who said they were unable to get a mortgage, the reasons most frequently cited for this were being unable to save for a large enough deposit (47%), having insufficient income (43%) and having other debts or poor credit history (36%).

## Affordable housing mix of property sizes and types

The below table sets out the affordable housing mix in terms of property type and size over the plan period 2018-27.

### Assessing affordable housing mix (Source: ORS Housing Model)

Number of bedrooms	Current Housing Need	Current Housing Need	Current Housing Need		Overall Housing Need	Overall Housing Need
	Gross need	supply	Net need	Future housing need		%
1 bedroom	197	112	85	86	172	9%
2 bedrooms	422	126	296	219	515	27%
3 bedrooms	694	197	497	376	873	46%
4+ bedrooms	336	25	311	21	332	18%
Total Dwellings	1,649	460	1,189	702	1,1892	100%

The relatively low need for 1 bedroom homes is explained by the relatively high provision of smaller homes within the existing social housing stock, but there is always strong demand for good quality 1 bedroom homes because of the high number of small households currently living in the private rented sector and looking for the lower rents and greater security provided by affordable housing.

While the greatest needs are for 2 and 3 bedroom homes, the need for affordable housing with four or more bedrooms is 18% of the overall need, and still represents a need for 332 large affordable homes that need to be provided over the 9 year period of 2018-27.

Much of this need will be from existing households who have low incomes, including many households who receive Housing Benefit in the private rented sector.

**Conclusion:** There is a gap in Blackpool's current housing stock which meets the needs of the borough's older population and residents with care and support needs. This lack of provision can result in residents residing in unsuitable accommodation.

To meet the needs and aspirations of the local demographic, Blackpool Council advocates the need for more bungalows and houses which will provide suitable accommodation for a range of household groups, including residents with learning disabilities who require care and support, young families and older people with care needs.

# Conclusion

The housing affordability problems faced by residents in Blackpool stem largely from low incomes:

- Low levels of household income in employment, with many households holding two or more part-time jobs
- Low levels of employment with a high number of households being long-term sick
- The significant amount of households on housing benefit is driving a poor quality private rented sector in the inner areas

The private rented sector is a major source of accommodation for low income households in Blackpool, including for individuals who do not meet the local connection criteria for social housing. It is a priority to improve the condition and diversify this housing stock.

But there is still an important role for new affordable housing to play in addressing local affordability issues, and especially in meeting the needs of:

- Working households on low incomes who struggle to afford their market rents
- Working households who could not otherwise afford to buy a home
- Households on low incomes who cannot find suitable homes that meet their needs in the private rented sector
- Households over retirement age who cannot afford to sustain home ownership or who cannot meet their needs in the private rented sector

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