

Bristol Housing Market in 2017 – A Summary

In brief:

- ***Housing demand in the city is still increasing and there continues to be an undersupply of new homes, both for ownership and rent. Hometrack data from 2016 shows Bristol at the top of the league table for house price growth in the 20 major cities of the UK.***
- ***Significant shortage of affordable housing in the city and rising homelessness***
- ***The private rented sector represents a growing proportion of the housing market nationally and locally. There is a growing disparity between housing benefit rates and actual market rents across the city.***

Housing Stock

Valuation Office Agency figures (as of 1st April 2017) list 198,387 residential properties for Bristol, broken down into the following Council Tax bands:

Figure 1: Bristol Residential Properties by Council Tax Band (April 2017)

Council Tax Band	Number of Properties
A	51,458
B	72,754
C	38,614
D	18,006
E	9,625
F	4,751
G	2,842
H	337
Total	198,387

Data Source: Valuation Office Agency (01-APR-2017)

Even though increasingly out of date, the 2011 census provided the most complete picture of housing tenures within Bristol, indicating 21% is social rented (15% owned by the city council, 6% by housing associations), 55% is owner occupied and 24% privately rented.

Recent analysis from the Building Research Establishment provisionally indicates the tenure split has changed to 18% social rented, 53% owner occupied and 29% private rented.

The private rented sector has increased significantly since 2001, rising from 12.2% to 29% of all accommodation in Bristol. Private rental has overtaken the entire social sector, and is now the destination tenure for younger households and those on median and lower incomes who cannot afford to buy.

Local authority housing is mainly focused in inner city areas and on the outlying housing estates such as Hartcliffe, Withywood, Knowle West, Southmead, Lockleaze, Lawrence Weston and Henbury.

Private renting is most concentrated in the Central, Clifton Down, Cotham, Clifton and Hotwells, and Harbourside wards.

The proportion of detached housing in the city (found particularly in Stoke Bishop and Henleaze wards) is much lower than the South West average. The proportion of terraced housing (found particularly in the inner suburbs) and flats or converted houses (found particularly in the city centre and in Clifton and Cotham wards) is much higher than the South West average.¹

Stock condition

The 2012 Private Sector Housing Stock Condition Survey² was conducted to gain an understanding of housing conditions in owner occupied and privately rented dwellings, wherever possible it compared results to established figures relating to social housing. As with the census the figures are increasingly out of date.

The Decent Homes Standard was created as a broad measure of housing condition. It was intended to be a minimum standard that all housing should meet. The survey estimated that at that time:

- 43,930 (28.4%) of private sector dwellings (owner occupier and private rent) are non-decent in Bristol, the figure for England as a whole is 31.5%. The rate was only marginally higher for private rent (29.9%) than owner occupied (27.9%).
- Just under 1,500 social sector dwellings are non-decent, which represents approximately 3.8% of all social housing in Bristol. This compares to a national figure of 23.2% of social housing being non-decent across all England.

The Standard Assessment Procedure, or SAP, is a government rating for energy efficiency. The SAP rating in the report was the energy rating for a dwelling and was based on the calculated annual energy cost for space and water heating. The average SAP rating in Bristol for private sector dwellings is 55, is above the national average SAP rating of 51.

Homelessness³

Bristol City Council completes a return (known as the P1E return) to the Department of Communities & Local Government (DCLG) each quarter. The return reports homeless statistics to central government. This data from internal and commissioned services enables us to map and report homelessness trends in the city to identify action plans and plan changes to homelessness services.

In 2013-14 there were 489 homelessness acceptances increasing to 872 in 2014-15, 1006 in 2015-16 and 979 in 2016-17.

¹ Source: BCC, Planning Core Strategy, <http://www.bristol.gov.uk/page/planning-and-building-regulations/planning-core-strategy>

² Source: BCC, House Condition Survey 2012, <http://www.privatehousinginformation.co.uk/site/files/Bristol%20HCS.pdf>

³ Source: BCC Report, Q3 (October-December 2016) Homelessness Trends in Bristol and actions to address Homelessness (March 2017).

Figure 2: Homelessness (Part 7) Acceptances 2012/13 to 2016/17⁴



Of the 979 homelessness (Part 7) acceptances in 2016/17 there were just two main reasons for presenting, these were:

- Loss of assured shorthold tenancy
- Parents/relatives not willing to accommodate

Termination of assured shorthold tenancies continues to be the most common reason recorded for the loss of a settled home.

Birmingham is usually the only English core city⁵ that reports a higher number of Part 7 Homelessness Acceptances per 1,000 households than Bristol. Bristol consistently shows a closer correlation with homelessness acceptances in several London Boroughs, than it does with the other English core cities.

Use of Temporary Accommodation⁶

The measure of households living in temporary accommodation has risen over the past three years. On 31st December 2016 there were 517 households living in temporary accommodation (including some placements in supported housing). On the same date in 2013 there were just 282. If the end of quarter figures are aggregated the annual trend is 663 2012-13 to 1912 in 2015-16. This trend reflects the current challenges facing social housing in Bristol. Tenants are not moving and access to Private Rented Sector housing is more challenging with a combination of escalating property prices and rents well above the benefit eligible levels set by the Local Housing Allowance.

⁴ Source: BCC Report, Q3 (October-December 2016) Homelessness Trends in Bristol and actions to address Homelessness (March 2017).

⁵ The core cities are Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham and Sheffield.

⁶ Source: BCC Report, Q3 (October-December 2016) Homelessness Trends in Bristol and actions to address Homelessness (March 2017).

Rough Sleeping⁷

The average number of rough sleepers identified at weekly hotspot counts has risen. 18 rough sleepers were identified on the streets of Bristol at weekly hotspot counts in June 2013; by November 2016 this number had risen to 74. The 74 rough sleepers identified in Bristol at the national Rough Sleeper count on the 26th November 2016 represent 0.38 per thousand households in the city. Bristol again has reported one of the highest numbers of rough sleepers nationally at this count.

Bristol also has the highest number of rough sleepers per 1,000 households compared to our core city peers. However, nationally the city has the 14th highest ranking of rough sleepers per 1,000 population. Many of the cities and towns with rough sleeping figures similar to Bristol are in the South of England outside London where the availability of affordable accommodation is far more restricted than in the Core cities (e.g. Brighton, Oxford, Exeter & Canterbury).

Housing Need

Joint Spatial Plan (JSP)

In the West of England two Housing Market Areas have been identified, a Wider Bristol Housing Market Area and a Bath Housing Market Area.

The four local authorities of the West of England - Bath and North East Somerset Council, Bristol City Council, North Somerset Council and South Gloucestershire Council - are collectively preparing the Joint Spatial Plan (JSP). The JSP is a statutory Development Plan Document that will provide the strategic overarching development framework for the West of England to 2036. The JSP plans to meet the needs arising from both the Bristol and the Bath housing market areas to 2036. The JSP includes an update to the Strategic Housing Market Assessment (SHMA) figures produced by [ORS](#) in September 2016.

The JSP will provide the framework to deliver up to 105,000 net additional new homes between 2016 and 2036. Around 32,200 affordable homes are projected to be needed over the same period. This equates to 1,610 affordable homes needed each year.

House Prices

According to Land Registry data, in December 2016 the average UK house price was £219,544. In the same month, the average house price in Bristol was £259,791, some £40,247 (18.3%) higher than the UK average. In the decade between December 2006 and December 2016 the average house price in Bristol rose by £83,552 or 47.4% (from £176,239 in 2006).⁸

Residential property market analysts, Hometrack, cite a slightly higher average Bristol house price figure in their [UK Cities House Price Index for 2016](#).

⁷ Source: BCC Report, Q3 (October-December 2016) Homelessness Trends in Bristol and actions to address Homelessness (March 2017).

⁸ Source: <http://landregistry.data.gov.uk/app/ukhpi>

The Hometrack data shows Bristol at the top of the league table for house price growth in the 20 major cities of the UK with an increase in house prices of 9.6% in 2016 and an average house price of almost £262,000 (see Figure below). Manchester at 8.9% and Oxford at 8.1% were second and third in the league table and London was seventh at 7.3%. It is the second consecutive year that Bristol has topped the Hometrack House Price Index, although growth seems to be slowing, dropping from an 11.6 per cent peak in 2015.

Estate Agents Knight Frank, in their [Bristol Market Insight 2016](#), noted that a lack of available properties for sale has been the biggest driver of the market in Bristol during 2016.

Stock levels were at their lowest level all year in December, some 38% below the corresponding point in 2014 according to Knight Frank figures.

Knight Frank have previously stated that plans to modernise the rail link between Cardiff and London would result in an increase in demand for property in Bristol as London commuters looked further afield for suitable places to live. This seems borne out by their most recent findings. The number of prospective buyers registering with the Knight Frank Bristol office with a London address increased by 5% year on year in 2015 and was now significantly higher than in 2013.

Figure 3: Property Price Rises Across the UK in 2016



Source: Hometrack, UK Cities House Price Index, 2016

Mortgage Interest Rates

Pessimism about the UK's future economic growth, periods of falling prices (negative inflation), concerns over a slowing global economy and the Brexit vote prompted the Bank of England to cut interest rates from 0.5% to 0.25% in August 2016. An interest rate rise now looks relatively unlikely until at least 2019.

Affordability

Housing affordability is a problem for many urban areas in the UK. Affordability is measured by the relationship between the price of the cheapest homes and the lowest level earnings. According to statistics from the Department for Communities and Local Government (DCLG), the ratio between lower quartile house prices to lower quartile earnings in Bristol in 1997 was 3.19. The latest DCLG data⁹ available (2016) indicates a ratio of 8.68 (ie. the cost of the cheapest Bristol home is over eight times the annual earnings of the poorest households). A similar ratio applies when median earnings are compared to median house prices for Bristol in 2016 (8.2).

In their [Home Truths 2016/17: The Housing Market in the South West](#), the National Housing Federation cite an even higher ratio of house prices to incomes, noting a ratio of 9.9 for Bristol.

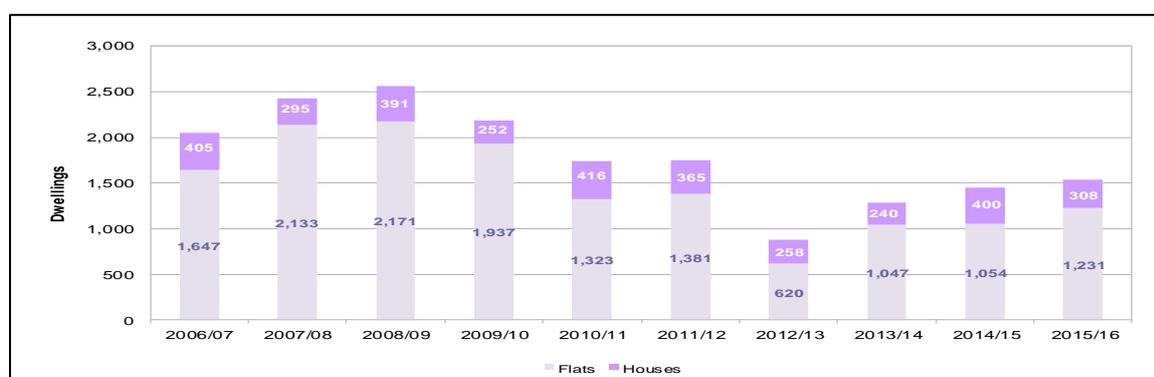
Housing Supply

Housing Delivery¹⁰

The Bristol City Council local housing target as set out in policy BCS5 in the Bristol Local Plan Core Strategy, adopted in June 2011, is for a minimum of 26,400 dwellings to be delivered in Bristol between 2006 and 2026. Since 2006, 17,886 dwellings have been completed.

Of the 17,874¹¹ net dwelling completions between 2006 and 2016, 81.4% were flats and maisonettes and 18.6% were houses and bungalows. The 2011 census shows that 72% of all household spaces are houses. In 2015/16, 80% of all dwelling completions were flats and 20% houses.

Figure 4: Housing completions (net) by dwelling type 2006/7 to 2015/16¹²



Source: Summary of Main Findings of the 2016 BCC Residential Development Survey

Affordable Housing Delivery¹³

Between 2006 and 2016, 3,509 gross affordable units were completed, which is 52.8% of the target. 2,095 (59.7%) completions were social rented, 849 (24.2%) were intermediate units and 331 (9.4%) were affordable rent. Details of affordable homes built with or without s106 public subsidy or all

⁹ Source: Ratio of house price to work place based earnings lower quartile and median

¹⁰ Source: Summary of Main Findings of the 2016 BCC Residential Development Survey

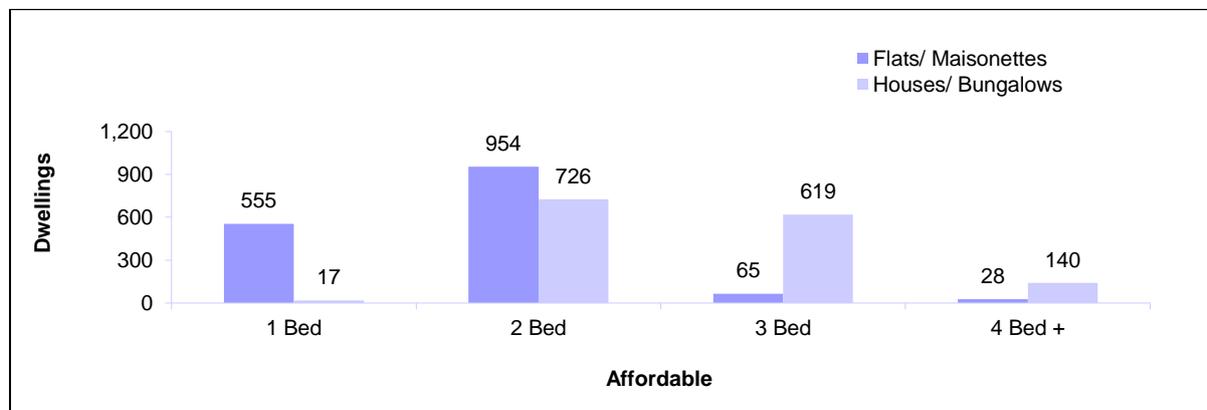
¹¹ This figure excludes 12 gypsy caravans

¹² Analysis for 2016/17 not available until the end of 2017

¹³ Source: Draft 2016 BCC Annual Monitoring Report

other public subsidy are not available. A further 3,141 (314 per year) affordable dwellings are required in the remaining plan period to meet the Core Strategy target provision of 6,650 affordable homes.

Figure 5: Gross affordable housing completions, 2006/07 to 2015/16



Source: BCC, Bristol Residential Development Survey 2016

Right to Buy Sales

In April 2012 the government introduced changes to the tenants Right to Buy increasing maximum discounts from £36,000 to £75,000 or 60% of open market value for houses, 70% for flats. Since the announcement the rate of applications has tripled, and sales quadrupled. Such sales put additional pressure on the limited availability of social housing in the city.

Figure 6: BCC Right to Buy Sales 2008/9 to 2016/17

	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Applications	146	468	156	144	344	424	357	424	471
Completions	49	41	37	40	135	154	194	154	207

Empty Homes

Every year, hundreds of empty homes are being brought back into use in the city. The number of empty properties brought back into use by the City Council since 2008/9 is indicated in the table below.

Figure 7: Number of Empty Homes Brought Back into Use 2008/9 to 2016/17

Number of empty homes brought back into use								
2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
312	390	443	508	677	744	666	602	477

Source: BCC, Empty Property Unit

Dwellings with Planning Permission

At 31st March 2016, there were 9,303 dwellings with planning permission. This figure comprises of 2,709 under construction and 5,968 not started. A further 626 dwellings have planning permission

subject to signing a Section 106 agreement. There are 4,640 dwellings with planning permission in the city centre. Everyone engaged in the housing market has felt the impact of the credit crunch and as a result new house building in the private sector has stalled on some sites across the city. Since 2011/12, Bristol has seen a reduction in the exceptionally high number of annual completions that were being achieved in the city.

Self-build and Custom Housing¹⁴

The Self-build and Custom Housebuilding Act 2015 (as amended) places a duty on the City Council to keep a register of persons seeking to acquire land to build their own home.

Bristol's register was established on 1st April 2016 and any individual or association can apply to be entered on the register. In the period 1st April 2016 to 30th October 2016, a total of 85 individuals had been entered on the register as seeking a serviced plot of land. During this first base period no associations had been entered on the register.

Social Housing Allocations

Social housing (Council or Housing Association properties) are allocated through HomeChoice Bristol: the scheme that Bristol City Council and partner Housing Associations within the city use to allocate their properties. The number of properties allocated annually through the scheme over the last three years is:

2014/15 – 2,071 homes

2015/16 – 1,971 homes

2016/17 – 2,048 homes

Private Rented Sector Housing

Average Rent

The private rented sector represents a growing proportion of the housing market nationally and locally and the only housing option for many households priced out of owner occupation but ineligible for affordable housing. Valuation Office Agency figures (April 2016 to March 2017) indicates an overall average (mean) rent for the city of Bristol (across all rented property categories - from single room rental to 4+ bedroom properties) of £1,025 a month. For the same period, the average (mean) rent for England (across all categories) was £852 a month. The highest monthly rents were noted for London, with an average of £1,748 while the lowest were recorded for the North East, with an average of £539.

¹⁴ Source: Draft 2016 BCC Annual Monitoring Report

Figure 8: Comparison between Bristol and England Average Private Sector Rents 2013/14 to 2016/17

Bedrooms	Bristol 2013/14	England 2013/14	Bristol 2016/17	England 2016/17	Bristol % Increase	England % Increase
Room	£346	£363	£406	£396	17.34%	9.09%
Studio	£521	£579	£617	£666	18.43%	15.03%
1 bedroom	£639	£625	£782	£725	22.38%	16.00%
2 bedrooms	£830	£693	£1,012	£791	21.93%	14.14%
3 bedrooms	£1,023	£789	£1,232	£902	20.43%	14.32%
4 bedrooms	£1,726	£1,412	£2,097	£1,617	21.49%	14.52%

Source: Valuation Office Agency: private rental market statistics

The bulk of Bristol rented properties assessed by the Valuation Office Agency were one and two bedroom properties, whose average monthly rents were £782 a month and £1,012 a month respectively. While Bristol rents for Studio properties tend to be lower than the English average, rents for single rooms and 1 bed properties and above tend to be higher. Between 2013/14 and 2016/17 Bristol private sector rents increased more than the England average for properties of all sizes.

Local Housing Allowance (LHA)

In 2014 the government introduced measures to ensure that any increase in Local Housing Allowance (LHA) - which determines the amount of housing benefit an individual can receive if they rent from a private landlord - would be capped at actual rent inflation, or 1%, whichever is the lower figure. This capping has continued under the Conservative government. Despite LHA rates rising by 3% for one and three bedroom properties in April 2017, there remains a growing disparity between housing benefit rates and actual market rents across the city.

Figure 9: Bristol Local Housing Allowance (LHA) and Average Bristol Private Sector Rent

Bedrooms	LHA Monthly Rates (2017)	Average Monthly Private Sector Rents in Bristol 2016/17 ¹⁵
Shared room (single under 35 rate) ¹⁶	£292.74	£406
1 bedroom	£542.42	£617 - Studio property £782 - 1 bedroom property
2 bedrooms	£658.30	£1,012
3 bedrooms	£786.53	£1,232
4 bedrooms	£1,052.98	£2,097

¹⁵ See <https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-april-2016-to-march-2017>

¹⁶ The shared room rate applies to most single people aged under 35, even if that person lives in self-contained accommodation.

Welfare Reform¹⁷

In addition to the introduction of Universal Credit (UC), a range of other benefit changes were brought in through the recent Welfare Reform and Work Act 2016. The most important change in terms of potential impact is the reduction in the Overall Benefit Cap (OBC) from £26,000 to £20,000 per annum. This has affected currently capped households and from January 2017 has started to affect other households who were not previously capped.

Overall, this will affect over 900 Bristol households who will lose, on average, over £3,000 per annum from their Housing Benefit (HB) entitlement. Taken across the city and all tenure types, the overall annual loss will be £2.8million. It is likely that the OBC will result in increased rent arrears across all tenures with tenants living in Private Rented Sector accommodation being most at risk of homelessness.

Published by Bristol City Council August 2017

¹⁷ Source: BCC, Universal Credit and Welfare Reform (Update November 2016);