

CITY CENTRE HOUSING – PATTERNS OF OCCUPATION

Evidence from the Council Tax Register November 2010

1. Introduction

- 1.1. The Council Tax Register (CTR) is a continuously updated record of liability to pay Council Tax. Council Tax itself is a tax on property not people, but liability depends on occupancy characteristics. Consequently the Register can be used to draw conclusions about the occupancy of property.
- 1.2. This report presents the results of an analysis of the Council Tax status of new properties in the City Centre completed during the housing boom of the last decade or so and includes comparison with previous results. The reporting period runs from October to September of each year. This report provides an update from the last report in 2008, so it analyses changes to occupancy from October 2008 through to September 2010. The analysis throws light on rates of increase in the occupied stock, average occupancy rates, vacancy rates and the proportion of properties not used as a main residence.
- 1.3. The 2011 Census will provide a more comprehensive picture of the City Centre population. Recent work done through the 2010 Update to the Strategic Housing Market Assessment examined GP registration rates and housing development across the District. This work sought to re-examine the population estimate for Leeds and noted that it is likely that ONS forecasts have overestimated the District population and that the 2010 figure is around 770,000 people and not 795,000 as stated by ONS.
- 1.4. However the SHMA work has identified that it is likely that ONS has underestimated the City Centre ward population figures by as much as 4000 people. As this report looks at the UDP City Centre boundary, which is comprised of four wards¹ no comparisons can be drawn between to the SHMA's City Centre ward population figures. However this year's analysis has sought to include all properties in the City Centre including all student properties. This, coupled with a lower vacancy rate, suggests that since 2008, an additional 4000 people are now living in the area defined by the City Centre UDP Boundary.

2. Methodology and Analysis Results

- 2.1. An extract of live properties in City Centre wards was obtained from the CTR as it existed at the end of November 2010. The x,y coordinates of each property were mapped using GIS and the Council Tax list was filtered down to only include those properties which lie within the City Centre UDP Boundary. This left approximately 11,000 properties, on 124 identified housing schemes.

¹ The four wards that contribute to the make up the City Centre UDP boundary include parts of Beeston and Holbeck, Burmantofts and Richmond Hill, City and Hunslet and Hyde Park and Woodhouse

- 2.2. Of these 11,000 properties, 1410 units were in schemes known to be in purpose-built student accommodation (on 12 recorded schemes). These schemes were separated from the general analysis as their occupancy tends to be quite specialised and different from the rest of the market (i.e. cluster flats with a large number of bed spaces per unit).
- 2.3. 904 units could not be matched to a known housing scheme (i.e. Land Availability Site which includes properties where there are five units or more). 376 of these 'unknown' units were also removed from the general analysis as they were coded within the CTR as being student halls of residence. These properties were thus considered in the specialised student analysis². The remaining 528 properties were considered in the general 'residence' section on population and vacancy rates.
- 2.4. The CTR makes it possible to identify properties occupied by 1 resident, 2+ residents, or wholly by students, and also those in use but not as anyone's main residence. It also identifies vacant properties and void properties. Void properties are those with unknown CTR status at the time of the extract – that is, the previous status had terminated, but a new one had yet to be established. For the purpose of this analysis, it is assumed that 50% of void properties were in fact occupied, and 50% were vacant. The appendix gives further notes on these categories and the rationale for the treatment of voids.
- 2.5. The following tables summarises the distribution of properties across the available categories in each year since 2005, when this analysis was first undertaken. The presentation of this table clearly identifies how void properties are treated within the methodology. The length of the time series makes it necessary to give separate tables for numbers and percentages.
- 2.6. The tables illustrate the continuing rapid increase in the stock of new housing in recent years. At the end of 2008, the CTR had identified around 6500 properties on schemes completed in the last decade or so. Between September 2008 and September 2010, nearly 1300 units completed. Two thirds of these units completed between October 2008 and September 2009. There has been a sharp decrease in city centre completions over the past year, with the lowest level of completions recorded since the 2001/02 year.
- 2.7. The growth of the stock continues to be matched by the growth in the numbers occupied by residents³. These increased to over 8000 units by 2010, up from 5275 units in 2008 and 2500 units in 2005. The proportion of properties occupied by residents continues to rise and stood at 87% in 2010. This compares to 78.7% in 2007 and 71.3% in 2005.

² Properties not included in the analysis where 'student dorm' exemption was used include: Charles Morris Hall, Cromer Terrace, Springfield Mount, Clarendon Road, Sentinel Towers, Clarence Docks, Henry Price

³ Resident as identified as 1 person, 2+ person, Student exemption (not hall of residence) and 50% of Void category

Table 1A GENERAL HOUSING COMPLETED SINCE 1996 IN CITY CENTRE					
<i>Number of Units on Council Tax Register (November each year)</i>					
	2005	2006	2007	2008	2010
Occupied by residents					
1 person	1092	1468	1883	2124	3571
2+ persons	1125	1577	2088	2521	3093
All students	185	283	308	373	1153
50% voids	153	198	269	257	219
All with residents	2555	3526	4548	5275	8036
In use but not a main residence	563	505	507	507	508
Vacant					
Exempt	223	300	157	187	65
Longer term vacant	87	175	294	322	402
50% voids	154	198	270	258	219
All Vacant	464	673	721	767	686
TOTAL	3582	4704	5776	6549	9230

Table 1B GENERAL HOUSING COMPLETED SINCE 1996 IN CITY CENTRE					
<i>Percentage of Units on Council Tax Register (November each year)</i>					
	2005	2006	2007	2008	2010
Occupied by residents					
1 person	30.5	31.2	32.6	32.4	38.7%
2+ persons	31.4	33.5	36.1	38.5	33.5%
All students	5.2	6.0	5.3	5.7	12.5%
50% voids	4.3	4.2	4.7	3.9	2.4%
All with residents	71.3	75.0	78.7	80.5	87.1%
In use but not a main residence	15.7	10.7	8.8	7.7	5.5%
Vacant					
Exempt	6.2	6.4	2.7	2.9	0.7%
Longer term vacant	2.4	3.7	5.1	4.9	4.4%
50% voids	4.3	4.2	4.7	3.9	2.4%
All Vacant	13.0	14.3	12.5	11.7	7.4%
TOTAL	100	100	100	100	100

- 2.8. The growth in the numbers of occupied properties is a telling measure of the continued strength of demand for city centre housing. Since 2008 there have been serious difficulties in the housing market. As such we have seen a sharp decline in the number of units built. This decline in new products on the market has enabled the vacancy rate to see a steep decrease, and now accounts for just 7.4% of 'resident' stock.
- 2.9. The CTR can provide an estimate on **occupancy rates** – the average number of residents per dwelling - but the precise occupancy rate cannot be calculated. This is because there is no information about child population and the CTR is not generally interested in whether more than two adults live in a property. However, independent surveys show that the child population is negligible ("City Living" found that only 2% of households included children in 2007); so CTR liability data can be used to establish **minimum** occupancy rates.
- 2.10. If it is assumed that all properties qualifying for single person discount have one resident, and all those without discount have two, the CTR data point to a minimum occupancy rate of 1.46 persons per dwelling. This rate had been increasing but since 2008 has now decreased (from 1.54 in 2008). This is due to a higher number of single person discounts being claimed.
- 2.11. It is a widely held belief that **vacancy rates** in city centre housing are high and probably rising. However, the Council Tax data shows that vacancy rates have decreased since 2008. If you only include Exemptions, CT vacancies and 50% of voids, then the number of vacant units rest below 700. This represents a rate of 7.4% and is getting much closer to the city average. If you include second homes in the vacancy calculation, the vacancy rate rises to 13%. Yet this compares to 20% in 2008 and it is a clear indication that vacancy rates are decreasing in the City Centre.
- 2.12. Although vacancy rates remain high, this is partly due to the special features of the city centre housing market. The quick expansion of the stock during the 2000s meant it was difficult to occupy the properties at the same rate. Moreover, additions to the supply are mostly in the form of large blocks of flats, which all come onto the market simultaneously once building is finished. The inevitable consequence of this is that stockpiles of vacant properties accumulate after completion while the marketing process takes its course. This is quite unlike the position with low rise housing development, where rates of construction can be better tailored to take-up, thus avoiding the build up of large numbers of vacant properties awaiting sale. However the tapering off of supply over the past two years has meant that occupancy rates have been able to increase and start to come into line with the supply.
- 2.13. This dropping of the vacancy rate has long been predicted. The tables below shows vacancy numbers and rates by the broad time bands in which developments were completed.

Table 2A VACANT DWELLINGS – Estimates from the CTR					
<i>Numbers (November each year)</i>					
Schemes completed	2005	2006	2007	2008	2010
1/1997 – 9/2000	37	74	28	13	29
10/2000 - 9/2001	39	25	36	31	22
10/2001 - 9/2002	15	15	23	14	10
10/2002 - 9/2003	31	38	44	36	18
10/2003 - 9/2004	113	118	82	62	51
10/2004 - 9/2005	231	168	137	122	72
10/2005 – 9/2006		236	133	107	155
10/2006 – 9/2007			239	117	29
10/2007 – 9/2008				265	65
10/2008 – 09/2009					185
10/2009 – 09/2010					3
Unknown date*					44
All	464	673	721	767	681

Table 2B VACANT DWELLINGS – Estimates from the CTR					
<i>Percentages (November each year)</i>					
Schemes completed	2005	2006	2007	2008	2010
1/1997 – 9/2000	13.4	27.4	12.3	5.9	4.26%
10/2000 - 9/2001	7.4	5.2	7.4	6.3	3.16%
10/2001 - 9/2002	5.4	5.7	8.7	5.3	1.47%
10/2002 - 9/2003	6.3	8.0	8.9	7.2	2.64%
10/2003 - 9/2004	11.7	12.1	8.5	6.4	7.42%
10/2004 - 9/2005	21.5	13.0	10.6	9.5	10.57%
10/2005 – 9/2006		24.8	12.1	9.7	22.69%
10/2006 – 9/2007			24.8	15.0	4.26%
10/2007 – 9/2008				28.3	9.54%
10/2008 – 09/2009					27.17%
10/2009 – 09/2010					0.37%
Unknown Year					6.46%
All	12.9	14.3	12.5	11.7	7.39%

*Unknown year – some units will have completed prior to 1997 or their completion dates have not been captured on our records

- 2.14. The table confirms that vacancy rates begin at very high levels at the end of the year immediately after completion, but then tend to drop – sometimes in fits and starts – in subsequent years. However over the more recent years we see schemes that completed between 2004 and 2006 having the higher level of vacancy rates (along with 2008/09). It is unknown why the 2004 – 2006 completed schemes are experiencing such a high vacancy rate.
- 2.15. The above analysis of occupied and vacant properties excludes properties that were **not a main residence** (second homes), such as Company lets and properties held by individuals for occasional use. Although likely to be occupied part of the time, such properties are not normally treated as part of the resident housing stock in demographic analysis.
- 2.16. As with vacant dwellings, numbers of second homes are often alleged to be excessive, and it is implied that to use them in such a way is inefficient if not actually wasteful. It is certainly true that numbers of second homes are quite high, not much less than the numbers vacant. Tables 1A and 1B show that there were just over 500 such properties in 2010, equivalent to 5.5% of the total city centre stock. However the number of properties as second homes has remained stable since 2006 and it appears that this trend has levelled off for the time being.
- 2.17. Tables 3A and 3B show trends in the numbers and percentages of properties by date of completion. The same pattern of reduction in incidence with length of existence seemingly continues, although there has been a significant increase in the number of second homes in schemes built pre-2000.

Table 3A DWELLINGS NOT A MAIN RESIDENCE– Estimates from the CTR					
<i>Numbers (November each year)</i>					
Schemes completed	2005	2006	2007	2008	2010
1/1997 – 9/2000	18	17	18	13	38
10/2000 – 9/2001	81	69	79	65	41
10/2001 – 9/2002	64	39	34	25	25
10/2002 – 9/2003	116	84	79	66	26
10/2003 – 9/2004	126	84	80	76	60
10/2004 – 9/2005	158	134	112	96	58
10/2005 – 9/2006		78	55	68	40
10/2006 – 9/2007			50	56	39
10/2007 – 9/2008				42	72
10/2008 - 09/2009					84
10/2009 - 09/2010					2
Unknown Year					23
All	563	505	507	507	508

Table 3A DWELLINGS NOT A MAIN RESIDENCE– Estimates from the CTR					
<i>Percentages (November each year)</i>					
Schemes completed	2005	2006	2007	2008	2010
1/1997 – 9/2000	3%	3%	4%	3%	7%
10/2000 – 9/2001	14%	14%	16%	13%	8%
10/2001 – 9/2002	11%	8%	7%	5%	5%
10/2002 – 9/2003	21%	17%	16%	13%	5%
10/2003 – 9/2004	22%	17%	16%	15%	12%
10/2004 – 9/2005	28%	27%	22%	19%	11%
10/2005 – 9/2006		15%	11%	13%	8%
10/2006 – 9/2007			10%	11%	8%
10/2007 – 9/2008				8%	14%
10/2008 - 09/2009					17%
10/2009 - 09/2010					0%
Unknown Year					5%
All	15.72%	1.06%	8.78%	7.74%	5.51%

*Units completed prior to 1997 or their completion dates have not been captured

3. Conclusions

- 3.1. The use of Council Tax records enables the Council to identify a minimum occupancy rate for the City Centre. Applied against records on development, additional data relating to occupancy by the age of development can also be analysed.
- 3.2. The analysis identifies that there is a dropping vacancy rate in the City Centre. This is likely due to a reduction in the number of new units being made available within the City Centre, owing to the current economic climate.
- 3.3. The lack of large numbers of new units being put onto the market on a continual basis means that only a small number of new units are being rolled out to market at any one time. This means that there is not such a large lag between completing a development and it being occupied by residents.
- 3.4. The number of 'second homes' within the City Centre has remained relatively constant during the duration of analysis. Whilst the number is high as compared to other areas of the City, it is encouraging to note that the number is not increasing. This means that on the whole, the vacancy rate of those units available to residents to occupy is decreasing.