West London
Strategic Housing Market Assessment 2010

Report of Study Findings
November 2010

Opinion Research Services

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Section 1: Introducing the Study

1.1 Opinion Research Services (ORS) was commissioned by the West London Housing Partnership to undertake a comprehensive and integrated strategic housing market assessment for the West London housing sub-region.

What Is A Strategic Housing Market Assessment?

1.2 Strategic Housing Market Assessments (SHMAs) are a crucial part of the evidence base informing policy and contributing to shaping strategic thinking in housing and planning. They were introduced as the required evidence base to support policies within the framework introduced by Planning Policy Statement 3 (PPS3) in November 2006.

> *Strategic Housing Market Assessments and Strategic Land Availability Assessments are an important part of the policy process. They provide information on the level of need and demand for housing and the opportunities that exist to meet it.*

1.3 SHMAs work at three levels of planning;

Regional

- developing an evidence base for regional housing policy;
- informing Regional Housing Strategy reviews; and
- assisting with reviews of Regional Spatial Strategies (Spatial Development Strategy in London).

Sub regional

- deepening understanding of housing markets at the strategic (usually sub regional) level; and
- developing an evidence base for sub regional housing strategy.

Local

- developing an evidence base for planning expressed in Local Development Documents; and
- assisting with production of Core Strategies at local level.

1.4 Alongside PPS3, Practice Guidance for undertaking Strategic Housing Market Assessments was published by the Department for Communities and Local Government (CLG) in March 2007 and subsequently updated with a minor revision in August 2007.

1.5 The Guidance gives advice regarding the SHMA process and sets out key process checklist items for SHMA Partnerships to follow. These checklist items are important, especially in the context of supporting the soundness of any Development Plan Document:

> *In line with PPS12, for the purposes of the independent examination into the soundness of a Development Plan Document,* ***a strategic housing market assessment should be considered robust and credible if, as a minimum, it provides all of the core outputs and meets the requirements of all of the process criteria in figures 1.1 and 1.2****. (Page 9)*

1.6 The core outputs and process checklist required of an SHMA to demonstrate robustness are detailed below.

Figure 1
CLG SHMA Practice Guidance Figure 1.1 – Core Outputs

	Core Outputs
1	Estimates of current dwellings in terms of size, type, condition, tenure
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market
3	Estimate of total future number of households, broken down by age and type where possible
4	Estimate of current number of households in housing need
5	Estimate of future households that will require affordable housing
6	Estimate of future households requiring market housing
7	Estimate of the size of affordable housing required
8	Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people

Figure 2
CLG SHMA Practice Guidance Figure 1.2 – Process Checklist

	Process Checklist
1	Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region
2	Housing market conditions are assessed within the context of the housing market area
3	Involves key stakeholders, including house builders
4	Contains a full technical explanation of the methods employed, with any limitations noted
5	Assumptions, judgements and findings are fully justified and presented in an open and transparent manner
6	Uses and reports upon effective quality control mechanisms
7	Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken

1.7 The following sections describe the process undertaken in delivering the West London study and identify where the required core outputs are provided within the study report.

Satisfying the Process Checklist

1. Approach to identifying housing market area(s) is consistent with other approaches to identifying housing market areas within the region.

1.8 Having regard to PPS3 and the CLG advice note on identifying sub-regional housing market areas, the Government Office for London (GOL), the Greater London Authority (GLA) and London Councils agreed in a joint statement in March 2008 that the London region represents an appropriate spatial level of analysis for understanding housing markets as well as enabling a co-ordinated approach to evidence based work and policy-making across the region.

1.9 The Greater London SHMA was commissioned with reference to the administrative boundaries of the region, but through the use of a range of secondary data sources, provided an appropriate context for the region's data in relation to the rest of England. The key focus of the study is to estimate the overall level and mix of housing required, while setting the London housing market in the context of other UK regions.

1.10 It is recognised that the region-wide SHMA is unlikely to provide the necessary focus on local issues that may be required for developing housing policies in individual Boroughs. Therefore, in parallel with the regional work, there is an expectation that the housing sub-regions will each produce their own HMA at a sub-regional level.

1.11 This report is aimed at meeting this expectation for the West London housing sub-region.

2. Housing market conditions are assessed within the context of the housing market area.

1.12 The contextual information about housing market conditions presented in this report focuses on the administrative boundary for the housing sub-region as defined by the London Plan 2008. The sub-regional position is generally considered within the context of the national position and alongside information for the constituent London Boroughs. Note that the study was commissioned by the West London Housing Partnership and unless otherwise stated the term sub region refers to the housing sub region. The planning sub region defined by the Draft Replacement London Plan 2009 does not contain Kensington and Chelsea.

1.13 Given that it is possible to define the housing market area at different levels, from very localised housing markets that operate within individual Borough administrative boundary ranging up to the Greater London Housing Market (which can be defined as operating within or beyond the region's boundary). It is appropriate for this SHMA to assess the housing market context in this way.

3. Involves key stakeholders, including house builders.

1.14 A clear project management approach was used throughout the lifetime of the Project to oversee the development of the SHMA, as described below:

- **Project Group** – planning and housing officials of local authorities within the sub-region. It oversaw the progress of the work and dealt with the day to day enquiries and issues. It was responsible for seeing that the SHMA was a soundly based and agreed document and has overall responsibility for decision making for the project. Decisions were taken based upon the majority view of the project group.

- **Stakeholder Group** – representatives from a wide range of national and regional organisations. It acted as a sounding board for the Project Group. Members comment on the development of the work programme and on the emerging findings. They provided insights on all policy areas that are relevant to housing. An invitation to participate was extended to the following organisations;
  - Government Office for London
  - Home Builders Federation
  - The Homes and Communities Agency
  - London Councils
  - London Development Agency
  - London Development Research
  - London Housing Federation
  - London Sub-regional Housing Partnerships
  - London Tenants Federation
  - London Private landlord's Association
  - National Housing and Planning Advice Unit
  - National Housing Federation
  - Shelter
- **Consultant Team** – Opinion Research Services (ORS) provided the necessary contextual and analytical data to inform a full SHMA for the region using both primary and secondary data, which sets out the information in an accessible form and considers the implications of that information for the region.

4. Contains a full technical explanation of the methods employed, with any limitations noted.
5. Assumptions, judgements and findings are fully justified and presented in an open and transparent manner.

1.15 Many aspects of the SHMA collate the range of available evidence in order for it to be considered within the local context, a detailed technical explanation of such stages is therefore not normally necessary and no assumptions or judgements have been taken. Nevertheless, some of the outputs from the study are dependent on considerable analytical work that is based on a series of assumptions and requires technical explanation.

1.16 The assessment of household affordability is a critical stage of the analysis that fundamentally underwrites the assessment of housing need, insofar as it determines the financial resources required to be able to access market housing. The methodology employed for this analysis is clearly set out in Section 6 under the heading "Assessing Affordability". Once again, a number of assumptions have been made, but the methodology and assumptions are clearly set out as required by the CLG Practice Guidance (2) (2008).

1.17 Other assumptions relating to the modelling analysis are clearly set out in section 6 of the report.

6. Uses and reports upon effective quality control mechanisms.

1.18 The quality of the SHMA outputs are fundamentally underwritten by the robustness of the analysis methodology employed, coupled with the quality of the data that underwrites that analysis process.

1.19 The primary source for many of the Core Outputs for the SHMA is the ORS Housing Market Model, which was developed in partnership with a wide range of organisations and has been adopted as the basis of a number of key studies, including the Greater London Housing Requirements Study (2004) and Strategic Housing Market Assessments for Exeter and Torbay sub-region (2007) and Birmingham City (2008). The model has also provided the evidence base for Greater Norwich (2007) and West Cornwall (2008) Strategic Housing Market Assessments.

1.20 A significant amount of the development time for the model was undertaken during work for English Partnerships and Milton Keynes Council and was independently scrutinised by Three Dragons (a consultancy specialising in affordable housing policy) throughout the development process.

1.21 Results from the model have withstood scrutiny by Inspectors at numerous Local Plan Inquiries and this independent scrutiny provides the necessary quality control in relation to the analysis methodology.

1.22 In terms of adopted data sources, household survey data collected from previous housing assessments in each borough has been utilised. The household surveys were conducted over the period 2003-2009. The data was reweighted to a base data of 2009 and wherever possible information has been triangulated between the available information sources to identify any anomalies and avoid any dependency on erroneous data or erratic results attributable to small sample sizes or inconsistencies between the data sets.

7. Explains how the assessment findings have been monitored and updated (where appropriate) since it was originally undertaken.

1.23 Section 6 of this report relates how the results from this SHMA relate to and update the previous analysis produced for the Greater London Housing Requirements Study 2004.

Providing the Core Outputs

1.24 Figure 3 (below) provides the relevant references for each of the Core Outputs required by the SHMA Practice Guidance in the context of this report.

Figure 3
Referencing the SHMA Core Outputs

	Core Outputs	References within the Report
1	Estimates of current dwellings in terms of size, type, condition, tenure	*Chapter 4 profiles the Existing Housing Stock* *More specifically:* – *Figure 42 gives a breakdown of property type; and* – *Figure 46 and Figure 48 give a breakdown of tenure* – *House condition (unsuitable housing) is considered in Section 5*
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market	*The study provides a wide range of information about trends within the housing market, with references throughout chapters 3, 4 and 5.* *More specifically:* – *Figure 7 provides details on the overall population;* – *Figure 9 shows the age profile of the area;*

	Core Outputs	References within the Report
		– *Figure 17 and Figure 19 detail UK migration rates year-on-year;* – Figure 25 *shows details on asylum seekers;* – *Figure 26 provides information on unemployment rates;* – *Figure 33 shows annual VAT registrations and de-registrations;* – *Figure 28 and Figure 29 and Figure 30 detail earnings for the sub-region;* – *d Figure 59, provide detail on the changing cost of housing in the region;* – *Figure 61 shows the volume of sales;* – *Figure 46 and Figure 48 shows the tenure distribution across the stock.*
3	Estimate of total future number of households, broken down by age and type where possible	*The GLA 2007 Round Population forecasts provide overall household estimates for the region, and these are referred to throughout the report. The ORS Housing Market Model also identifies the flows of households into and out of the area. Figure 73 summarises this information and shows the projected number of additional households for the next-year period*
4	Estimate of current number of households in housing need	*An estimate of the overall current number of households in housing need is detailed in Figure 69 and Figure 75*
5	Estimate of future households that will require affordable housing	*The gross housing requirement for Social Rented and Intermediate Affordable Housing and for Market Housing, together with the size mix of housing required by all households seeking housing (broken down by housing type) is comprehensively detailed in section 6 of the report, where the outcomes of two particular scenarios are detailed.* *Full technical details on the modelling analysis are detailed in Appendix A*
6	Estimate of future households requiring market housing	
7	Estimate of the size of affordable housing required	
8	Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people	*Chapter 7 of the report considers the needs of various sub-groups of the population, including:* – *Families* – *Older People* – *Black and Minority Ethnic Groups* – *Disabled People* – *Young People* – *Students* – *Key Workers*

Section 2: The Study Context

The National Policy Context

2.1 National housing policy has several crucial aims. In seeking to ensure that everyone has the opportunity to live in decent housing that they can afford, the Government has embarked on a plan achieving a minimum standard of decency and new house building. This house building plan will be delivered within the principles of sustainable development and this is the underlying concept behind the review of the policy context in this chapter.

2.2 In 2003, the Government set out its vision for housing in the Communities Plan. The Communities Plan set the framework for delivering sustainable communities over a period of 15-20 years. The Plan's main areas of focus are housing supply, new growth areas, a decent home for all, the countryside and local environment.

2.3 The Plan's main objective is to achieve communities tha;:

- are economically prosperous;
- have decent homes at affordable prices;
- safeguard the countryside;
- enjoy a well-designed, accessible and pleasant living and working environment; and
- are effectively and fairly governed with a strong sense of community.

2.4 The Communities Plan acknowledged that housing and the local environment are vitally important issues. However, it recognises that communities are more than just areas of housing and have many requirements. As such, it suggests that, as past experience has shown, investing in housing alone whilst paying no attention to the other needs of communities, risks wasting money. What is required is:

> *"A wider vision of strong and sustainable communities…flowing from the Government's strong commitment to sustainable development. The way our communities develop, economically, socially and environmentally, must respect the needs of future generations as well as succeeding now. This is the key to lasting, rather than temporary, solutions; to creating communities that can stand on their own feet and adapt to the changing demands of modern life. Places where people want to live and will continue to want to live" (CLG, 2003: p.5).*

2.5 Further, it argues that housing and planning policy must be placed firmly in the context of sustainable communities and integrated with wider public services and sustainability agenda.

2.6 Alongside encouraging sustainable communities a second key element is community cohesion. The Community Plan suggests that some communities had been undermined by social and economic deprivation and that social cohesion is key to building sustainable communities.

2.7 In particular, it links perceptions of cohesion and positive attitudes about physical spaces. For example, it argues that well-designed places can make a significant contribution to reducing the risk of crime. Also, community cohesion can be strengthened as local people are more welcoming of well-designed schemes and recognise the positive benefits that new housing can bring to an area.

2.8 To deliver the Communities Plan the Government tasked the nine English regions with setting up a regional housing body or board. The emerging London policy is contained within the London Plan (2008) published by the Mayor of London.

2.9 The regions and the Local Authorities within them must have regard to the Government's vision for sustainable communities and are reflected in a series of Planning Policy Statements (PPS). PPS1 Delivering Sustainable Development (2005), sets out the overarching planning policies for the delivery of sustainable development through the planning system. The policies set out in PPS1 need to be taken into account in the preparation of both regional and local planning documents. It is emphasised that sustainable development (ensuring that there is a better quality of life for everyone, now and for future generations) is the core principle underpinning planning and is therefore a vital part of the process.

2.10 PPS1 also states that to facilitate and promote sustainable and inclusive patterns of urban and rural development, planning should ensure, among other thing, that new developments are of high quality and well designed, make the most efficient use of resources and support existing communities while creating safe, sustainable, liveable and mixed communities with good access to jobs and key services.

2.11 This started a period of significant change in planning systems across England and Wales and within the provisions of the Housing Act, 2004, the current housing policy document Planning Policy Statement 3 Housing, 2006 (PPS3), replaced a series of policies including Planning Policy Guidance Note 3 (PPG3) and Circular 6/98. The principle definitions and requirements of PPS3 are summarised at the end of this chapter. They are of fundamental importance to the Housing Market Assessment.

2.12 The policies in the Government's current planning policy statement on housing (PPS3) are also based upon the principle of sustainable development. In particular, policy in PPS3 seeks to address environmental impact including climate change and flood risk.

2.13 PPS3 was developed in response to recommendations in the Barker Review of Housing Supply (March 2004) and reflects the need to improve the affordability and supply of housing in all communities. The Government has set out the following aims in order to achieve this;

- *provide a wide choice of high quality homes, both affordable and market housing, to address the requirements of the community;*
- *widen opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, to address the requirements of the community;*
- *improve affordability across the housing market, including by increasing the supply of housing; and*
- *create sustainable, inclusive, mixed communities in all areas, both urban and rural.*

2.14 Notably, one of the six principles of PPS3 is that an evidence-based policy approach to housing provision is taken:

Local Development Documents and Regional Spatial Strategies policies should be informed by a robust, shared evidence base, in particular, of housing need and demand, through a Strategic Housing Market Assessment.

National policy response to the credit crunch

2.15 Since 2008 the international banking crisis, 'credit crunch', has had a profound and negative effect and there has been a national policy response.

2.16 The response has three main aspects, firstly in relation to the delivery of new homes, secondly assist potential purchasers and thirdly to protect certain households from the consequences of higher real interest rates and repossessions. As at early 2010 the wider impact of public spending cuts and the effect of fiscal policies to support massive lending to the banks is still to be felt.

2.17 In September 2008 the Government announced its £1bn package for housing. Its aim was to assist first time buyers, support vulnerable homeowners facing re-possession and ensure that affordable housing needs can be met in the short and long term. It built upon measures introduced earlier in the year which provided funding for local authorities to build social housing. The further measures introduced funding for a shared equity scheme, a mortgage rescue scheme, funding for a further 5,500 social homes and working with the RDAs to support the most critical regeneration schemes.

2.18 Also noteworthy is the Kickstart programme administered by the Homes and Communities Agency (HCA) which is aimed at currently stalled sites and is likely to deliver 22,000 new homes nationally of which 7,000 will be affordable homes.

2.19 Whilst this short section has focussed upon the national policy response this must be balanced against market recovery. ORS' partner Savills produce regular market updates and in common with other commentators it is widely held that London's housing market, especially the premium end of the market, is leading the national recovery. The West sub-region is thought to be particularly well placed in this regard.

Regional Policy Context

The London Plan 2004, 2008 and the Mayor's Consultation Draft Replacement Plan October 2009

Background

2.20 The London Plan, the Mayor's Spatial Development Strategy, was first published in February 2004. The Plan's integrated and strategic policies inform delivery in a range of areas including housing, transport and supporting economic growth. The Mayor is legally required to keep the London Plan under review.

2.21 An updated plan containing alterations made since 2004 was published in February 2008. The election of a new London Mayor in May 2008 led to proposals for a new London Plan being published in April 2009 leading to publication of a replacement plan towards the end of 2011.

2.22 A Consultation Draft Replacement Plan was published in October 2009. The February 2008 version of the London Plan incorporates alterations made in 2004 and retains legal precedence until the replacement London Plan is published.

2.23 The SHMA is written at a time when a number of issues are the subject of negotiation between the Mayor and the local authorities. The information in this chapter is correct as at September 2010.

2.24 The London Plan recognises that London's economic growth depends heavily on an efficient labour market and this in turn requires adequate housing provision to sustain it. Lack of housing, especially affordable housing, is already one of the key issues facing London employers. Reflecting the key national policy themes of sustainable communities and social cohesion, the London Plan acknowledges that a strategy for housing is not simply a matter of providing adequate accommodation, but also about ensuring access to key public services and local amenities. It emphasises that new housing should offer a range of choices for new households, including affordable housing comprising of both homes for social renting and intermediate housing.

Key Objectives

2.25 The London Plan's main objectives are to;

- accommodate London's growth within its boundaries without encroaching on open spaces;
- make London a better city for people to live in;
- make London a more prosperous city with strong and diverse economic growth;
- promote social inclusion and tackle deprivation and discrimination;
- improve London's accessibility; and
- make London a more attractive, well-designed and green city.

Planning Sub-regions

2.26 The Consultation Draft Replacement Plan proposes a different view of London's Planning sub-regions to the 2008 Plan and proposes a different spatial framework for policy (GLA maps 2.1 and 2.2 below);

- Central London including the Central Activities Zone;
- Inner London ; and
- Outer London.

2.27 It should be noted that the existing and proposed planning sub region differs from the housing sub-region. Kensington and Chelsea is part of the housing sub-region but is not part of the planning sub-region. A map of the housing sub-region forms part of Figure 16.

2.28 Minimum dwelling delivery targets for the London Planning sub-regions are shown below.

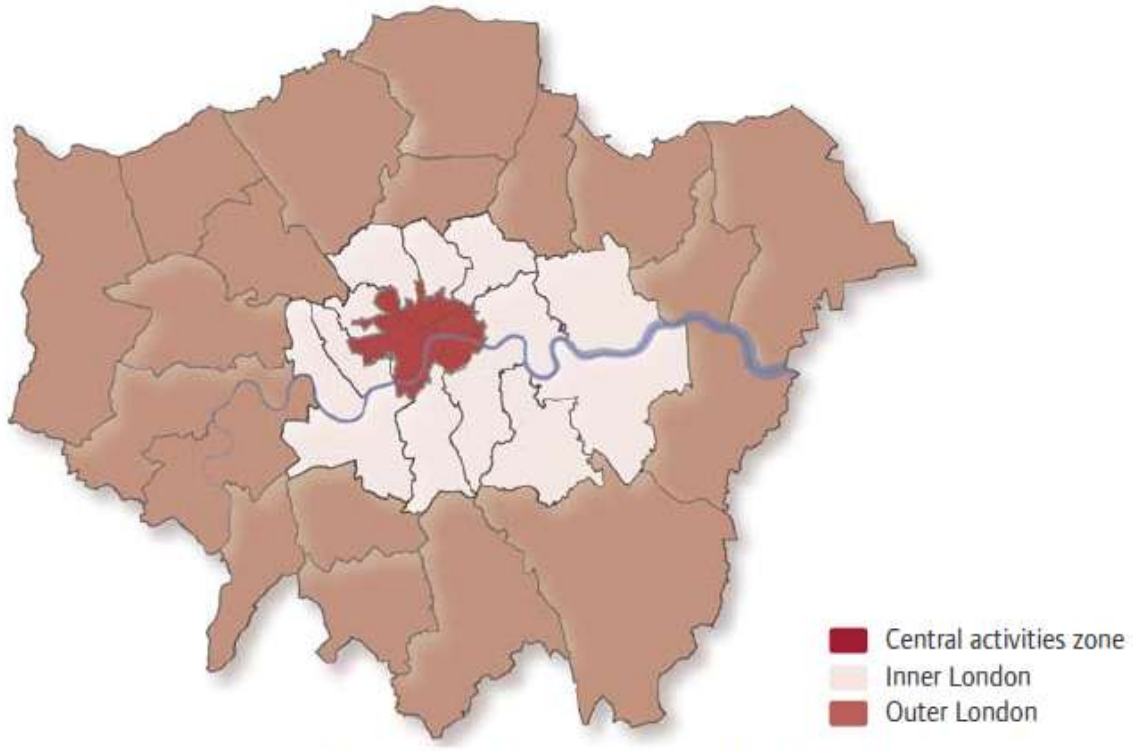
Figure 4
London Housing provisional targets by new planning sub-region (Source: draft consultation London Plan (October 2009) Table 3.1)

Area	Total Target	Annual Monitoring Target
East London	148,450	14,850
North London	36,350	3,635
South London	43,250	4,325
West London	40,150	4,015
Central	65.600	6,560
Total	**333,800**	**33,380**

Map 2.1 Sub-regions

Source: GLA 2009 © Crown copyright. All rights reserved. Greater London Authority 100032379 (2009)

Map 2.2 Outer London, Inner London and Central Activities Zone



Source: GLA 2009 © Crown copyright. All rights reserved. Greater London Authority 100032379 (2009)

Future Housing Provision

2.29 The Plan has a strong focus on increasing London's supply of housing. It sets out the policy framework for distributing housing capacity among the Boroughs and for realising and monitoring that development. Policy 3A.1 of the London Plan (2008) sets a minimum target for housing provision of 30,500 dwellings per annum across London. This is slightly below the target of 33,000 new homes per annum identified by the draft Strategic Housing Market Assessment (ORS, November 2008).

2.30 Minimum targets, including non-self-contained dwellings, for the local authorities within the West London housing sub-region are shown below. These may be subject to change as a consequence of the examination in public process. The Mayor is committed to reviewing targets by 2015/16.

Figure 5
London Plan housing targets compared to Replacement Plan targets by local authority (Source: London Plan 2008 table 3a1 and Consultation Draft Replacement Plan (October 2010) Table 3.1)

Area	2008 Plan targets 2007/8 to 2016/17		Replacement Plan targets 2011 to 2021	
	Total Target	Annual Monitoring Target	Total Target	Annual Monitoring Target
Brent	11,200	1,120	10,650	1,065
Ealing	9,150	915	8,900	890
Hammersmith and Fulham	4,500	450	6,150	615
Harrow	4,000	400	3,500	350
Hillingdon	3,650	365	4,250	425
Hounslow	4,450	445	4,750	470
Kensington and Chelsea	3,520	352	5,850	585
Total	**40,470**	**4,047**	**44,050**	**4,405**

Affordable Housing

2.31 The delivery of additional affordable housing has featured significantly in the development of the London Plan. The first London Plan (2004) adopted a strategic target that half of all additional housing should be affordable. The London Plan (2008) places emphasis on affordable housing. It is seen as being important to meet the needs of households who cannot afford decent and appropriate housing in their Borough and also to promote mixed and balanced communities. However, in 2008, the new Mayor decided that the London Plan 2008 target had proved unachievable and unresponsive to local circumstances. In the Draft Plan he proposes a numeric rather than a rigid percentage based regional target, informed by the SHLAA and SHMA, working with Boroughs in the light of their sub-regional and local housing market assessments to ensure their own affordable housing targets fully and realistically contribute to local and strategic need and conform to the London Plan.

2.32 The Consultation Draft Replacement Plan (October 2009) suggests that an average of 13,200 additional affordable homes per annum is a more appropriate strategic target. This equates to an annual affordable housing target of 40% of all new dwellings. However, the Mayor proposes to engage with Boroughs individually to enable them to set local affordable housing targets which are in general conformity with the London Plan's strategic targets. The new affordable housing target proposed by the Draft Plan is 60 per cent social housing and 40 per cent intermediate affordable housing.

2.33 The Replacement Plan places emphasis on the role of intermediate housing. It states that it can help Londoners get a first step on the housing ladder, reduce the call on social rented housing, free up social rented homes, providing wider housing choice and secure a more balanced social mix on mono-tenure estates. Intermediate housing development can extend the effectiveness of scarce public resources by increasing overall housing output through partnership working with the private sector.

2.34 The Replacement Plan also contains important proposals for intermediate affordable housing that impact upon the estimate of housing requirements reported in section 6 of this report. The Replacement Plan notes that lower quartile house prices in London are 70 per cent higher than in the country as a whole, 31 per cent higher than in the South East region and 50 per cent higher than in the East of England. Accordingly, the Mayor proposes a higher household income threshold of £61,200, slightly higher than the national standard threshold of £60,000 used by the Homes and Communities Agency. For larger homes a higher income threshold of £74,000 is proposed in order to reflect the higher costs to developers and purchasers of this family sized intermediate housing.

2.35 In terms of affordable housing policy site thresholds, the Consultation Draft Replacement Plan (October 2009) suggests that Boroughs should normally require affordable housing provision on a site which has capacity to provide 10 or more homes (compared with the PPS3 threshold of 15 dwellings). It encourages Boroughs to seek a lower threshold through the LDF process (policy 3.14B) where this can be justified. They are encouraged to ensure that the affordable housing requirement applies to any site which has the capacity taking into account other policies of the plan to provide the minimum number of dwellings set in their threshold.

2.36 The London Plan recognises the importance of working in close collaboration with neighbouring regional authorities in order to maintain a consistent approach to addressing the needs of inter-regional migration and household growth with the South East and the East of England.

The Mayor's London Housing Strategy, 2008

2.37 The Mayor of London published the London Mayor's Housing Strategy in March 2008 and covers the period 2008-11. Although now superseded by the Mayor's London Strategy 2010, the aspects of the 2008 strategy marked a significant departure from the policies of the previous mayoral administration notably in the policy area of affordable housing and housing for families.

2.38 Although the original London Plan (2004) suggested that future affordable homes consist of 70 per cent social housing and 30 per cent intermediate housing, the London Housing Strategy indicates that a target of 60 per cent social housing and 40 per cent intermediate housing may be more appropriate.

2.39 The document is very much concerned with providing opportunities to Londoners for home ownership and as such Low Cost Home Ownership opportunities are set to increase by a third, largely due to the new administration's 'First Step' housing programme which is available for households with income up to £72,000 a year. The Mayor has earmarked a budget of £130 million for this initiative.

2.40 The Housing Strategy encourages the development of more family sized homes, particularly in the affordable sectors, with 42% of social rented and 16% of intermediate homes having 3 bedrooms or more. It also expresses a need for more housing to meet the requirements and needs of older and disabled people.

2.41 The Housing Strategy notes that the London Strategic Housing Market Assessment 2008, carried out by ORS found a need for 349,400 new dwellings over the period 2007-2017. This is only slightly lower

compared with the 2004 study figure of 353,000. The London SHMA breaks this down into 245,000 additional social rented properties and 142,000 market homes.

2.42 The strategy suggests that in order to simply keep house prices at their current levels there is a requirement for around 34,000 new homes in London each year.

2.43 Although there is a city-wide housing target, the targets for individual Boroughs have been agreed separately. Current targets can be found in Section 6 of this report. Delivery will be combined with that of the Local Area Agreements (LAAs).

2.44 The strategy also, based on the London Gypsy and Traveller Accommodation Needs Assessment 2008 study, identifies the need for a total of 768 new residential pitches for gypsies and travellers over the next ten years, almost doubling the current supply. It should be noted that the Replacement London Plan proposes a reduction in this target.

The Mayor's London Housing strategy 2010

2.45 Embodied in the strategy is the Mayor's vision for housing in London;

- to raise aspirations and promote opportunity: by producing more affordable homes, particularly for families and by increasing opportunities for home ownership through the new First Steps housing programmes;
- to improve homes and transform neighbourhoods: by improving design quality, by greening homes, by targeting and delivering regeneration and by tackling empty homes; and
- to maximise delivery and optimise value for money: by creating a new architecture for delivery, by developing new investment models and by promoting new delivery mechanisms.

2.46 The strategy notes that London's uniquely expensive housing market prohibits low and middle income households from accessing the owner occupied sector. In response, it states that the Mayor is making progress towards agreeing targets for providing 50,000 new homes across London by 2011. Up to 20,000 of these new homes will consist of intermediate housing provided with financial support from the Homes and Communities Agency (HCA). Rather than a 'one-size-fits-all' approach to affordable housing, Borough targets for 2008-11 will be based on their capacity to deliver and the circumstances of each local area. The first steps housing programme has particular significance for the modelling of future housing requirements and is considered further in Section 6 of this report.

2.47 The draft strategy acknowledges that low income Londoners and some groups are disproportionately affected by the shortage of good quality affordable housing. Others may face discrimination or need protection in the home or a move to alternative accommodation, such as women fleeing violence or those being harassed on the grounds of race or sexual orientation. As such, the Mayor is committed to providing more accessible housing to meet the needs of those disabled, deaf and older people living in unsuitable homes that prevent them from living independent lives.

2.48 The Mayor seeks to avoid social and economic deprivation associated with the mono-tenure estates that were built during the 1960s and 1970s. As such, the Mayor's housing policies focus on improving the social mix of London's communities, by ensuring that new developments are mixed tenure and that other tenures are introduced into mono-tenure estates and by seeking to explore new ways of creating a more balanced tenure mix in the capital's existing neighbourhoods.

2.49 The strategy states that East London is the area of the capital with the greatest potential for growth, representing 51 per cent of London's total capacity. By 2016, 100,000 homes could be provided in the London Thames Gateway, which falls within seven East London Boroughs. The Lower Lea Valley alone will provide more than 9,000 new homes as a direct legacy of the 2012 Olympic and Paralympic Games, part of around 40,000 new homes in the area over the longer term. Outer London also has a key role to play, with almost half (47 per cent) of the overall capacity for new homes in the outer London Boroughs.

2.50 Finally, the strategy states that increasing the supply of housing in London must go hand in hand with improving the design and quality of the homes that are built. Homes must be well designed, sustainable and attractive. They must provide the accessibility, adaptability and flexibility required for 21st century living, meet the needs of London's diverse population, address the challenges of climate change and help to sustain thriving neighbourhoods.

The London Economic Development Strategy, 2009

2.51 The latest edition of London's Economic Development Strategy was published in October 2009. Similar to the London Plan (2009), the strategy highlights the interdependence of London's economic success with related issues such as housing, transport and the environment. The report suggests that the state of London's transport system and shortage of affordable housing are regularly mentioned by businesses as major impediments to the city's competitiveness.

2.52 In particular, it highlights the negative impact that high housing costs can have on the economy. High housing costs can erode gains from employment for lower-paid workers, leaving families in a 'benefit trap', where out-of-work benefits provide a higher income than available employment. Competition for limited numbers of lower paid jobs means wages are low by London standards, further reducing opportunities for those with dependents to support. These problems are compounded by barriers to employment affecting many groups in London, including discrimination, accessibility and lack of affordable childcare.

2.53 Similarly, it suggests that concentrations of disadvantage arise in part because of housing market conditions, the location of social housing and other historical patterns. These help worsen the chances for already excluded households in such areas through loss of services, poor school performance, inadequate or very expensive access to credit, poor local employment opportunities and so on. Regeneration policy to date has improved prospects for some residents in these areas. However, it has had far less impact on concentration effects because individual beneficiaries tend to move on and tend to be replaced by people moving into the area who continue to experience disadvantage.

2.54 Also, it argues that transport, environmental quality and essential services have all come under increasing pressure, both in terms of delivery and the ability to house key workers. London's high cost base reflects its value to the highly productive firms that are located here. Its success has resulted in rapid population growth and an increase in overall employment over the last two decades, putting more pressure on London's infrastructure, especially its transport systems and housing.

2.55 Falling travel speeds, lack of sufficient capacity on public transport and shortages of living and workspace will eat into London's productivity. The failure of housing supply to keep up with demand is both causing and reinforcing patterns of social injustice. High prices are making it increasingly difficult for essential workers in the public and private sectors to live in London and for people who depend on benefits to move into work. This is having a distorting effect on London's economy. Growth has also

exacerbated other problems impacting on the city's economic success, for example, inaccessible transport systems and buildings and barriers to economic engagement, such as lack of affordable childcare facilities.

2.56 In response, it argues that new jobs and housing need to be supported by sufficient and appropriate social infrastructure. It is also important to take account of the infrastructural needs of particular groups, such as the Asian community, the Irish community, disabled people or new migrant workers.

2.57 Finally, it states that although there will be a tension between particular uses of land, experience shows that other properly located uses, such as housing, are not necessarily the enemy of jobs and economic development. There is a clear link between some places becoming more residential and employment growth, particularly in town centres. It is also important to bear in mind the scope for including appropriate employment-generating uses as part of higher-density, mixed use developments.

Introducing the West London Housing Sub-region

2.58 The West London housing sub-region contains the Boroughs of Brent, Ealing, Harrow, Hammersmith and Fulham, Hillingdon Hounslow, Kensington and Chelsea. It has a population of almost 1.5 million people.

2.59 It should be noted that this is different to the West London Planning sub-region as defined by the London Plan and the proposed Replacement Plan. Kensington and Chelsea is not part of the West London planning sub-region in the draft Replacement Plan 2009.

2.60 A map defining the West London housing sub-region local authority boundaries appears in Figure 16.

2.61 West London occupies a critical position in the overall structure of London. It is part of a very strong East/West axis. West London, in common with all other parts of London, will experience long-term growth in population, homes and jobs.

2.62 West London has a different economic role than that of the Cities of London and Westminster. This is typified by the exceptional residential property on offer to wealthy people of parts of and Chelsea and to a lesser extent Hammersmith and Fulham which gives way to the premium commercial sector in a westerly direction known locally as the Golden Mile. Notable enterprises are broadcasters such as the BBC and Sky TV, the pharmaceutical industry and the leisure sector, for example, the recently completed Wembley Stadium and Westfield shopping centre.

2.63 West London contains the gateway to the international, rather than the continental, world through the dominance of Heathrow.

2.64 West London is expected to grow significantly with a range of activities from media, culture, tourism and retail to the consolidation of the huge industrial and warehousing reserve of Park Royal while accommodating growth in employment. The Western Wedge, stretching from Paddington to the Thames Valley is identified in the London Plan and has been one of the most dynamic growth areas in the country.

2.65 The main challenge to the sub-region is to manage proposed housing growth so that it enhances rather than diminishes West London's existing, generally high quality of environment and so that it goes into the places and takes the forms that will revitalise areas of deprivation and poor environment. There is

a clear opportunity to direct growth into the town centres and the areas with redevelopment or regeneration potential and to make best use of the public transport system by locating more intensive development in places with higher transport capacity. Alongside this, there will need to be a substantial increase in densities in appropriate locations.

2.66 The GLA (2009) reflects the above priorities by seeking to ensure that the expansion of population expected in West London is accommodated in sustainable communities, taking into account their needs for social and community infrastructure and capacity building and capturing significant benefits from the economic generators within the sub-region for residents.

Profile of the West London Boroughs

2.67 The following states a profile of each Borough. Information regarding the community strategy and core strategy appears in the appendix. This describes the housing, community and economic policies of each borough in relation to the key themes and issues discussed in the national and regional policy sections above.

Brent

2.68 Brent covers an area of 4,325 hectares, almost 17 square miles, between inner and outer North West London. It extends from Burnt Oak, Kenton and Kingsbury in the North, to Harlesden, Queen's Park and Kilburn in the South. The North Circular Road divides the less densely populated northern part of the Borough from the south.

2.69 The Borough is famous for being the home of Wembley Stadium, which was rebuilt and then reopened in 2007. Consequently, Wembley now has its own 'brand' with the new stadium forming the centrepiece of a new Wembley, comprising major regeneration initiatives and ventures. Already known for its sporting and music venues, Wembley will develop further into a major regional, national and international destination with a range of major retail and leisure attractions whilst delivering significant employment benefits for the local community.

2.70 Brent is bordered by the London Borough of Barnet to the east, Harrow to the north and Ealing to the west. It has small boundaries with the inner London Boroughs of Hammersmith and Fulham, Kensington and Chelsea, Westminster and Camden in the south. The metropolitan centres of Harrow and Ealing, together with Brent Cross regional shopping centre (all of which are outside of the Borough) currently meet many of the shopping and leisure demands of a large number of Brent residents.

2.71 Overall, Brent's population is relatively young with almost a quarter of its residents aged 19 years or under. The 2001 Census recorded a residential population of 263,454, whilst the GLA has recently estimated that Brent's population had increased to 278,500 in 2006 (Mid Year Estimates). However, Professor Mayhew, a leading demographic expert who uses all available administrative databases, estimated Brent's population at 289,000 in 2007. (Brent Council submission to the House of Commons' Treasury Sub – Committee Inquiry Into Counting the Population, 2007).

2.72 Black and Ethnic Minorities collectively constitute the majority of Brent's population at 55%. Over 120 languages are spoken in Brent and the Borough has been officially recognised as the 'most ethnically diverse local authority area in the country'. Nearly 8% of its population are classified as refugees or asylum seekers and, in 2007, Brent had the second highest number of new National Insurance registrations in the country at 15,600.

Ealing

2.73 The London Borough of Ealing covers an area of around 55 square km in West London, and shares borders with Brent, Harrow, Hillingdon, Hounslow and Hammersmith and Fulham Boroughs. Ealing is located at the centre of the West London sub-region, which is well positioned in relation to Central London to the east and the Thames Valley to the west.

2.74 The strategic importance of West London is strongly influenced by its existence within the "Western Wedge", the London part of which stretches from Paddington through Park Royal and Wembley to Heathrow and its environs. The "Western Wedge" has been one of the most dynamic growth areas in the entire country.

2.75 The Borough is made up of seven distinct areas, Acton, Ealing, Greenford, Hanwell, Perivale, Northolt and Southall. These areas have diverse populations, Southall especially is acknowledged as a centre of Asian goods, services and culture from the Indian sub-continent.

2.76 Ealing and, in particular, Ealing town centre, is a 'transport hub' for West London and has good access to central and East London. Central Ealing is approximately six miles from Heathrow Airport and a similar distance from the central London Congestion Charging zone. It is well served by three underground lines and several mainline train services. Key highways in the Borough include the A40, Uxbridge Road and the North Circular.

2.77 Ealing is the 4th most diverse Borough in London and also nationally. More than 100 languages are spoken in the Borough. 41.3% of residents are from an ethnic minority, compared to 9.1% nationally and 28.8% across London. About 20% of the minority ethnic community describe themselves as Asian. Within this, the largest minority group is of Indian origin, which accounts for 17% of the Borough's total population. 15.1% of Ealing residents (45,401 people) live with a long term illness, health problem or disability, which limits their daily activities or the work they can do.

2.78 The two largest employment sectors within which Ealing residents work are business services (20.4%) and retail (15.9%). 73% of employment is in small and medium size firms, employing less than 200 people. The Borough is located near several major employment locations in West London, such as Heathrow and White City and contains a number of key sites of its own in Park Royal, Southall, Acton and Northolt /Greenford. 3.9% of economically active residents were unemployed at the time of the 2001 Census, compared to 3.4% for England and 4.4% for London. In its most deprived communities, unemployment rates are twice the Borough average.

Hammersmith and Fulham

2.79 The Borough of Hammersmith and Fulham is situated on the western edge of Inner London in a strategic location on the transport routes between the City and Heathrow. The Borough is oriented north-south with most major transport links, both road and rail carrying through traffic east-west across the Borough. Some of the busiest road junctions in London are located in the Borough at Hammersmith Broadway, Shepherds Bush and at Savoy Circus and the Borough suffers disproportionately from the effects of through traffic. However, north-south movement in the Borough is poor.

2.80 The Borough contains wealth, poverty and attractive environments, many of which are protected by conservation designations and other areas that are less attractive and that need improvement. The Borough has some of the highest average house prices within London, but on the other hand is ranked

as the 38th most deprived local authority in the country (IMD 2007) and there are significant pockets of deprivation largely concentrated on the larger social housing estates, such as the White City area, where high levels of worklessness, anti-social behaviour and crime, a poor environment and low aspirations blight people's lives.

2.81 The Borough has at least four distinct areas;

- Fulham;
- Hammersmith;
- Shepherds Bush; and
- the area to the north of Wormwood Scrubs - the College Park/Hythe Road area.

2.82 The Borough also benefits from having a 7km/4 ½ miles of frontage along the River Thames. Because transport links tend to be east/west in the Borough, each town centre serves its local area. To the north of the Borough the College Park/Hythe Road area is better served by town centres in Brent.

2.83 Hammersmith and Fulham's economy is part of the wider London and West London economic area. The Borough occupies a favourable location in west London and is attractive to a variety of businesses. It has enjoyed significant growth in employment and economic activity over the last three decades with the central Hammersmith area becoming an important sub-regional location for offices.

2.84 In 2006, 115,000 people worked within the Borough boundaries which is an increase from the 111,500 employed in 2004 (Annual Business Inquiry). Just over a quarter of people working in the Borough also lived in the Borough. The largest employer in the Borough, the BBC is based in Wood Lane and has expanded its complex there in recent years and has approximately 14,000 employees. This number will decrease with the proposed move of some of the BBC's staff to Salford and Central London.

2.85 To the north of the Borough the Hythe Road industrial area forms a part of the extensive Park Royal area. Park Royal is the closest industrial and warehousing area to central London and the West End and also serves Heathrow. It houses nearly 2,000 businesses which is more than any other industrial estate in Europe providing around 40,000 jobs. It is home to the growing economic clusters of food and drink, transport and logistics and TV and film businesses. The Hythe Road area in Hammersmith and Fulham is also developing as an area specialising in the recycling of electrical and construction and other waste.

Harrow

2.86 Harrow is an outer London Borough, situated in North-West London and approximately ten miles from Central London. The London Boroughs of Barnet, Hillingdon, Ealing and Brent border the Borough. The County of Hertfordshire lies to the north of Harrow, with the District Councils of Three Rivers and Hertsmere immediately adjoining. It is located in the north-east of the West London Sub-Region, identified in the London Plan as the 'Western Wedge' and a vibrant part of the London economy.

2.87 It is primarily a dormitory residential suburban area, with a relatively small amount of land and buildings devoted to employment and industrial activity, compared with other outer London Boroughs. Over a quarter of the Borough (over 1,300 hectares) consists of open space. Harrow covers an area of approximately 50 sq. km (just under 20 square miles). The Borough has 21 wards.

2.88 The Borough has one of the most ethnically diverse populations nationally. Over half or 52.9% of Harrow's residents were of ethnic minority in 2006, where ethnic minority is defined as all people who

are non-White British. Nationally, Harrow now has the fifth highest proportion of residents from minority ethnic groups, compared to its ranking in eighth place in 2001.

2.89 Almost a quarter or 22% of Harrow's residents are of Indian origin, the largest minority ethnic group in Harrow and the second highest level in England, after Leicester. The Greater London Authority's (GLA) 2007 Round of Demographic Projections by Ethnic Group shows that, by 2016, 57.4% of Harrow's residents are likely to be from Black and other minority ethnic groups (excluding minority White groups) and this proportion could be around 62% by 2026.

2.90 The employment structure of Harrow shows similar proportions of the population working in distribution, hotels and restaurants (23%), finance, IT and other business activities (26%) and public administration, education and health (28%).

Hillingdon

2.91 Hillingdon is London's second largest Borough, by area, covering 42 sq. miles (109 sq. kilometres) with a population of almost 260,000 people. The Borough has a distinctive character with its combination of suburban streets and shopping centres, industrial land, major office developments and large areas of open land, historic woodland and inland waterways including 4,960 hectares of Green Belt.

2.92 Current estimates suggest that the population of Hillingdon will grow to around 270,000 people around the year 2015 with a 14% growth in the Core Strategy period of 2011-2026. As the population of Hillingdon grows, it is anticipated that the diversity of the Borough will increase. At present around 21% of Hillingdon's population is made up of black and ethnic minority communities and this figure is projected to rise by a further 10% over the next 10 years. Compared to many other London Borough's, which have ageing populations, Hillingdon has a population with a high proportion of young residents, with around 41% being under 30 years of age and 19% being under 15 years of age.

2.93 Despite remaining one of London's greenest Boroughs, Hillingdon has a pivotal role in the economic success of the capital being the home of Heathrow Airport, the busiest international airport in the world. It attracts over 67 million passengers each year and employs 68,400 people on site. In addition, a large number of international corporations have their headquarters in the Borough. There are around 7,500 registered businesses in Hillingdon, ranging from large multinational corporations to local family firms.

2.94 The overall indication is that the health of the population in Hillingdon is generally good with Hillingdon ranking 25th out of the 33 London Boroughs for poor health. The percentage of people classified as in good health from the 2001 census is 71.3%, with 7.4% in poor health. This compares to 70.8% and 8.3% respectively for Greater London and 68.8% and 9% for England. The Hillingdon Supported Strategy identifies a higher proportion of households within Hillingdon with special needs (16.7%) compared with the London average (13.3%). The strategy identifies Older People, Young People and People with Learning Disabilities as priority groups.

2.95 Basic education levels in the Borough are higher than the national average. The proportion of people with no qualifications (12.8%) was lower than London (13.9%) or England and Wales (15.6%). In terms of higher educational achievement, 23.1% of Hillingdon residents have a degree qualification which is below the London average of 30.5% and the national average of 24.2%.

Hounslow

2.96 Geographically situated in outer West London, Hounslow is a large Borough covering approximately 22 square miles. Stretching from Chiswick in the east to the boundaries of Heathrow Airport in the west. The transition from the urban environment of the suburbs to the semi-rural environment of the urban fringe takes place within Hounslow.

2.97 The Borough has a mix of residential, commercial and industrial land uses interlaced with several waterways, including the River Thames, large areas of open space and areas of cultural and architectural heritage. It is reasonably well served by public transport and ideally located for national transport links, with easy access to major roads and motorways linking Central London and the City to the south west, Wales, the Midlands and beyond via the A4, M25 and M4. As an outer London Borough, Hounslow borders the London Boroughs of Hillingdon, Ealing, Richmond-upon- Thames, Hammersmith and Fulham and also Spelthorne Borough and Surrey County Council.

2.98 The Borough has four town centres, Brentford, Chiswick, Hounslow and Feltham. These centres as well as Chiswick Park, the Great West Road and Bedfont Lakes are the Borough's key nodes. Both Feltham and Hounslow town centres have recently undergone significant redevelopment with further development anticipated for Hounslow. The regeneration of Brentford continues with a number of vacant employment sites on the Great West Road being redeveloped for mixed-use.

2.99 Hounslow's residents live in communities stretching from Bedfont at the fringe of Greater London in the west to the Victorian streets of Chiswick in the east. Local areas are very different in character and therefore have different needs. There have always been some affluent parts of the Borough and, taken as a whole, Hounslow is not poor in comparison to many other Boroughs. However, there are notable and persistent areas of deprivation in the Borough in the wards of Bedfont, Brentford, Hanworth, Heston West and Syon. These areas are characterised by higher unemployment, skills mismatch, a large percentage of lone parent families, lower academic attainment, high crime rates and drug abuse, a higher amount of local authority housing and areas of environmental and industrial decline.

Kensington and Chelsea

2.100 With a population estimated at 178,600, Kensington and Chelsea is the most densely populated Borough in the country, housed into just under five square miles of land. It is primarily residential but is an internationally recognised shopping destination, hosts world renowned arts and cultural facilities and events and boasts some of London's most visited parks and outdoor spaces. It is also a Borough of extremes with some of the wealthiest neighbourhoods in the country as well as some of the most deprived. Statistics on deprivation show that North Kensington and parts of Earl's Court and South Chelsea face complex combinations of problems such as low incomes, relatively high unemployment and poor health.

2.101 The highest levels of deprivation are found in North Kensington, highlighting the need to focus on regenerating this area. In the past central government has made extra resources available to do this but changes in the way this funding is allocated mean that the Borough no longer qualifies for this help. As such, it believes that the Kensington and Chelsea Partnership plays an important role in working to direct mainstream resources.

Planning Policy Statement 3 (Housing) (PPS3)

2.102 At the beginning of this chapter we referred briefly to the planning policy guidance that was developed from the Communities Plan 2003. Planning Policy Statement 3 (Housing) (PPS3) provides some of main definitions used by the SHMA. It also describes some the key outputs that the HMA is expected to produce and evidence. The opportunity is taken to state these definitions and outputs here as a reference point for the report.

PPS 3 Annexe B definitions relating to affordable housing

Affordable housing

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.

Social rented housing is: Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Housing Corporation as a condition of grant.

Intermediate affordable housing is: Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.' These definitions replace guidance given in Planning Policy Guidance Note 3: Housing (PPG3) and DETR Circular 6/98 Planning and Affordable Housing. The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, *those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing.*

Affordability

The terms 'affordability' and 'affordable housing' have different meanings. 'Affordability' is a measure of whether housing may be afforded by certain groups of households. 'Affordable housing' refers to particular products outside the main housing market.

Abstract of PPS 3 paragraph 29

In Local Development Documents, Local Planning Authorities should:

- Set an overall (i.e. plan-wide) target for the amount of *affordable housing* to be provided. The target should reflect the new definition of affordable housing in this PPS.
- It should also reflect an assessment of the likely economic viability of land for housing within the area, taking account of risks to delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, including *public subsidy and the level of developer contribution that can reasonably be secured*.

Local Planning Authorities should aim to ensure that provision of affordable housing meets the needs of both current and future occupiers, *taking into account information from the Strategic Housing Market Assessment.*

Section Summary

- This section has examined national, regional and local housing and planning policies. It is evident that national policies such as the Communities Plan have substantially impacted on regional and local policies. Such polices have emphasised the importance of sustainability and the need to consider housing policy alongside other issues such as the economy, transport and the environment. It also emphasises the important role that housing policy has in improving social cohesion.
- Overall it is clear that Greater London is the engine of the UK economy. West London has a different economic role than that of the Cities of London and Westminster. This is typified by the exceptional residential property on offer to wealthy people of parts of Kensington & Chelsea and to a lesser extent Hammersmith and Fulham which gives way to the premium commercial sector in a westerly direction known locally as the Golden Mile. Notable enterprises are broadcasters such as the BBC and Sky TV, the pharmaceutical industry, Heathrow airport and the leisure sector, for example, the recently completed Wembley Stadium and Westfield shopping centre.
- At regional level, the publication of the London Housing Strategy (2010) and the draft replacement London Plan (April 2009), all have important implications for housing policy for the sub-region. Despite recent falls in house prices, affordability remains a key issue at regional level. The London Plan recognises that London's economic growth depends heavily on an efficient labour market and this in turn requires adequate housing provision to sustain it. It will be some time before the impact of the Mayor's abolition of the 50% affordable housing target can be determined.
- The West London housing submarket is one of contrasts. Although many areas such as Kensington and Chelsea are affluent, it also contains many areas of poor housing and social deprivation.

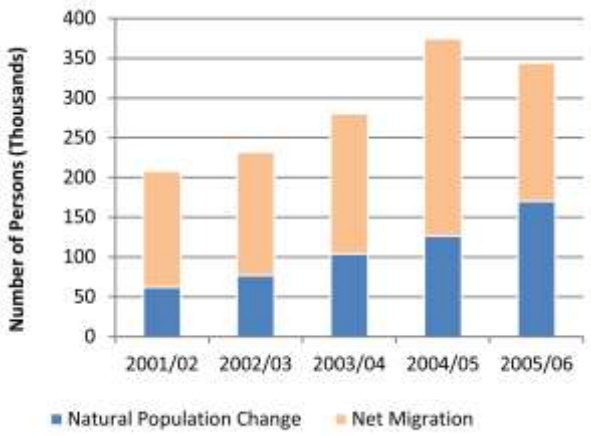
Section 3: Housing Market Drivers

3.1 This section of the report considers past changes in the population and demographic structure of London and trends in the economic factors that affect the need and demand for housing. Further information is also provided on the characteristics of households in the region and how employment and economic activity in London compares to that elsewhere.

National Level Household Changes

3.2 According to the Office for National Statistics (ONS), until the mid-1990s, natural change was the main driver for population growth in the UK. However, more recent population growth has been predominantly based upon international migration. The rise in migration was mainly due to the rise in the number of citizens coming from the ten accession countries (A10) that joined the EU in May 2004. The figures for 2005/06 indicate that net international migration declined, due to a combination of lower in-migrant and higher out-migrant numbers.

Figure 6
Population Change in the UK, 2001-2006 (Source: ONS, General Register Office for Scotland, NI Statistics & Research Agency)



3.3 In addition to a growing population, the size of households has been reducing over recent years, hence housing requirements have increased. The average household size in England was 2.67 in 1981 and is predicted to be 2.15 in 2021. The GLA 2007 Round Demographic Projections show the average household size in London is likely to be 2.23 for London in 2021.

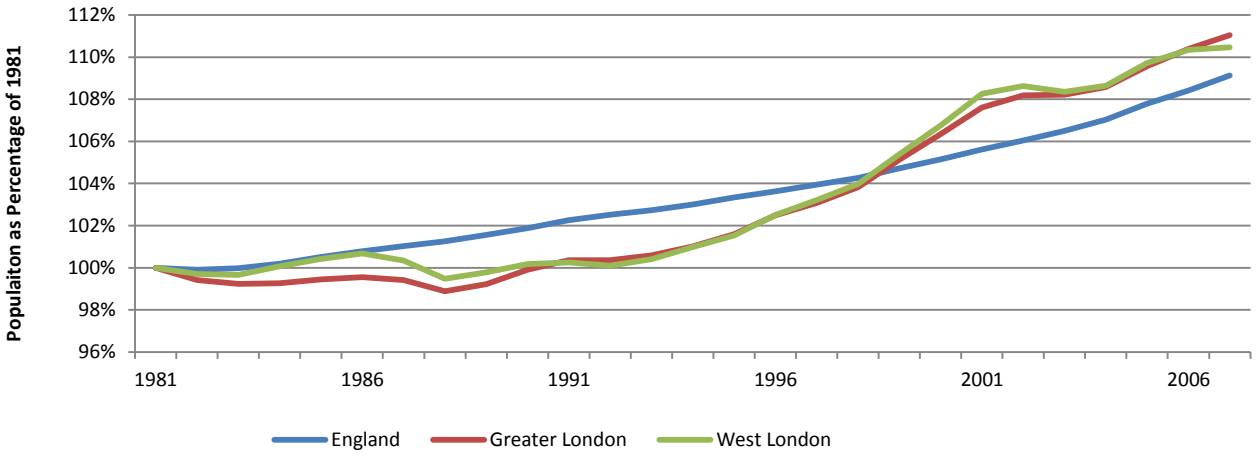
3.4 This significant reduction in household size has several possible causes. It is a common assumption that decreasing average household size is a result of young adults moving out of the parental home. In reality, it is actually more likely that increases in relationship breakdown and divorce are the key contributors. Another reason is the decrease in family size as people are choosing to have fewer children. Finally, due to advances in medical techniques, many older people who outlive their partners are continuing to live alone for significantly longer than older people lived in the past.

Population Trends in London

3.5 Closely following the pattern for the whole of London, West London saw a slight decline and levelling off of its population in the 1980s and early 1990s. However, since the mid 1990s and particularly between 1998 and 2001, it has seen a fairly rapid growth in its population and has since continued at a slightly lesser rate as illustrated in Figure 7. Taking the 1981 population as a base, it shows that the population of West London rose by 10.5% in the period up to 2007 from 1,459,500 to 1,612,300 people. This compares with a rise in population of 11% for Greater London and 9.1% for England.

3.6 International migration into West London has been high in the last five years, although this has been balanced by net out-migration to the rest of the UK. However, as the households that move to the region tend to be younger than those that leave, migration has tended to lower the average age in West London and indirectly increase the rate of natural change, that is, births minus deaths.

Figure 7
Population of West London, Greater London and England: 1981-2007 (Source: ONS Mid-Year Population Estimates)



3.7 Figure 8 shows that this rise in population of West London is expected to continue in the future. Based on the 2007 Round Demographic Projections, the GLA estimate that the sub-region's population will increase to between 1,704,700 and 1,777,600 by 2026. This would represent a rise of 5.9-10.4% over the period 2006-2026.

3.8 The age structure of the population of West London (Figure 9) shows that there are far more young adults and young families with children aged 0-4 years in the area than in England and Wales as a whole. In particular, there is a higher population share for those aged 20-44 years, while those aged over 45 years are underrepresented in the population.

Figure 8
Population of West London 1981- 2006 and Population Projections for West London 2011-2026 (Source: ONS Mid-Year Population Estimates , GLA 2007 Round Demographic Projections. Note: Light band shows range from low to high estimates)

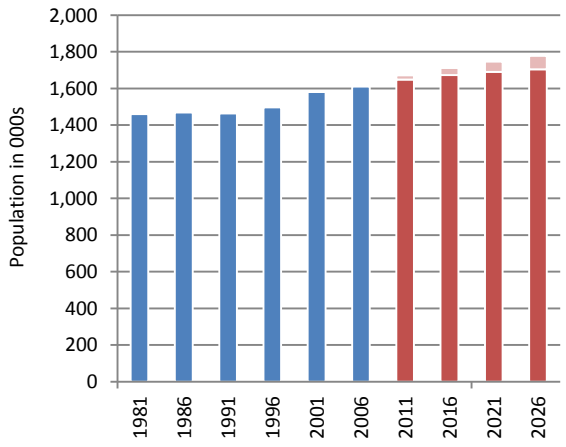


Figure 9
Age Profile for West London Compared with England: 2007 (Source: ONS Mid-Year Population Estimates)

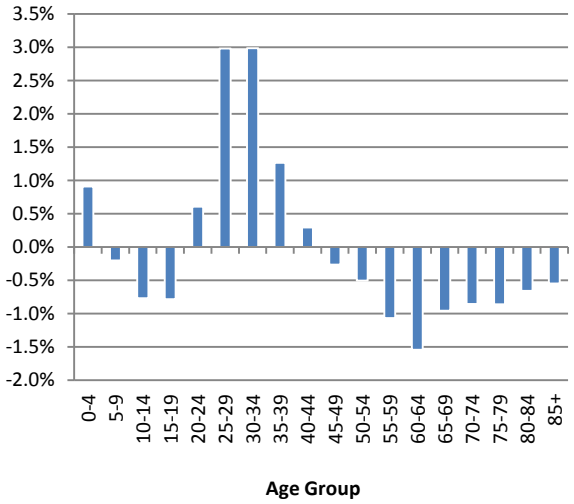
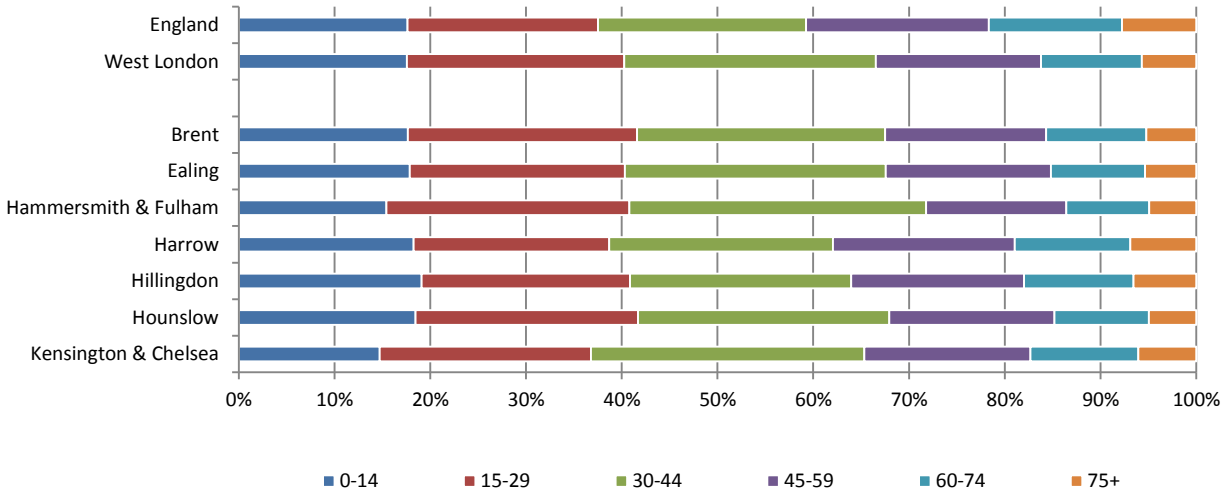


Figure 10
Age Distribution of Population by Borough (Source: UK Census of Population 2001)



3.9 Figure 10 also shows how the age structure of West London compares with England as a whole and how this varies by Borough. It can be seen that all Boroughs have fewer older persons than across the whole of England, but this is particularly pronounced in Hammersmith and Fulham. Hammersmith and Fulham also has a relatively high proportion of those aged 15-44 while the opposite is the case in Harrow and Hillingdon.

Household Type

3.10 It is important to consider the structure of households when assessing housing needs. An area with more single people requires more separate accommodation, while an area with large families will require larger houses to accommodate them. The household structure of Greater London follows from its slightly younger than average population. In particular, in 2001, 22% of all households were comprised of a single, non pensioner person, while 8% were lone parents. DMAG (Data Management and Analysis Group) data from 2006 suggests that the proportion of single non-pensioner households has decreased, while the proportion of adult couple households has increased.

Household Type

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Figure 11
Household Type for Greater London in 2001 (Source: Census 2001)

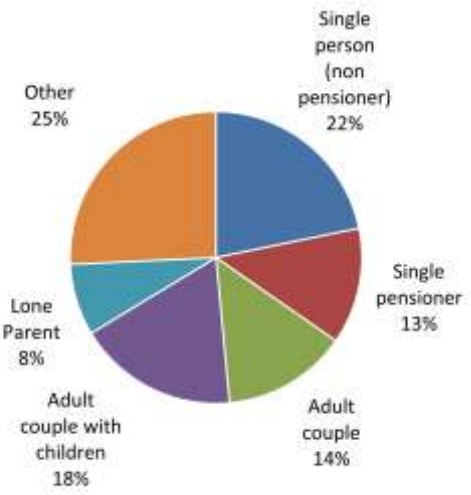
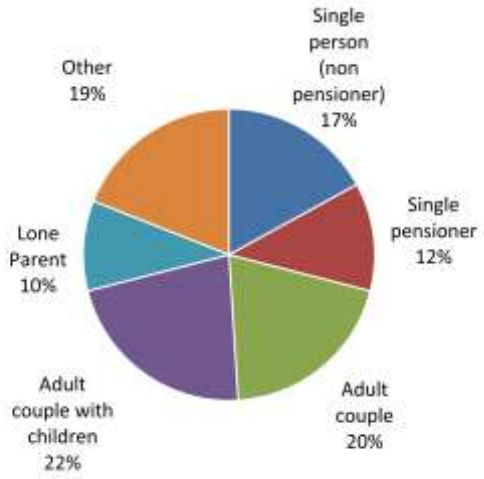


Figure 12
Household Type for Greater London in 2006 (Source: A Profile of Londoners by Housing Tenure: DMAG Briefing 2007-17)



3.12 Figure 13 shows household composition in West London in 2001 where it can be seen that the household profile across the sub-region is very similar to that of the whole of London. Therefore, if it is assumed that there have been similar changes in West London since 2001 as there have been across London, then it is likely that there is now a slightly smaller proportion of single persons and slightly higher proportion of couples.

Figure 13
Household Type for West London in 2001 (Source: Census 2001)

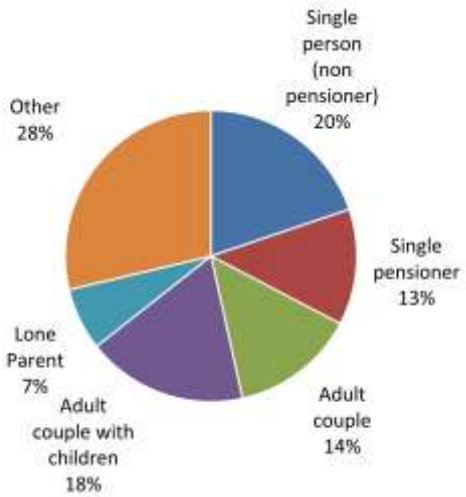
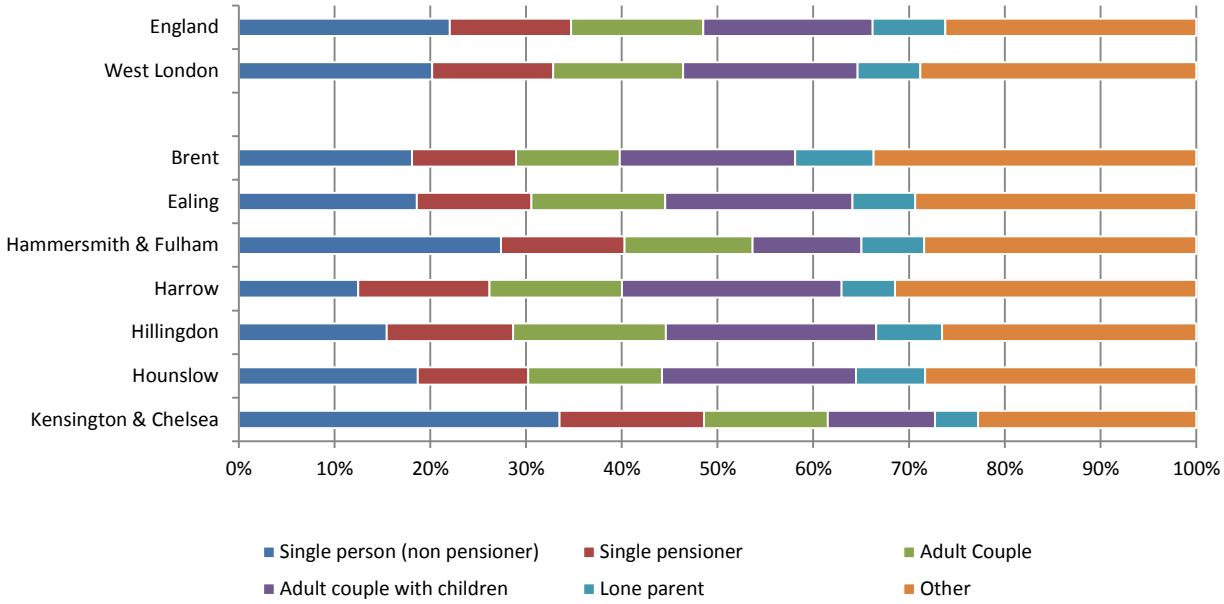


Figure 14
Household Type by Borough (Source: UK Census of Population 2001)



3.13 Figure 14 details how household type varies by Borough across West London where it can be seen that there are marked differences. For example, Both Hammersmith & Fulham and Kensington & Chelsea have a much higher proportion of single (non pensioner) households (around 30%) and a smaller proportion of adult couples, with or without children, when compared to the rest of West London. In contrast, Hillingdon and Harrow have the highest proportion of adult couples and adult couples with children (37%). Almost 35% of households in Brent consist of other multi adult households.

Migration

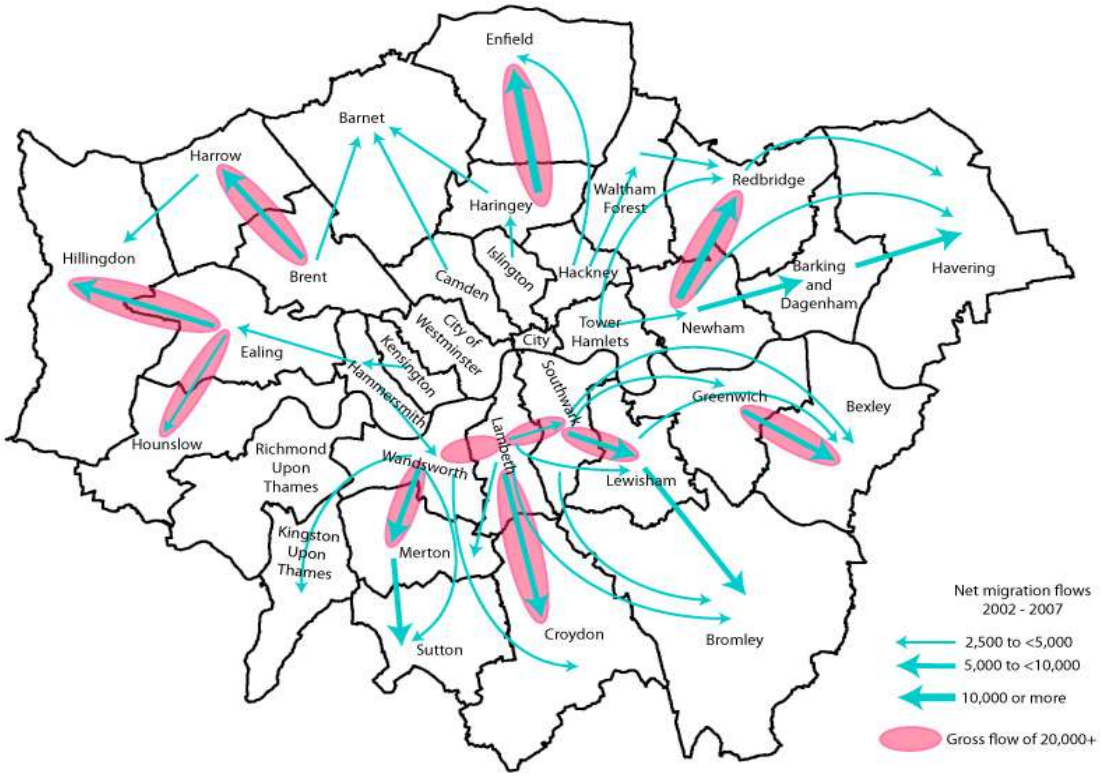
3.14 Since 1996-97, the ONS has published relatively localised migration data using information from the NHS Central Register (NHSCR) which records the movement of individuals who change GP. The NHSCR data provides an effective way of monitoring changes in migration over time, but it is important to recognise the limitations of the data, for not everyone who moves will register with a doctor, so some migration will not be counted. In particular it is noted that young people (in particular young men) are perhaps least likely to register with a GP. Nevertheless, as the data provides the best available basis for analysis, the following information details migration patterns for West London over the period 2002-2007.

Migration within London

3.15 Figure 15 shows this net migration between the local authorities in London between 2002 and 2007 with thicker lines representing higher levels of net migration. The map only refers to the existing population of London and does not include the impact of migrants arriving from abroad or regions outside London.

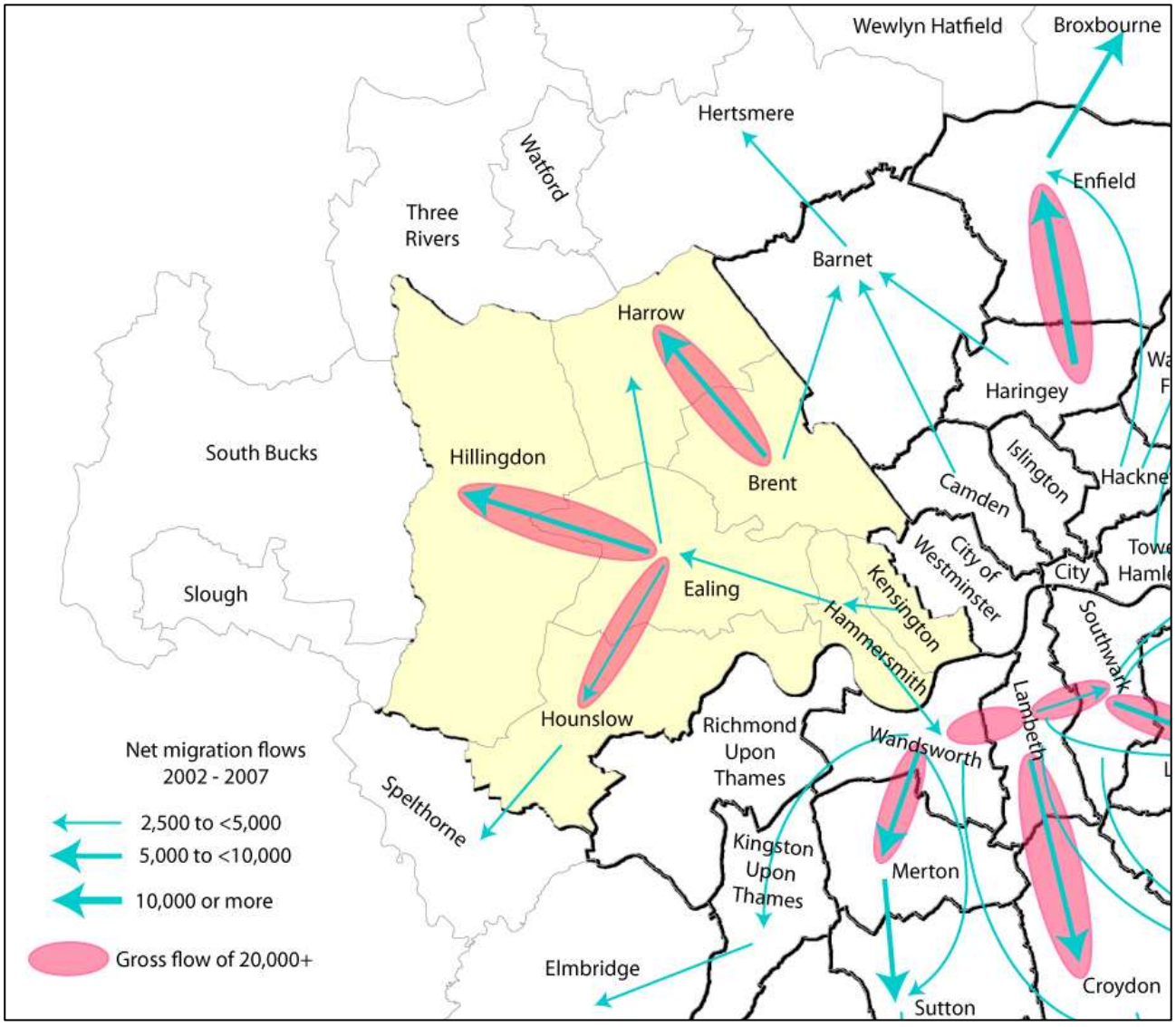
3.16 This shows a clear split between north and south London, with population leaving the northern central area of London moving to other northern Boroughs and those leaving southern central Boroughs moving to other southern Boroughs. Therefore, the River Thames appears to act as a natural barrier to separate the north and south London housing markets.

Figure 15
Migration Between London Boroughs 2002-2007 (Source: ONS Migration Statistics Unit)



3.17 Figure 16 highlights internal migration flows within West London as well as links to neighbouring Boroughs/districts. It can be seen that in general the population is moving north, west and south to the outer Boroughs and then into Surrey. In particular, there is significant movement from Brent into Harrow and from Ealing into Hillingdon and Hounslow.

Figure 16
Migration Between Boroughs in West London 2002-2007 (Source: ONS Migration Statistics Unit)



UK Migration to the West London sub region

3.18 The age structure of the net migrants to West London for each year 2003 -2007 from the rest of the UK is shown in Figure 17. The area has experienced a net loss of over 130,000 migrants across all age categories over the 5 year period. However, it has a net gain of over 4,000 people in the 16-24 age category. This is the equivalent of around 0.3% of the entire population of the area.

Figure 17
Migration to and from West London by age group 2002-2007 by year (Source: ONS Migration Statistics Unit)

Age Group	2003	2004	2005	2006	2007	Total
In Migrants						
0-15 years	6,820	7,110	7,160	7,430	7,470	35,990
16-24 years	15,680	14,820	14,490	14,920	15,010	74,920
25-44 years	30,680	31,120	31,680	32,230	33,770	159,480
45-64 years	4,750	4,970	4,980	5,020	5,630	25,350
65+ years	1,640	1,790	1,710	1,690	1,660	8,490
Total	**59,550**	**59,650**	**60,100**	**61,460**	**63,540**	**304,300**
Out Migrants						
0-15 years	13,970	14,060	13,080	13,630	13,850	68,590
16-24 years	14,940	14,340	14,290	13,790	13,320	70,680
25-44 years	47,070	45,750	44,760	44,440	45,020	227,040
45-64 years	9,490	10,090	9,240	9,320	10,040	48,180
65+ years	4,470	4,610	3,970	3,970	4,080	21,100
Total	**89,840**	**88,760**	**85,300**	**85,240**	**86,400**	**435,540**
Net Migrants						
0-15 years	(7,150)	(6,950)	(5,920)	(6,200)	(6,380)	(32,600)
16-24 years	740	480	200	1,130	1,690	4,240
25-44 years	(16,390)	(14,630)	(13,080)	(12,210)	(11,250)	(67,560)
45-64 years	(4,740)	(5,120)	(4,260)	(4,300)	(4,410)	(22,830)
65+ years	(2,830)	(2,820)	(2,260)	(2,280)	(2,420)	(12,610)
Total	**(30,290)**	**(29,110)**	**(25,200)**	**(23,780)**	**(22,860)**	**(131,240)**

3.19 In order to investigate the in-migration from the 16-24 age group further it is necessary to examine data at the borough level. The full borough level data set is not produced here as the equivalent of Figure 17 would need to be produced 7 times. Instead the data has been examined and summarised to compare inner and outer London boroughs.

3.20 Figure 18 reveals that the net in-migration of people in the 16-24 year age group is into the Inner London boroughs of Kensington & Chelsea and Hammersmith & Fulham. There is a net out migration of all other age groups. This age group is significant as this evidences the process of younger people seeking to live in inner London. Some households will be students, others young graduates or routine occupation workers.

3.21 It is also interesting to note that the gross flows of people in the 25-44 age group are the largest by a considerable margin. Averages for both age groups are comparable for inner and outer London; however the flows of older households are significantly higher for outer London boroughs. Even though the net flow is substantially outward, this amount results in considerable churn within the housing market.

Figure 18
Migration to and from West London boroughs by age group 2002-2007 by year (Source: ONS Migration Statistics Unit. Note that figures stated for Inner London are the average of 2 boroughs and for Outer London are the average of 5 boroughs)

Age Group	Inner London			Outer London		
	In Migration	Out Migration	Net Migration	In Migration	Out Migration	Net Migration
0-15 years	4,840	9,700	(4,860)	11,780	16,050	(4,270)
16-24 years	13,510	8,470	5,040	14,260	14,700	(430)
25-44 years	33,160	42,130	(8,970)	38,580	45,650	(7,070)
45-64 years	4,840	6,850	(2,010)	7,360	10,810	(3,440)
65+ years	1,320	2,440	(1,120)	2,650	4,520	(1,870)
Total	**57,660**	**69,570**	**(11,920)**	**74,630**	**91,720**	**(17,090)**

3.22 Figure 19 shows the net migration to West London from every region of England and Wales in the past 5 years. Overall, migration accounted for a fall in the region's population of 131,240 people from 2002 to 2007. This represents over 8% of the current population of the area. The major regions that migrants have moved from the West London region to are the South East, Eastern and South West as well as to other parts of London.

Figure 19
Net Migration to West London by England and Wales Region 2002-2007 (Source: ONS Migration Statistics Unit: Movements between local authorities in England and Wales based on patient register data and patient re-registration recorded in the NHSCR. Note: Figures may not sum due to rounding)

UK Region	2003	2004	2005	2006	2007	Total
North East	(220)	(100)	10	180	210	80
North West	(820)	(580)	(330)	(280)	(220)	(2,230)
Yorkshire & Humberside	(640)	(690)	(520)	(20)	250	(1,620)
East Midlands	(1,820)	(1,520)	(950)	(800)	(650)	(5,740)
West Midlands	(740)	(630)	(520)	(190)	(120)	(2,200)
Eastern	(6,630)	(6,400)	(5,210)	(5,020)	(6,020)	(29,280)
London	(4,340)	(3,330)	(4,740)	(4,520)	(3,520)	(20,450)
South East	(11,300)	(12,320)	(10,460)	(10,710)	(10,690)	(55,480)
South West	(3,190)	(2,940)	(2,240)	(2,130)	(1,930)	(12,430)
Wales	(590)	(600)	(240)	(290)	(170)	(1,890)
Total	**(30,290)**	**(29,110)**	**(25,200)**	**(23,780)**	**(22,860)**	**(131,240)**

3.23 Figure 20 shows the individual local authorities which have had the highest net migration to the sub-region. The highest net in-migration comes from other parts of London, particularly North London sub-region boroughs. However, it can also be seen that there is a relatively large in-migration from large University cities across England, which is unsurprising as the only age group with a net in-migration into the area is the 16-24 years category, as well as a high level of in-migration from in the 25-44 years group.

3.24 Figure 21 shows the local authorities to which West London lost population through migration. The highest net out-migration from the sub-region is to Richmond upon Thames and Wandsworth in South West London where there is a high level of both in and out-migration indicating that there is a strong link with South West London as well as with North London. The remaining areas that have experienced significant movement from West London are all local authorities surrounding London, in areas such as Hertfordshire, Buckinghamshire, Berkshire and Surrey.

Figure 20
Top 10 Local Authorities with the Highest Net Migration to West London 2002-2007 (Source: ONS Migration Statistics Unit)

Local Authority	In-migrants	Out-migrants	Net
Westminster	24,550	18,180	6,370
Newham	5,870	4,750	1,120
Camden	12,290	11,260	1,030
Oxford	3,780	3,080	700
Newcastle upon Tyne	1,700	1,190	510
Haringey	6,080	5,700	380
Cambridge	2,330	1,960	370
Southampton UA	1,980	1,790	190
Durham	660	480	180
Bristol, City of UA	3,410	3,240	170

Figure 21
Top 10 Local Authorities with the Highest Net Migration from West London 2002-2007 (Source: ONS Migration Statistics Unit)

Local Authority	In-migrants	Out-migrants	Net
Richmond upon Thames	10,080	17,260	(7,180)
Wandsworth	12,010	18,980	(6,970)
Three Rivers	2,310	7,790	(5,480)
Spelthorne	2,630	7,600	(4,970)
Slough UA	3,260	7,540	(4,280)
Chiltern	1,260	5,100	(3,840)
South Bucks	1,500	5,260	(3,760)
Watford	1,720	5,140	(3,420)
Hertsmere	1,680	4,940	(3,260)
Wycombe	1,670	4,750	(3,080)

3.25 Note that the data within Figure 21 does not feed the map at Figure 16. The map shows top migration flows from individual boroughs and figure 20 shows migration from the whole of West London to local authorities outside West London.

International Migration

3.26 Records for international migration for local authorities have recently begun being published by the Office for National Statistics. The records are drawn from the International Passenger Survey which interviews approximately 1 in 500 people who travel to and from the UK. This is the best quantitative data that is available about international migration, and it is used to inform population projections produced by both the ONS and the GLA. Nevertheless, it is based on a sample survey (rather than a full passenger census) so the results for individual local authorities should only be treated as indicative – but the data can provide a reasonable basis for understanding the overall scale of international migration, especially where trends are evident from year-to-year. Figure 22 shows that between 2001 and 2006, a net 105,000 international migrants moved to West London from overseas.

Figure 22
International Migration for West London 2001-2006 (Source: ONS Migration Statistics)

Area		International in-migration	International out-migration	Net international migration
West London				
	2001/02	48,200	26,400	21,800
	2002/03	45,100	29,800	15,300
	2003/04	49,200	27,400	21,800
	2004/05	52,100	24,600	27,500
	2005/06	46,300	27,700	18,600
	Total	240,900	135,900	105,000

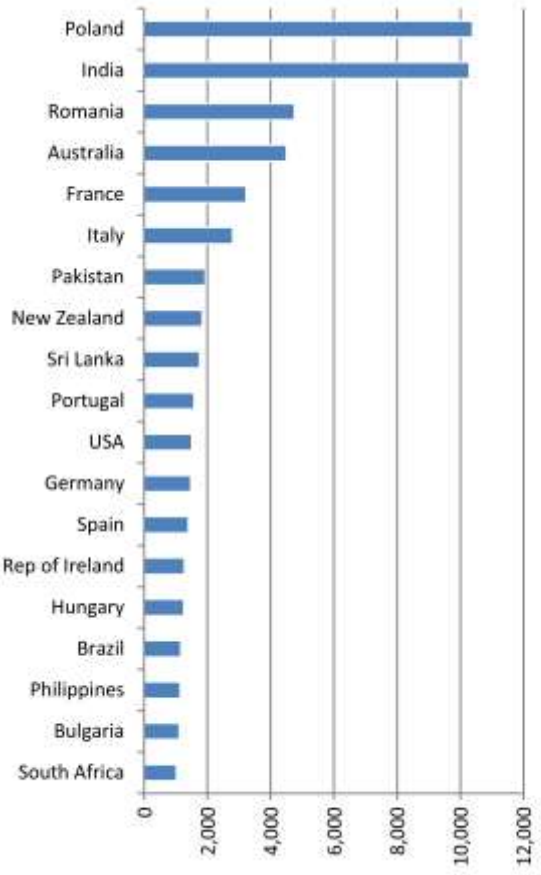
Migrant Workers

3.27 In recent years the UK has experienced a noticeable increase in the number of migrant workers arriving from overseas. Records of the location of these workers are imperfect, but one measure of where they moved to is the number of new National Insurance numbers issued to workers in particular locations.

3.28 Figure 23 shows that in 2008/09 a total of 72,110 new National Insurance numbers to non-UK nationals were issued across the Boroughs of West London. This group of workers represent around 4.5% of all people residing in West London.

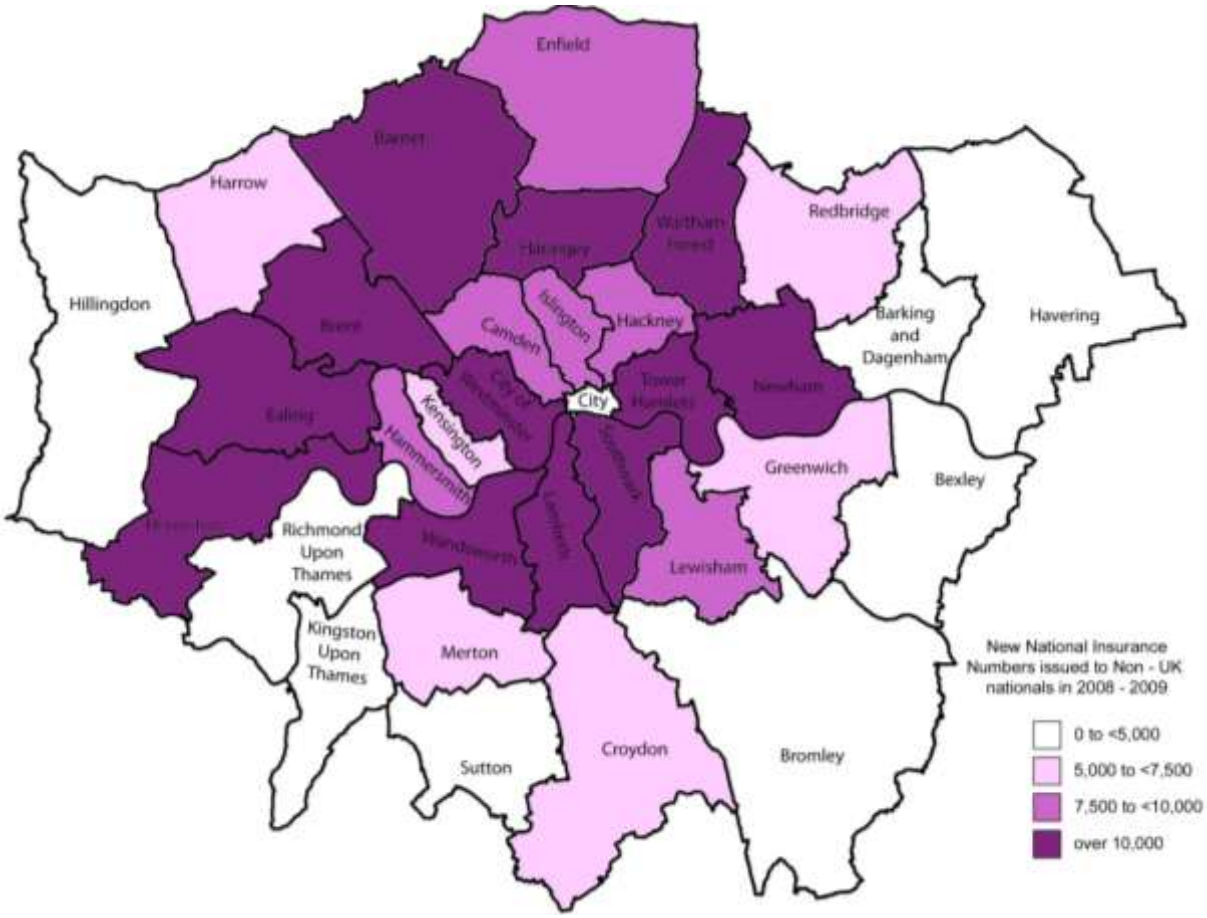
3.29 The GLA estimates that the gap between these figures and those on longer-term migration from the International Passenger Survey (IPS) imply an average of 60 thousand additional short-term migrants were present in London at any time over the past two years. However this number may now be decreasing as evidence suggests a growing number of immigrants from A10 countries are returning home.

Figure 23
New National Insurance Registrations of Non-UK Nationals in West London 2007/08 by Country of Origin (Source: DWP)



3.30 Figure 23 shows that over 14.4% of all new National Insurance registrations in West London were issued to Polish nationals. Figure 24 places the results for new National Insurance numbers for non-UK nationals into context for each London Borough. While, the figures for Kensington & Chelsea and Hammersmith & Fulham are lower than for Hounslow, Brent and Ealing it is still the noteworthy that the 9,000 new NI numbers issued to overseas nationals in Hammersmith & Fulham and over 7,000 in Kensington & Chelsea are still a substantial number.

Figure 24
New National Insurance Registrations of Non-UK Nationals by London Borough 2008/09 (Source: DWP)

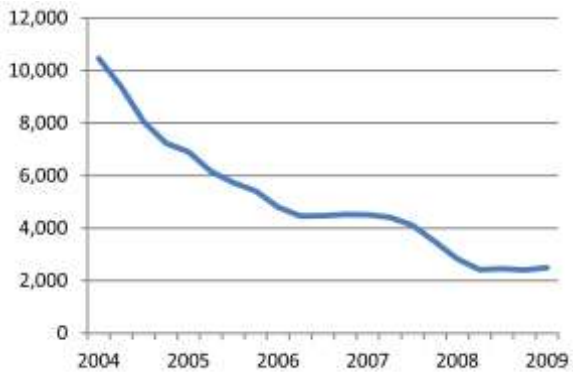


Asylum Seekers

3.31 A group who are not identified in the 2001 Census are asylum seekers. However, the Home Office publishes separate asylum seeker statistics on a quarterly basis. Since the end of 2002 these have included figures for the number of asylum seekers in each local authority who either claim support from the National Asylum Support Service (NASS) or live in accommodation provided by NASS.

3.32 Asylum seeker populations are likely to become refugee populations and experience has shown that refugee populations are prone to struggle to find jobs and adequate housing.

Figure 25
Asylum Seekers in NASS Accommodation or Receiving Subsistence Only Support from NASS in West London 2004-2009 (Source: Home Office Asylum Statistics)



3.33 Figure 25 shows that the number of asylum seekers in West London who receive either accommodation or financial support from the National Asylum Seeker Service (NASS) is currently around 2,500, but has been as high as 10,500. However, this number is still only a small fraction of the number of migrants to West London from overseas and therefore is unlikely to have a major impact on the region.

Economic Factors

Economic Activity

3.34 Figure 26 shows that unemployment in West London reduced dramatically between 1993 and 2001 and fell again in 2008 to a low of 2.2%. However it has begun to rise again and by May 2009 stood at 3.7%, levels not experienced since 1999. Nevertheless, the decline in unemployment claimants may not entirely reflect the strength of the local economy as many working age persons not in jobs are not eligible for, or do not claim, unemployment benefit.

3.35 Figure 27 shows how unemployment rates vary between Boroughs in West London where it is clear that unemployment rates in Brent and Hammersmith and Fulham are much higher than in Harrow, and Hillingdon.

Figure 26
Unemployment Rate for Working Age Population for West London, London and England: 1993-2009 (Source: Claimant Count. Note: Data relates to May each year)

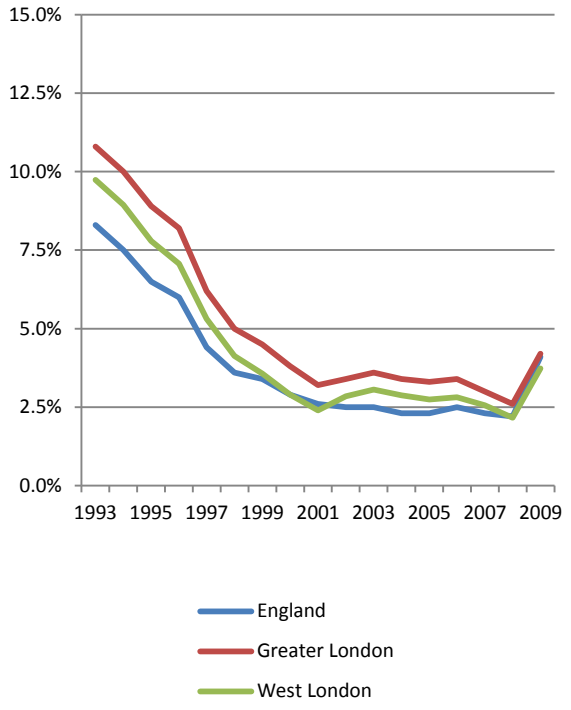
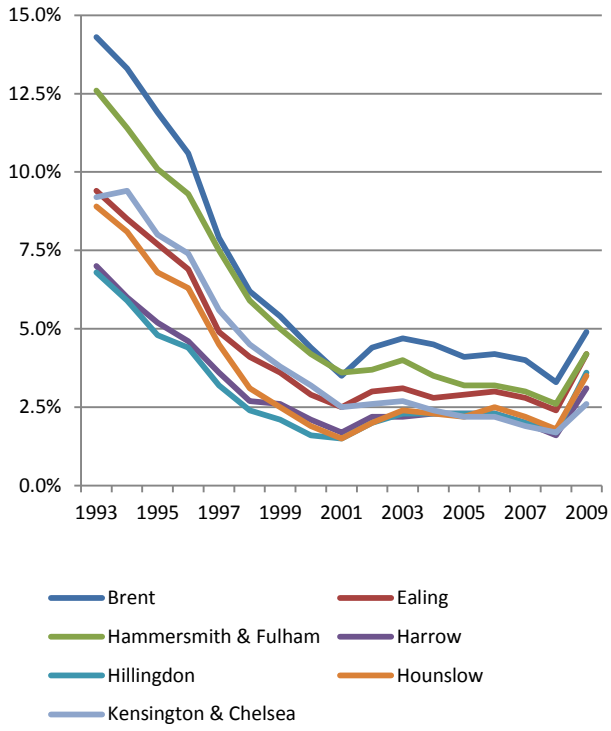


Figure 27
Unemployment Rate for Working Age Population for West London by Borough (Source: Claimant Count. Note: Data relates to May each year)



Incomes and Earnings

3.36 'Average earnings' is another key indicator of the health of the economy. There are two separate ways to analyse average earnings in an area. One is to examine only those who are employed within the area. The other is to examine the earnings of the residents of the area.

3.37 Since 2002 the New Earnings Survey (NES) and subsequently the Annual Survey of Hours and Earnings (ASHE) has recorded both measures for all local authorities and higher administrative areas.

3.38 Figure 28 show that residents in West London on average earn more than those employed in the sub-region. However, both figures are significantly higher than the English average. Figure 29 compares growth rates in average earnings in West London and England for the period since 2001 which shows continued growth in earnings across West London, apart from a temporary small decrease in 2006.

3.39 The above data refers only to those in full-time employment, whereas many employees in West London work part-time or seasonally. Figure 30 shows the average person resident in the West London sub-region earns around £6,000 less than the average full-time employee.

3.40 Figure 31 shows median gross earnings for full time employees in each Borough. Median earnings have risen in all West London Boroughs albeit at different rates. The figure shows that median earnings in Brent, Hounslow and Kensington and Chelsea rose by around 47% since 1999, whereas earnings in Harrow and Hillingdon only increased by just over 30%. It also shows that median earnings for full-time workers employed in Hammersmith and Fulham are higher than the other Boroughs in the sub-region.

Figure 28
Median gross annual earnings for full time workers either employed or resident in West London and all of England in 2008 (Source: ASHE 2008)

Local Authority	Employed in Area	Resident in Area
West London	£29,173	£32,058
England	£25,541	£25,520

Figure 29
Annual growth in median gross annual earnings for full time employees within West London and all of England 2001-2008 (Source: ASHE 2001-2008)

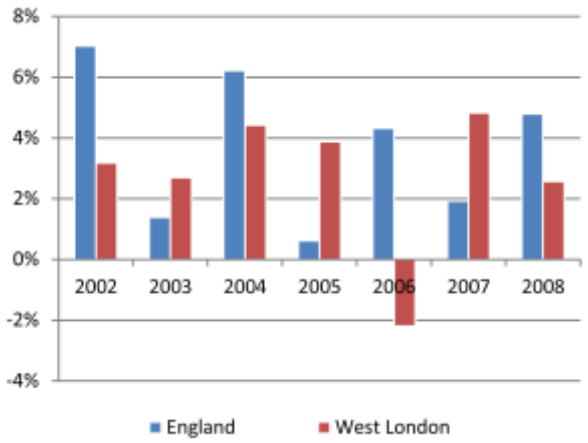
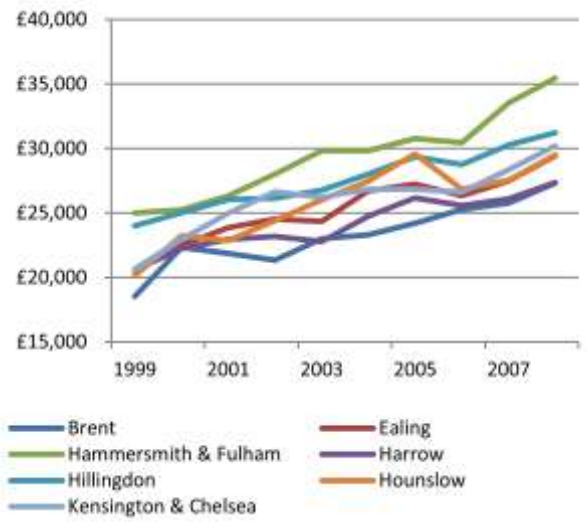


Figure 30
Median gross annual earnings for residents of West London and all of England in 2008 (Source: ASHE 2008)

Local Authority	Median Earnings	
	Overall	Full-time
West London	£26,219	£32,058
England	£21,147	£25,520

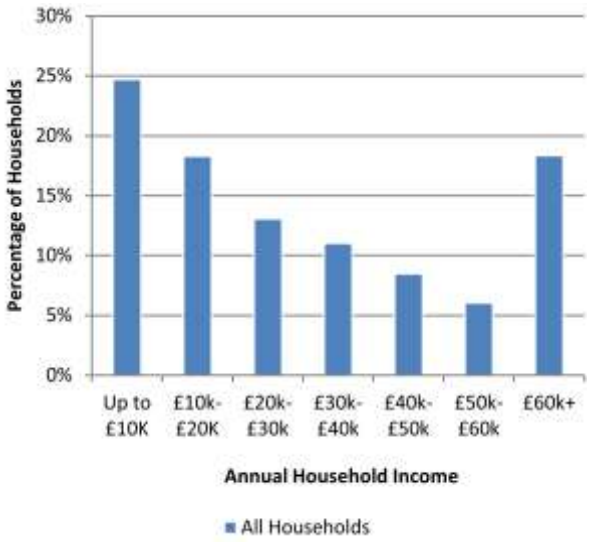
Figure 31
Median gross annual earnings for full time workers employed in West London Boroughs 1999-2008 (Source: ASHE 1999-2008)



3.41 The above data is used purely to illustrate the general economic situation within the sub-region and is not used as part of the estimate of housing requirements in Section 6 of the report. However, it is also interesting to look at the general household income distribution in West London. Gross household income includes income from all sources such as earnings, pensions, interest on savings, rent from property and state benefits, but does not include housing benefit.

3.42 Figure 32 shows that around 43% of households in West London have incomes of less than £20,000, however almost 20% have incomes of £60,000 or more.

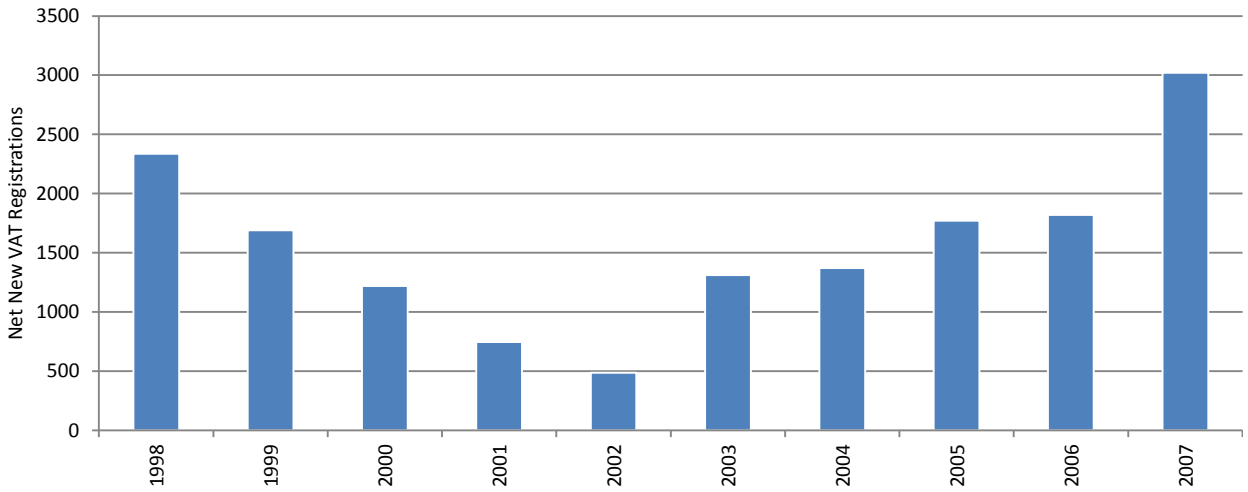
Figure 32
Household income Distribution (Source: Local Authority Survey Data)



Employment

3.43 A measure of innovation and entrepreneurship is the number of new VAT registered businesses in a year. A business must register for VAT if its turnover exceeds £64,000 per year. It can de-register if its turnover falls below £62,000. In practice, most de-registration is likely to be due to the business being acquired, merged or liquidated. Figure 33 shows the net new VAT registrations in West London per annum. In total, since 1998, the number of VAT registered businesses has grown by 15,765. This represents a 30% growth in the number of VAT registered business since 1998, which is above the average across England as a whole (21.8%).

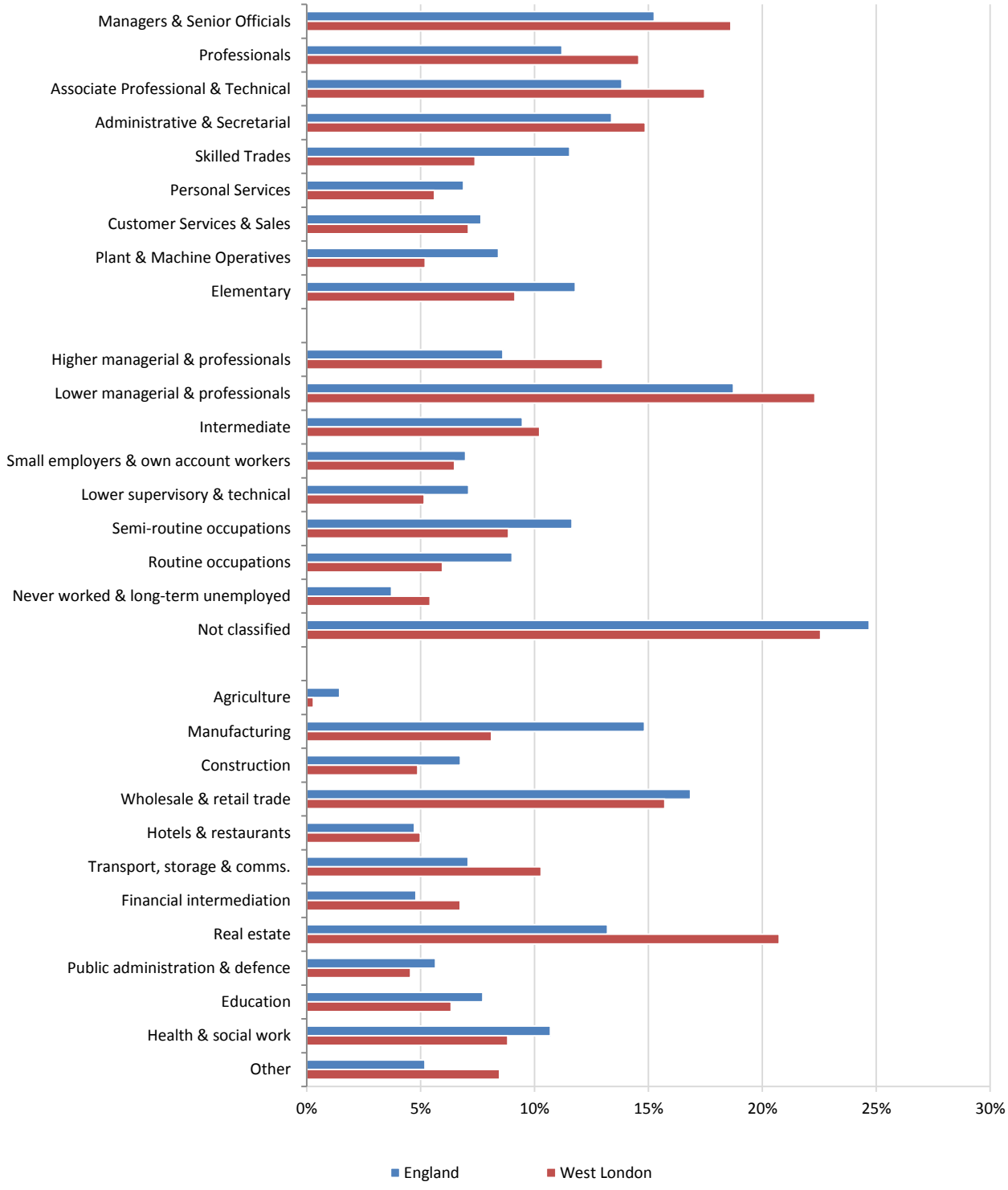
Figure 33
Net New VAT Registered Businesses in West London: 1998-2007 (Source: VAT Registrations)



3.44 The range of occupations of West London residents show that a far smaller proportion are employed in skilled trades or elementary occupations than across England as a whole, while there are more are in professional and managerial roles. Real estate and financial services are particularly important in West London while a relatively small proportion work in manufacturing or construction.

3.45 The population of West London contains proportionally more people who are long-term unemployed or who have never worked (5%), as well as more people in managerial positions and proportionally fewer people in routine or semi-routine categories.

Figure 34
Occupation, NS-SeC and Industry of Employment for West London Compared to England (Source: UK Census of Population 2001)



Skills and Education

3.46 Figure 35 shows the proportion of the population over 16 years who are educated to NVQ4 or higher level and those with no formal qualifications. NVQ4 is considered to be the equivalent of a university degree.

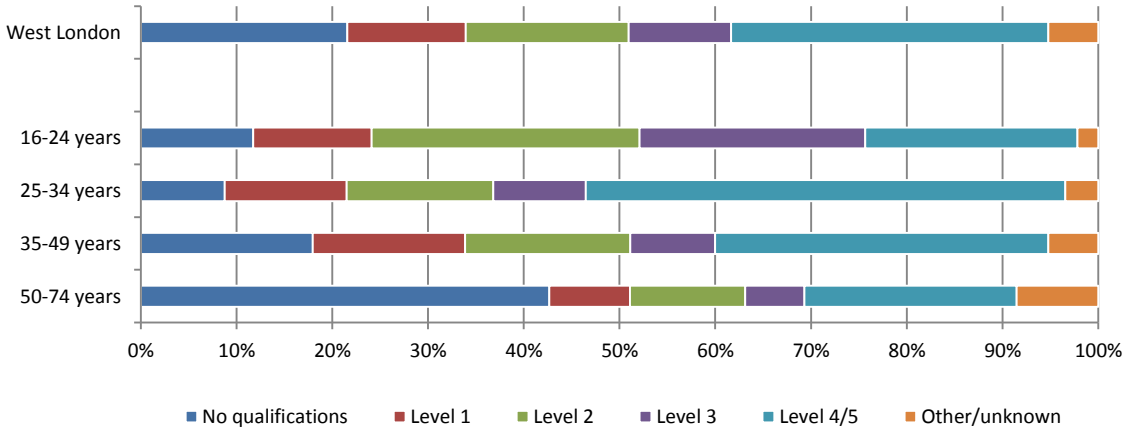
3.47 Compared with England as a whole, West London has fewer residents with no qualifications and a much larger proportion that is highly educated.

Figure 35
Qualification Levels for West London and England (Source: UK Census of Population 2001)

Education Level	Brent	Ealing	Hammersmith & Fulham	Harrow	Hillingdon	Hounslow	Kensington & Chelsea	West London	England
Level 0	24.6%	21.9%	17.9%	20.7%	25.0%	24.0%	13.0%	21.6%	28.9%
Level 1	12.0%	12.1%	7.8%	13.5%	18.0%	14.5%	6.2%	12.4%	16.6%
Level 2	16.7%	16.1%	13.2%	20.2%	20.9%	17.7%	12.8%	17.0%	19.4%
Level 3	10.6%	10.1%	12.0%	10.7%	9.6%	9.8%	13.2%	10.7%	8.3%
Level 4 / 5	30.4%	34.6%	45.1%	29.4%	20.0%	28.4%	51.5%	33.2%	19.9%
Other / unknown	5.6%	5.2%	4.1%	5.5%	6.5%	5.6%	3.3%	5.2%	6.9%

3.48 Figure 36 shows that around 42% of the population of the sub-region aged over 50 years possess no formal qualifications; while the same proportion of everyone aged 25-49 years have the equivalent to a degree or higher.

Figure 36
Qualification Levels for West London by Age (Source: UK Census of Population 2001)



Travel to Work

3.49 We can identify travel to work behaviour through analysis of the 2001 Census data.

Figure 37
Travel to Work Patterns for Residents in West London in 2001 (Source: Census 2001)

UK Region	Travel to Work				
	Travel Into West London		Travel From West London		Net
	N	%	N	%	
Brent	65,971	7.3%	62,585	8.5%	3,386
Ealing	97,726	10.8%	82,461	11.2%	15,265
Hammersmith and Fulham	40,334	4.5%	49,513	6.7%	-9,179
Harrow	61,262	6.8%	50,367	6.8%	10,895
Hillingdon	88,432	9.8%	100,691	13.7%	-12,259
Hounslow	68,115	7.5%	63,803	8.7%	4,312
Kensington and Chelsea	32,452	3.6%	44,872	6.1%	-12,420
West London sub-total	**454,292**	**50.3%**	**454,292**	**61.7%**	**0**
Westminster	10,593	1.2%	80,499	10.9%	-69,906
City of London	180	0.0%	34,260	4.7%	-34,080
Camden	7,421	0.8%	27,392	3.7%	-19,971
Wandsworth	16,494	1.8%	5,910	0.8%	10,584
Tower Hamlets	3,108	0.3%	10,306	1.4%	-7,198
Richmond upon Thames	17,135	1.9%	10,968	1.5%	6,167
Islington	4,862	0.5%	10,754	1.5%	-5,892
Merton	6,758	0.7%	1,840	0.2%	4,918
Lambeth	10,346	1.1%	5,906	0.8%	4,440
Haringey	6,171	0.7%	1,787	0.2%	4,384
Lewisham	4,388	0.5%	789	0.1%	3,599
Croydon	4,613	0.5%	1,160	0.2%	3,453
Enfield	4,713	0.5%	1,344	0.2%	3,369
Kingston upon Thames	5,438	0.6%	2,129	0.3%	3,309
Waltham Forest	3,732	0.4%	661	0.1%	3,071
Newham	3,736	0.4%	981	0.1%	2,755
Bromley	3,163	0.3%	437	0.1%	2,726
Sutton	3,156	0.3%	489	0.1%	2,667
Redbridge	2,619	0.3%	377	0.1%	2,242
Rest of London	31,096	4.1%	25,428	3.5%	5,668
London sub-total	**604,014**	**80.1%**	**677,709**	**92.1%**	**-73,695**
East	35,365	4.7%	16,912	2.3%	18,453
East Midlands	2,947	0.4%	859	0.1%	2,088
North East	780	0.1%	142	0.0%	638
North West	2,583	0.3%	723	0.1%	1,860
Northern Ireland	242	0.0%	32	0.0%	210
Scotland	946	0.1%	331	0.0%	615
South East	97,107	12.9%	37,124	5.0%	59,983
South West	4,557	0.6%	959	0.1%	3,598
Wales	1,069	0.1%	194	0.0%	875
West Midlands	2,949	0.4%	855	0.1%	2,094
Yorkshire and The Humber	1,700	0.2%	298	0.0%	1,402
Total	**754,259**	**100.0%**	**736,138**	**100.0%**	**18,121**

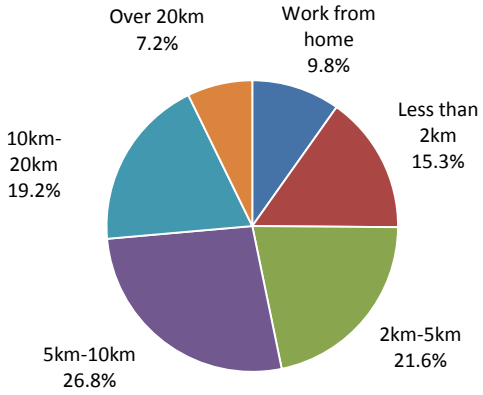
3.50 The data identifies that 454,292 people both live and work in West London. This represents around 62% of all those living in the area who have a job and around 50% of all those who work in West London. Of the group, 67,300 work mainly at or from home, this represents around 10% of all residents of West London who have jobs.

3.51 The vast majority of people who travel to work in and out of West London do so to and from other parts of London, with 80% of all workers in West London living somewhere in London and 92% of residents of West London working somewhere in London. Of those who leave West London to work in other parts of London the majority travel into Westminster, the City or Camden while West London receives net workers from most other London Boroughs, in particular Wandsworth and Richmond upon Thames in South West London.

3.52 West London also attracts 12.9% of its workers from the South East and 4.7% from the Eastern region. Very few people leave West London to work outside of London, with the highest out-migration standing at 5% to the South East region.

3.53 Figure 38 shows the travel to work distances for West London residents. This shows that almost half of the working population travel less than 5km to work every day, while only just over 25% travel 10km or more.

Figure 38
Travel to Work Distance for West London Residents (Source: UK Census of Population 2001)



3.54 London's transport system links the labour market to jobs and enables people to have wider choice within the housing market.

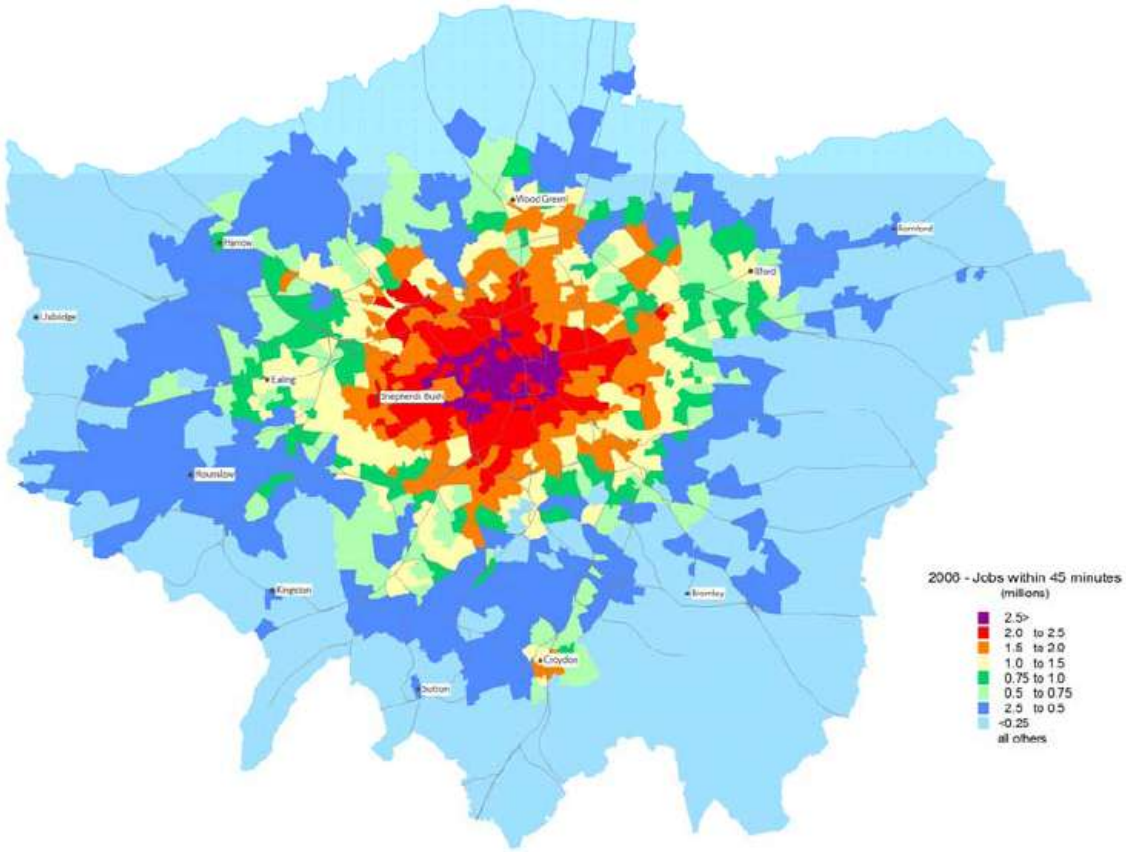
3.55 The report 'Travel in London – Report 2' (Transport for London 2010) summarises key trends and developments relating to travel and transport in Greater London. The Mayor's Transport Strategy (MTS) was published in spring 2010. It is intended that Travel in London reports will be the vehicle for reporting progress on the MTS.

3.56 It is noteworthy that the first goal listed MTS is that the strategy should support economic development and population growth.

3.57 Whilst distance between place of residence and place of work is cited above, in the context of Greater London the time taken to travel is perhaps of greater significance.

3.58 The Travel in London Report 2 notes that good transport links are essential for moving people between their homes and workplaces and that transport contributes to the efficient working of labour markets if people are able to access a wide choice of jobs within reasonable travelling time. A measure of this is provided by the number of jobs that are available within a given travel time from each home location. This is illustrated in Figure 39 which maps, for each ward, the number of jobs accessible within 45 minutes travelling time by mass public transport in the morning peak period (7am to 10am). The results depend on both the availability of transport and the density of workplaces across London. Thus, in much of Central London, where employment density is highest and which is served by a dense network of public transport, more than 2.5 million jobs are accessible within 45 minutes. In general, the accessibility of jobs decreases with increasing distance from the centre of London. Typically, for residences in Outer London, between 0.25 and 0.5 million jobs are accessible within 45 minutes. However, there are islands of higher job accessibility, around major centres of employment in Outer London, such as Hounslow, Harrow, or Heathrow to the west. These have the effect of stretching the area of relatively high accessibility further out from Inner London, as more residents have the choice of working locally or travelling into Central and Inner London.

Figure 39
Number of jobs accessible by mass public transport within 45 minutes travel time in 2006. (Source/copyright: fig 5.8 Travel in London Report 2, (TFL 2010))



3.59 A further distinguishing feature of transport within London is the mode of transport. The following figure, also from The Travel in London Report 2 demonstrates clear differences between the modes of transport used by residents of inner and outer London boroughs.

Figure 40
Mode Shares (main mode of trip) by borough of residence 2006/2007 to 2008/2009 average in a Seven-day week (Source: Travel in London – report 2 (TFL 2010))

London Borough	Rail	Underground/ DLR	Bus/ Tram	Taxi/other public	Car/ motorcycle	Cycle	Walk
Hammersmith & Fulham	1%	14%	17%	3%	24%	4%	37%
Kensington & Chelsea	1%	13%	12%	3%	25%	4%	42%
Brent	2%	9%	16%	1%	40%	1%	31%
Ealing	2%	11%	15%	1%	45%	1%	26%
Harrow	1%	8%	9%	1%	53%	1%	27%
Hillingdon	1%	4%	12%	1%	56%	1%	25%
Hounslow	3%	6%	14%	0%	47%	3%	26%

3.60 It is notable that in outer London, car or motorcycle accounts for nearly half of all journeys – almost double the number for inner London.

Summary: Housing Market Drivers

Demographic factors

- Closely following the pattern for the whole of London, West London saw a slight decline and leveling off of its population in the 1980s and early 1990s. However, since the mid 1990s and particularly between 1998 and 2001, it has seen a fairly rapid growth in its population and has since continued at a slightly lesser rate. Taking the 1981 population as a base, it shows that the population of West London rose by 10.5% in the period up to 2007 from 1,459,500 to 1,612,300 people. This compares with a rise in population of 11% for Greater London and 9.1% for the whole of England.
- International migration into West London has been high in the last five years, although this has been balanced by net out-migration to the rest of the UK. However, as the households that move to the region tend to be younger than those that leave, migration has tended to reduce the average age in West London and indirectly increase the rate of indigenous change – that is, births minus deaths.
- This rise in population of West London is expected to continue in the future. The GLA estimates that the sub-region's population will increase to between 1,704,700 and 1,777,600 by 2026. This would represent a rise of between 6% and 11% over the period 2006-2026.
- The age structure of the population of West London shows that there are far more young adults and young families with children aged 0-4 years in the area than in England and Wales as a whole. Those aged over 45 years are underrepresented in the population.
- The profile of households across the sub –region is similar to that of Greater London and reflects its younger population than for England as a whole. In 2001, 22% of all households comprised of a single, non pensioner person, while 8% were lone parents. Data from 2006 suggests that the proportion of single non-pensioner households has decreased, while the proportion of adult couple households has increased.
- However, there are marked differences between the Boroughs. For example, both Hammersmith & Fulham and Kensington & Chelsea have a much higher proportion of single (non pensioner) households (around 30%) and a smaller proportion of adult couples, with or without children, when compared to the rest of West London. In contrast, Hillingdon and Harrow have the highest proportion of adult couples and adult couples with children (37%). Almost 35% of households in Brent consist of other multi adult households.
- Regarding internal migration flows within West London it can be seen that in general the population is moving north, west and south to the outer Boroughs. In particular, there is significant movement from Brent into Harrow and from Ealing into Hillingdon and Hounslow.
- The highest net in-migration comes from other parts of London, particularly North London Boroughs. However, it can also be seen that there is a relatively large in-migration from large University cities across England, which is unsurprising as the only age group with a net in-migration into the area is the 16-24 years category, as well as a high level of in-migration from in the 25-44 years group.
- The highest net out-migration from the sub-region is to Richmond upon Thames and Wandsworth in South West London. The remaining areas that have experienced significant movement from West London are all local authorities surrounding London, in areas such as Hertfordshire, Buckinghamshire, Berkshire and Surrey.
- Between 2001 and 2006, a net 105,000 international migrants moved to West London from overseas. In 2008/09 a total of 72,110 new National Insurance numbers to non-UK nationals were issued across the Boroughs of West London. This group of workers represent around 4.5% of all people residing in West London. Over 14.4% of all new National Insurance registrations in West London were issued to Polish nationals.

Economic Factors

- Unemployment in West London reduced dramatically between 1993 and 2001 and fell again in 2008 to a low of 2.2%. However, it has begun to rise again and by May 2009 stood at 3.7% - levels not experienced since 1999.
- Residents in West London on average earn more than those employed in the sub-region. However, both figures are significantly higher than the English average.
- Median gross annual earnings in Brent, Hounslow and Kensington and Chelsea rose by around 47% for those full time employees since 1999, whereas earnings in Harrow and Hillingdon only increased by just over 30%. It also shows that median earnings for full-time employed workers in Hammersmith and Fulham are higher than the other Boroughs in the sub-region.

Summary: Housing Market Drivers, Economic Factors (continued):

- The range of occupations of West London residents show that a far smaller proportion are employed in skilled trades or elementary occupations than across England as a whole, while there are more in professional and managerial roles. Real estate and financial services are particularly important but a relatively small proportion work in manufacturing or construction.
- The population of West London contains proportionally more people who are long-term unemployed or who have never worked (5%), as well as more people in managerial positions and proportionally fewer people in routine or semi-routine categories.
- The vast majority of people who travel to work in and out of West London do so to and from other parts of London, with 80% of all workers in West London living somewhere in London and 92% of residents of West London working somewhere in London. Of those who leave West London to work in other parts of London the majority travel into Westminster, the City or Camden, while West London receives net workers from most other London Boroughs, in particular, Wandsworth and Richmond upon Thames in South West London.
- London's transport system enables 2.5m workers to travel to central London in under 45minutes and is central to the functioning of London's housing markets and economy.

Overall

- West London's inner boroughs attract many younger people to live there for education, work, lifestyle and cultural reasons. There is a significant net out migration of all other age groups to the outer boroughs and beyond.
- Like the rest of Greater London, West London relies upon a great many low paid jobs to sustain its retail and service sector many of which are filled by international migrant workers. In inner London Boroughs this leads to extremes of wealth and poverty co-existing in a high density inner city setting with contrasting neighbourhoods and communities in close proximity.
- The next section considers the affordability and characteristics of the housing stock in order to explain the household flows.

Section 4: Existing Housing Stock and the Housing Market

Introduction

4.1 The general character of dwelling stock is important in understanding the type of housing available to residents of an area and the impact that dwelling type, age and location has on dwelling condition. The mix of property type available will have a bearing on home-owners' choices in terms of accommodation and the type of investment properties available to landlords.

4.2 It is also informative to examine the profile of the dwelling stock in order to understand some of the dynamics of the housing market within the sub-region. Understanding the characteristics of the dwelling stock provides a context for the housing requirements and enables policy implications to be drawn later in the report.

4.3 Later in the section we seek to understand the Private Rented sector due to its size, its importance in London and the role it fulfils in providing housing for households unable to access affordable housing. This is central to some of the scenarios explored in the housing requirements modelling considered in Section 6 of this report.

Key characteristics of the dwelling stock

4.4 Figure 41 below shows a summary of stock levels by tenure for each Borough analysed by property type and number of rooms in the property. It should be noted that the total stock numbers for each tenure may not sum to property type and number of rooms as they are taken from different Census 2001 tables within which there is some missing data.

4.5 Census data is preferred to household survey data for the purposes of this section. There are three main reasons for this; problems associated with household surveys, uncertainty about the size and role of the private rented sector and trends related to tenure since 2001.

4.6 Firstly household survey issues. All surveys were conducted at different times and at best will reflect an approximate position that also cannot be considered up to date. Surveys will also be subject to an element of bias due to some groups of respondents being more likely to respond. In order to correct this bias weightings are used on the data and the census is a reference point for such weighting. Error margins are also present and where findings are based upon small samples the error margin may well exceed any real change in that sector since the census.

4.7 Secondly issues concerning the private rented sector. Findings from the Rugg Report considered later in this section show that this is a complex tenure to study and that its growth largely through absorption of housing stock originating in other tenures. Further, as most of the private rented sector is considered as market housing, for the purposes of the SHMA analysis in Section 6 of this report, the distinction between owner occupied and private rented sector housing is not of great significance.

4.8 Thirdly trends in tenure since 2001. The rate of transfer from social renting to other tenures has slowed dramatically since 2001 and more recently has declined still further. The net effect of sales and new build means that the overall size of the sector has hardly changed since 2001 although there will be change at the neighbourhood level. Data concerning the number of right to buy sales to sitting tenants and the number of new build homes for social rent is readily available however only anecdotal evidence is available to understand the role that former social rented housing is playing in the market currently. Some of it is occupied by the original purchaser, some of it is now part of the private rented sector, some will be occupied by owners as a result of re-sales and some will have been taken off the market due to demolition.

4.9 There are other trend issues that should be taken into account when considering the following information. New build housing since 2001 has been heavily influenced by government policy concerning density and the aim of maximising the number of households in home ownership. As a consequence in London, most new construction has taken the form of 1 and 2 bedroom apartments. However due to increasing affordability problems discussed later the actual tenure of new build is uncertain although undoubtedly it should be regarded as market housing.

4.10 As a consequence of affordability issues there has been growth in flat sharing and sub-division of existing flats and houses for multiple occupation. This is not measured by household surveys and the next census is awaited to have a more accurate understanding of the extent of this response from landlords and entrepreneurs.

4.11 So provided the above issues are trends are noted it is concluded that census information is still the most reliable source of information for the purposes of this section of the SHMA and it is worth repeating our aim here. Our aim is to describe the physical characteristics of the stock in order to understand its capacity to house the groups of households who seek to occupy it. It is also necessary to understand how characteristics of the stock vary throughout the sub-region in order to understand how the housing market operates within the sub-region.

4.12 We base our analysis upon the data in the following figure.

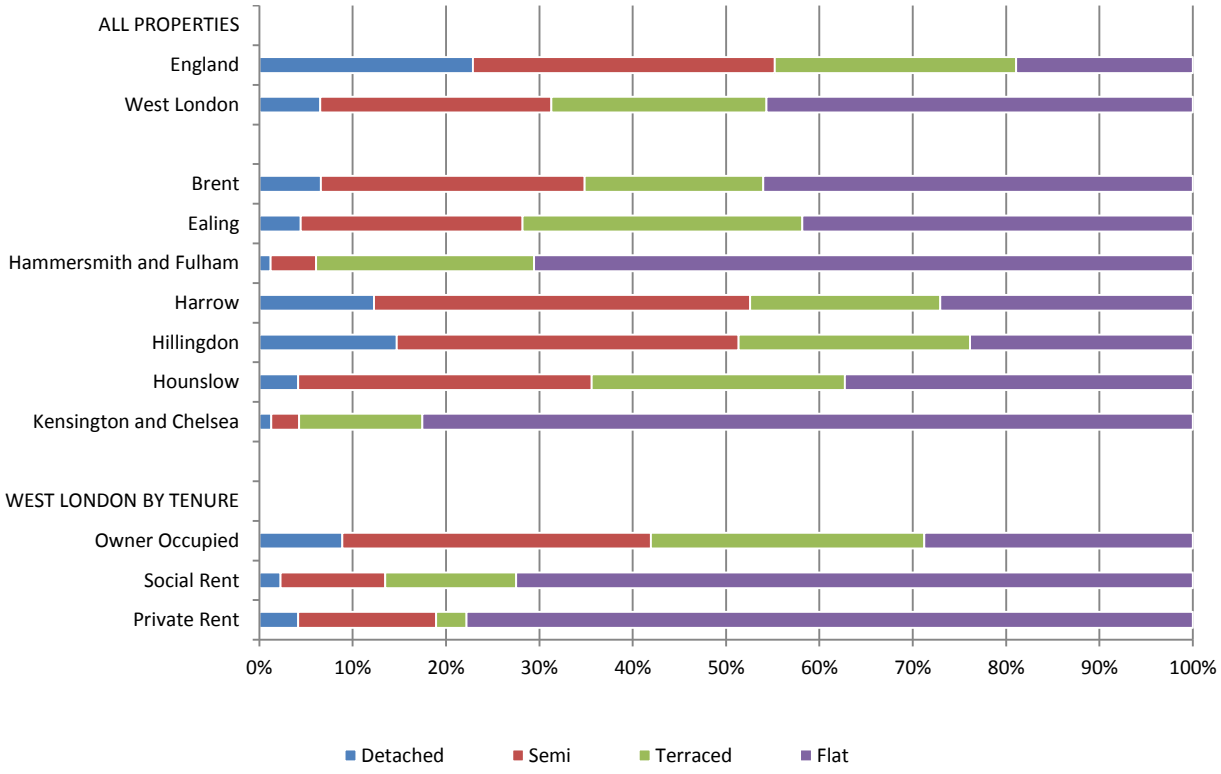
Figure 41
Housing stock by Tenure Dwelling Type and Number of Rooms by Borough (Source: Census 2001)

	Brent	Ealing	Hammersmith & Fulham	Harrow	Hillingdon	Hounslow	Kensington & Chelsea	West London
Owner Occupied								
Property Type								
Detached House	4,810	3,902	396	8,710	12,686	2,506	571	33,581
Semi-detached	21,847	22,346	2,248	27,500	28,599	20,517	1,606	124,663
Terraced	13,871	28,382	12,574	13,049	18,051	16,944	7,680	110,551
Flat	15,277	19,614	17,840	10,174	10,193	10,815	24,618	108,531
Total	**55,805**	**74,244**	**33,058**	**59,433**	**69,529**	**50,782**	**34,475**	**377,326**
Number of rooms								
One/two rooms	1,864	2,159	1,895	1,001	1,520	1,304	3,098	12,841
Three/four rooms	16,669	22,484	14,023	13,856	19,552	15,430	15,517	117,531
Five/six rooms	26,891	37,332	11,172	30,994	37,060	26,302	9,048	178,799
Seven/eight + rooms	10,504	12,405	6,072	13,619	11,541	7,854	6,955	68,950
Total	**55,928**	**74,380**	**33,162**	**59,470**	**69,673**	**50,890**	**34,618**	**378,121**
Private Rented								
Property Type								
Detached House	928	747	189	693	952	537	259	4,305
Semi-detached	3,265	3,204	534	2,517	2,604	2,601	495	15,220
Terraced	456	556	450	377	585	487	452	3,363
Flat	13,300	13,480	14,111	6,161	5,337	7,940	19,919	80,248
Total	**17,949**	**17,987**	**15,284**	**9,748**	**9,478**	**11,565**	**21,125**	**103,136**
Number of rooms								
One/two rooms	4,196	3,277	3,400	1,170	1,399	1,947	6,642	22,031
Three/four rooms	9,786	10,614	9,276	5,423	4,908	6,677	11,493	58,177
Five/six rooms	4,905	6,106	3,936	3,434	3,643	3,918	3,993	29,935
Seven/eight + rooms	1,298	1,372	1,039	822	873	836	1,838	8,078
Total	**20,185**	**21,369**	**17,651**	**10,849**	**10,823**	**13,378**	**23,966**	**118,221**
Social Rented								
Property Type								
Detached House	779	523	321	274	560	429	144	3,030
Semi-detached	2,762	2,313	830	1,763	4,072	3,068	214	15,022
Terraced	3,001	3,272	2,529	1,671	3,949	3,609	742	18,773
Flat	16,840	15,910	20,571	4,996	7,467	12,316	19,000	97,100
Total	**23,382**	**22,018**	**24,251**	**8,704**	**16,048**	**19,422**	**20,100**	**133,925**
Number of rooms								
One/two rooms	3,820	3,318	3,900	1,128	1,538	2,278	5,334	21,316
Three/four rooms	13,704	13,112	14,910	4,675	9,217	11,001	11,497	78,116
Five/six rooms	5,593	5,375	5,318	2,650	4,920	5,997	3,352	33,205
Seven/eight + rooms	767	461	513	347	471	455	383	3,397
Number of rooms	**23,884**	**22,266**	**24,641**	**8,800**	**16,146**	**19,731**	**20,566**	**136,034**

4.13 Using these and additional data for England, Figure 42 shows the mix of existing properties in West London in terms of property type compared to all England at the time of the 2001 Census as well as how property type varies by borough. This shows that nearly 50% of the housing stock was in the form of flats, compared to less than 20% across the whole of England. Kensington and Chelsea and Hammersmith and Fulham had the highest proportion of flats (83% and 70% respectively), while Harrow and Hillingdon had a relatively high proportion of detached and semi-detached properties (52% and 51% respectively).

4.14 Figure 42 also shows the difference in property type which existed between owner-occupied, private rented and social housing in West London. Over 40% of owner occupied housing in West London was in the form of either detached or semi-detached houses and less than 30% were flats. In contrast, over 70% of both private and social rent housing was in the form of flats.

Figure 42
Property Type by Borough and Tenure (Source: UK Census of Population 2001)



4.15 At the Borough level there is a considerable difference in the distribution of dwelling type by tenure. Figure 43, Figure 44 and Figure 45 below show that flats were the principal dwelling type in the private and social rented sectors whereas owner occupied housing shows more diversity.

4.16 The outer London Boroughs had the lowest proportion of owner occupied flats and the highest proportion of owner occupied semi-detached homes reflecting the suburban nature of the area.

4.17 As stated in the introduction we would expect the next census to show that the proportion of flats in the housing stock has grown as a result of new build and sub-division of houses.

Figure 43
Proportion of Owner Occupied Dwellings by Type by Borough, in order of highest proportion of flats (Source: UK Census of Population 2001)

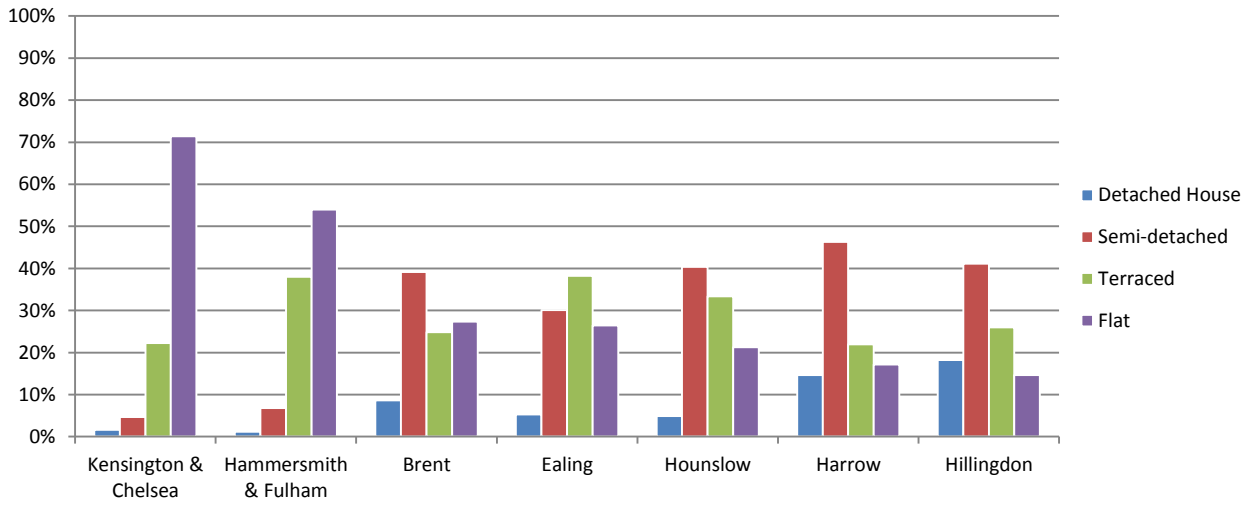


Figure 44
Proportion of Private Rented Dwellings by Type by Borough in order of highest proportion of flats (Source: UK Census of Population 2001)

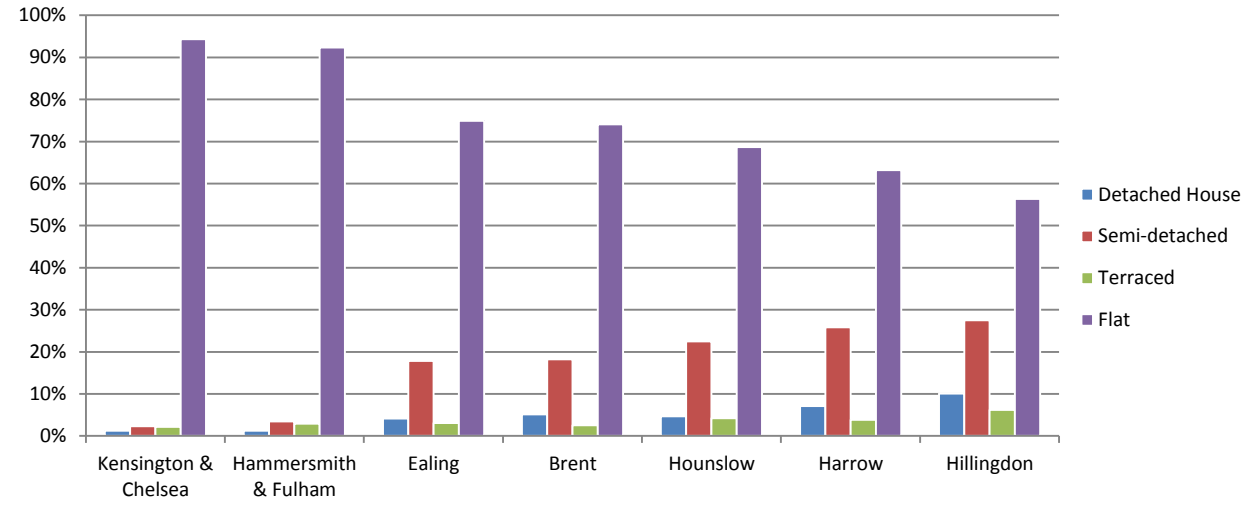
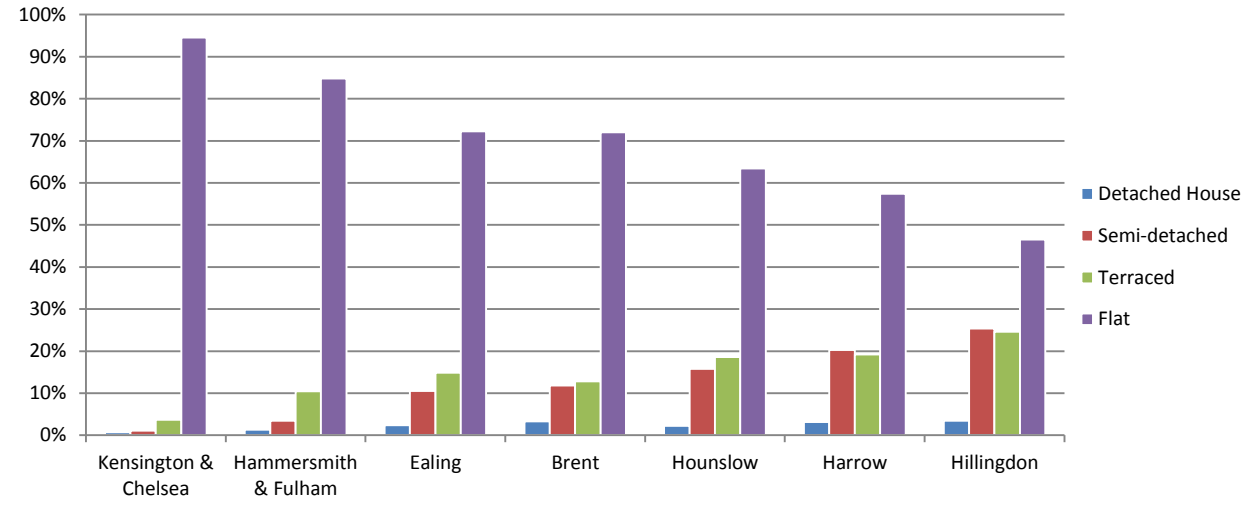


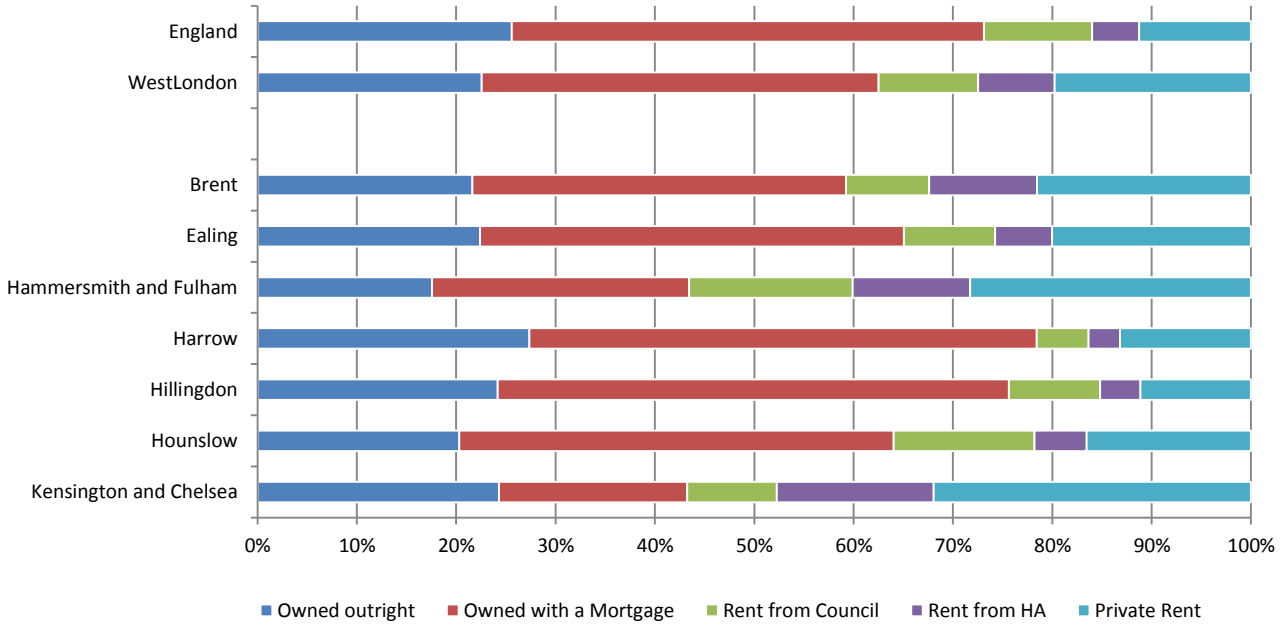
Figure 45
Proportion of Social Rented Dwellings by Type by Borough in order of highest proportion of flats. (Source: UK Census of Population 2001)



Housing Tenure

4.18 Figure 46 shows the differences in tenure which existed between boroughs in West London, and West London compared with England as a whole at the time of the Census 2001.

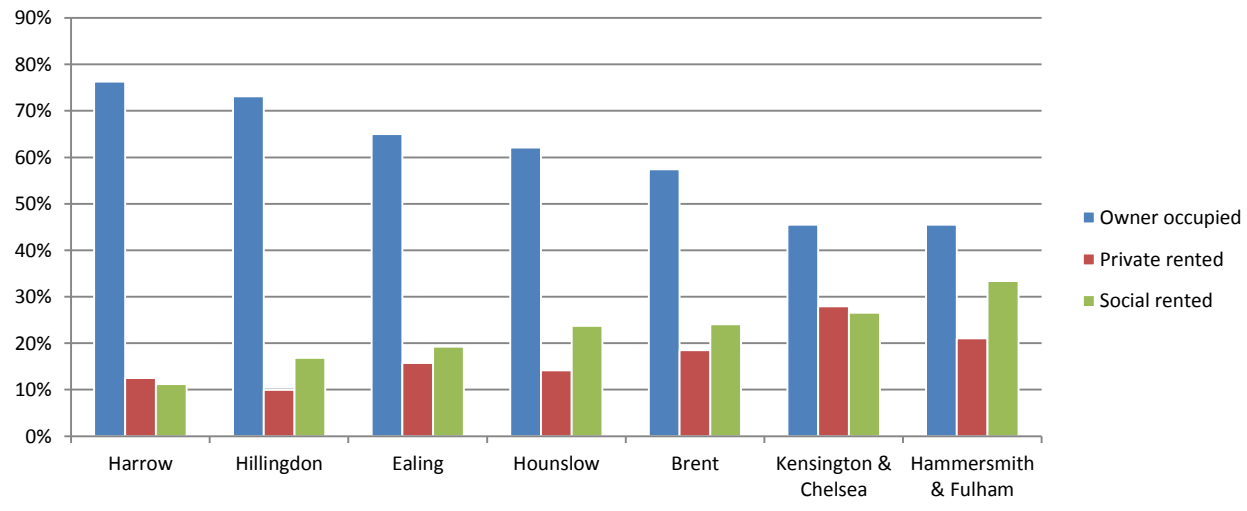
Figure 46
Proportion of dwelling stock by tenure by Borough – alphabetical order (Source: Census 2001)



4.19 Tenure of the stock varied significantly between Boroughs in West London demonstrating a difference between the inner and outer Boroughs. At the time of the census over 75% of the housing stock in Harrow and Hillingdon were owner occupied with less than 15% private rented. In contrast, owner occupation rates in Hammersmith and Fulham and Kensington and Chelsea were just under 45% with private renting rates much higher than the other Boroughs at around 30%. Social renting rates were also particularly high in Hammersmith and Fulham and Kensington and Chelsea where over 25% of the dwelling stock is in this category.

4.20 If we present this data differently the tenure profile of each Borough emerges.

Figure 47
Proportion of dwelling stock by tenure by Borough ordered by the proportion in owner occupation (Source: Census 2001)



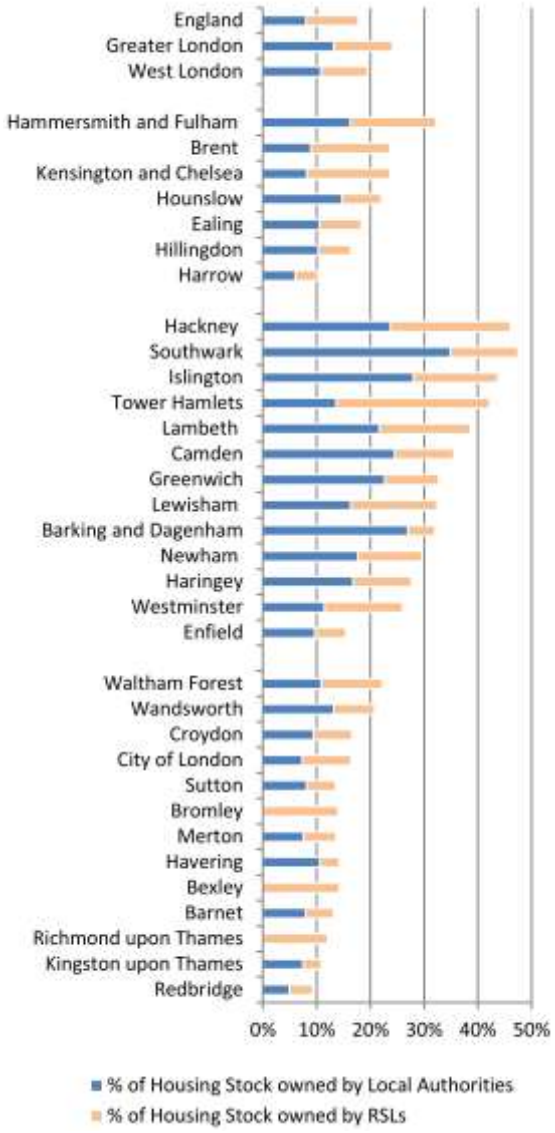
4.21 It is noteworthy (but obvious) that as the proportion of home ownership decreases the proportion of social rented housing increases and this presents interesting questions about what is an appropriate balance between the tenures. Further information presented below regarding size, type and affordability provide further factors to be considered.

4.22 Figure 48 shows the proportion of dwellings in each of the local authorities in London that were classified as social rented housing in 2009. It is apparent that the overall proportion of social housing in West London is lower than the Greater London average but higher than the English average, and varies enormously by Borough.

4.23 Hammersmith and Fulham has the highest proportion of socially rented dwellings of all West London Boroughs at 32% of the total stock, an increase since the 2001 census. Harrow has a very low proportion at only 10%.

4.24 As previously noted we would expect the next census to reveal a transfer of market housing from owner occupied housing to the private rented sector. We would expect to see the proportion of private rented sector housing grow as the overall size of the social rented stock and owner occupied stock. This is evidenced by the recently published report Tenure Trends in the UK Housing System: Will the private rented sector continue to grow? (Ben Pattison with Diane Diacon and Jim Vine Published June 2010 © Building and Social Housing Foundation 2010).

Figure 48
Proportions of Social Rented Housing in Greater London by Borough 2009 (Source: CLG Live table 100 2008/09)



http://www.bshf.org/published-information/publication.cfm?lang=00&thePubID=46C4A5EA-15C5-F4C0-99C662FE48B048B9

Size mix

4.25 The census recorded dwelling size in terms of the number of rooms rather than bedrooms as in larger homes space can be used flexibly.

Figure 49
Proportion of the Owner Occupied dwelling stock by size by Borough (Source: Census 2001)

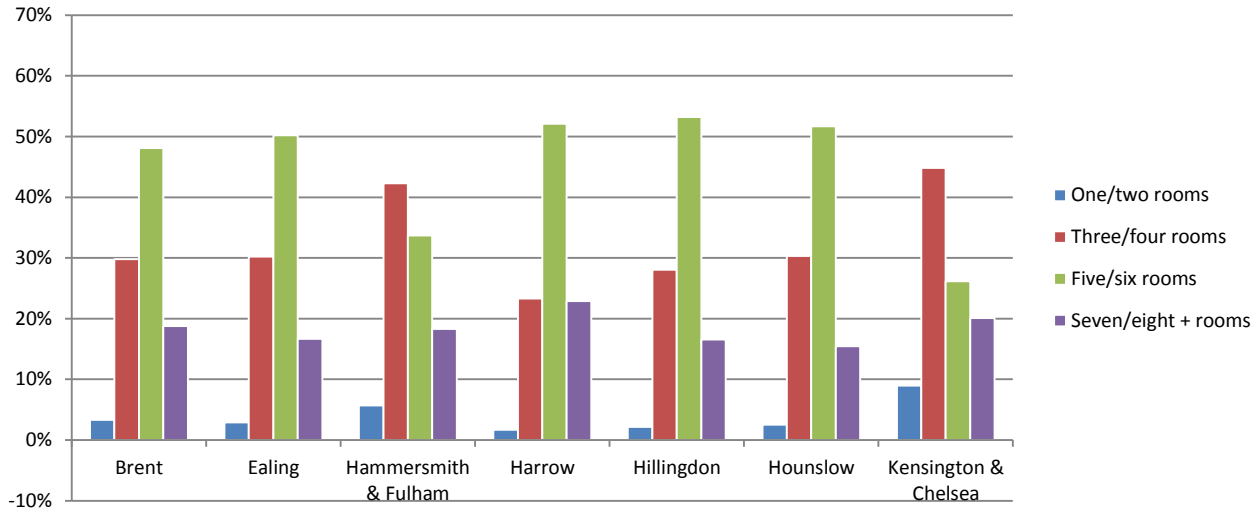


Figure 50
Proportion of the Private Rented dwelling stock by size by Borough (Source: Census 2001)

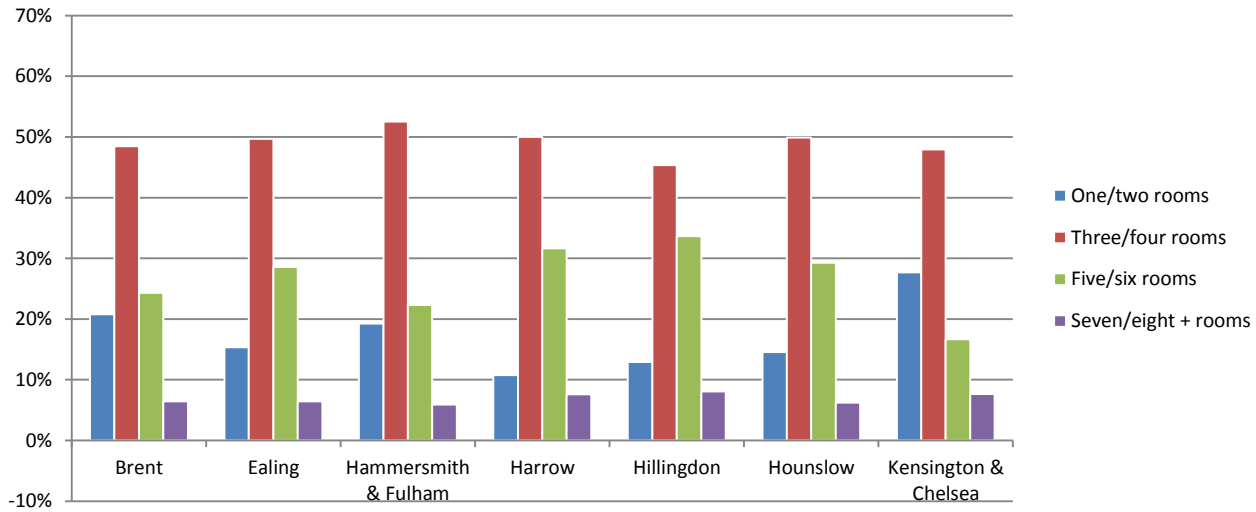
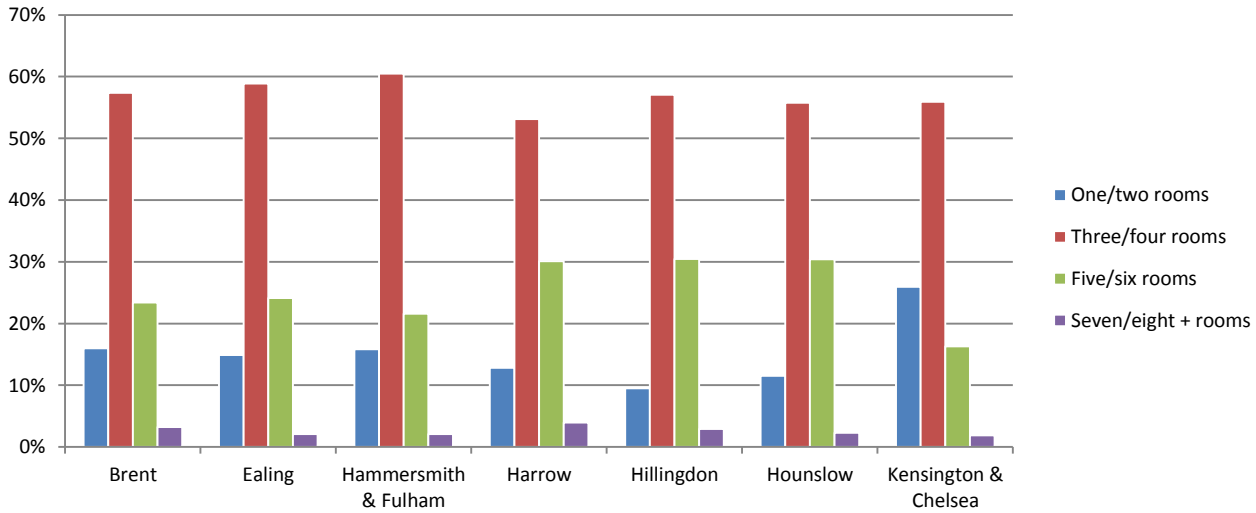


Figure 51
Proportion of the Social Rented dwelling stock by size by Borough (Source: Census 2001)



4.26 Figure 49 to Figure 51 demonstrate some important differences in the size mix by tenure by Borough. It is notable that owner occupied dwellings tend to be larger than rented dwellings. Five and six room homes can equate to 3 bedroom family homes. Kensington and Chelsea, Harrow and Brent have the highest proportion of the largest owner occupied dwellings.

4.27 The proportion of one and two roomed dwellings is notable in the private rented sector especially in Kensington and Chelsea.

4.28 A key finding is that in the social rented sector the proportion of dwellings five rooms or larger is noticeably smaller than in the other tenures. This is noteworthy as these dwellings will be suited to families. The distribution across the Boroughs is similar.

4.29 We would expect the next census to confirm the trend that the average size of market housing has become smaller reflecting the emphasis on 1 and 2 bedroom new build apartments and the sub-division of houses into flats.

London's private rented sector

4.30 The private rented sector is an important enabler for London's economy and the SHMA would be incomplete without describing and understanding its role in the whole housing market. However, the extent of data available to describe it is much more limited than the other tenures. This is arguably due to the fact that it is a rapidly changing sector as entrepreneurs/investors seek to supply gaps in the market. As a result, the term 'private rented sector' covers a diverse set of niche markets.

4.31 In this section of the report so far we have sought to describe the characteristics of the sector from census data and compare it to the other tenures. However, this does not begin to describe the role that the private rented sector fulfils in current market conditions. It is necessary to understand this role if modelling the housing market in section 6 of the report is to accurately reflect the dynamics of the market.

4.32 We base the following remarks upon the Rugg report; 'The Private Rented Sector: its Contribution and Potential (Julie Rugg and David Rhodes, Centre for Housing Policy, University of York 2008). This is a comprehensive analysis of the role of sector and its trajectory. We have sought to bring out the factors most relevant to London, the West London sub-region and the housing market modelling in section 6 of the report. Note that the citations in the following remarks are found in the Rugg report.

4.33 A gap in all studies that have been reviewed for the SHMA is that of the informal part of the private rented sector. ORS is aware of the this gap from observing the market place typified by cheap rooms to let advertised in shop windows in a variety of languages and the anecdotal evidence of environmental health officers concerned with enforcing minimum standards. We do not return to the topic except to say that it exists and houses a group of people that includes temporary workers, casual itinerant workers and illegal immigrants.

The niche markets of the private rented sector

4.34 The private rented sector market mainly consists of assured shorthold tenancy lettings that meet demand from a diverse group households. This is referred to as open market rented housing. The open market offers a great deal of choice due to its high turnover, enabling tenants to live in the best quality housing that they can afford allowing for the usual constraints over location factors.

4.35 The open market is of central importance to the SHMA housing market modelling (Section 6 of this report). Also central to the understanding of the market modelling is the extent to which the sector has been successful in meeting the housing needs of 'intermediate' households, whose income means that they are able to afford more than social rents, unable to afford owner occupation, but who are not in a priority group for social housing. Rugg concludes that the private rented sector has expanded to meet the housing requirements of this group, citing the large proportion of younger working tenants and data from the Survey of English Housing that indicates that increasing proportions of the 'older' younger age group are renting. Rugg believes that the key factor behind this trend is that rent levels have generally kept in line with earnings rather than reflecting the substantial recent house prices increases.

4.36 However, the private rented sector is complex and perhaps best understood through mapping its constituent niche markets. Distinct sub-markets include;

- young professionals, whose presence in the PRS reflects a complex amalgam of choice and constraint;
- the housing benefit market, where landlord and tenant behaviour is largely framed by housing benefit administration;
- temporary accommodation, financed through specific subsidy from the Department for Work and Pensions;
- slum rentals at the very bottom of the PRS, where landlords accommodate often vulnerable households in extremely poor quality property;
- students, whose needs are increasingly being met by larger, branded, institutional landlords;
- high-income renters, often in corporate lettings;
- immigrants whose most immediate option is private renting;
- asylum seekers, housed through contractual arrangements with government agencies;
- regulated tenancies, which are a dwindling portion of the market; and
- tied housing, which is a diminishing sub-sector nationally but still has an important role in some rural locations.

4.37 The private rented sector is also capable of responding to short term opportunities. In the London context we have observed how very basic accommodation has been made available to construction workers working on large projects such as the Olympic site and construction sites in connection with London's transport infrastructure.

4.38 Certain of the above niche markets are noteworthy in the context of the SHMA and these are considered next.

The housing benefit and temporary accommodation household niche

4.39 Since the late 1980s there have been a number of initiatives that aim to prevent homelessness amongst 'non-statutorily' homeless households by easing their access to private sector tenancies. Deposit guarantee schemes are perhaps the most notable development.

4.40 Local authorities have been seeking properties in the PRS to help deal with their responsibilities to eligible, unintentionally homeless households under homelessness legislation. This has driven the

growth of private sector leasing (PSL) arrangements between the private rented sector and local authorities which tie local authorities into arrangements to guarantee rental payments to landlords over three or five years.

4.41 The private rented sector has a distinctive housing benefit sub-market. However, some landlords can be reluctant to deal with households in receipt of housing benefit and, as a consequence, there is a substantial amount of unmet need for accommodation in the housing benefit sub-market of the PRS. A range of incentives has been developed to assist existing housing benefit landlords to expand their portfolios and to induce wider-market operators to enter the sector.

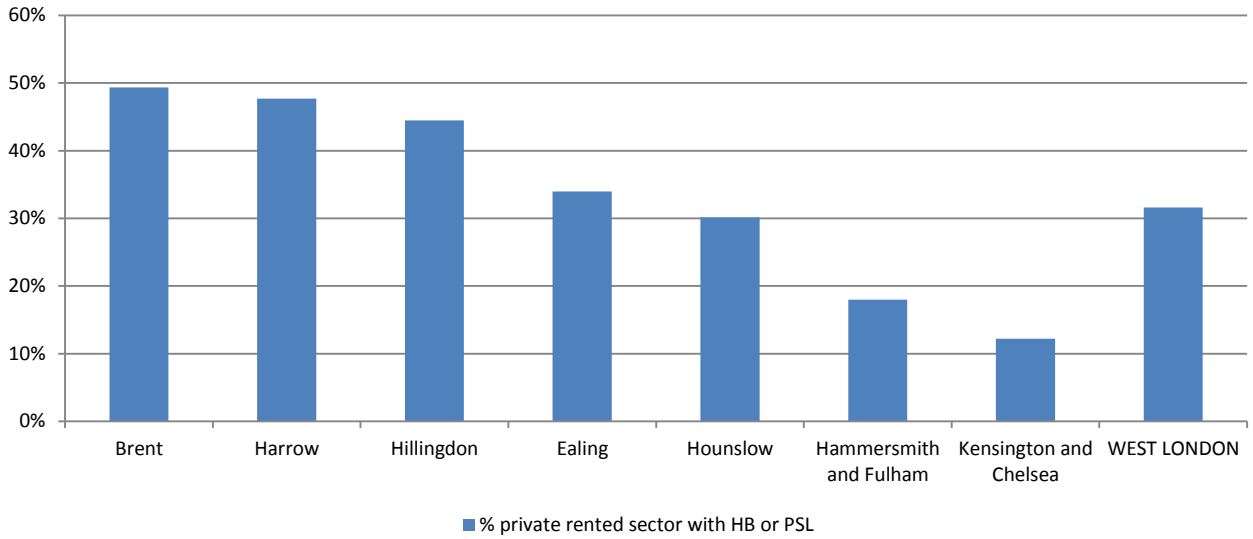
4.42 Furthermore, increased use of the private rented sector has been made by single people or young couples without children who have always relied on the private rented sector as the principal source of accommodation. A proportion of these households will claim housing benefit. The proportion that can afford to live in cheaper private rented sector self-contained housing are also likely to be regarded as households in the intermediate affordable housing band. This is noted by the Rugg Report and is considered further in section 6 of this report.

4.43 All of these factors lead to competition for property at the bottom of the sector. It is interesting to note that this private rented sector niche is estimated to take up a different proportion of private rented sector supply in each borough.

Figure 52
Estimated growth of the private rented sector in west London by Borough 2001-9 and proportion occupied by households claiming HB and housed in PSL (Source: Census 2001, Housing Strategy Statistical Appendix, CLG)

	PRS Stock Census 2001		Est PRS stock (based on 5% pa growth)	Total Stock 2009, HSSA	Assumed PRS Stock 2009	HB claimants in PRS 01/11/2009	% PRS with HB	PSL, Q3 2009	% PRS with HB or PSL
	N	%							
Brent	20,182	20%	30%	108,587	32,381	12,900	40%	3,077	49%
Harrow	10,846	14%	20%	85,390	17,296	7,720	45%	531	48%
Hillingdon	10,820	11%	17%	103,312	17,089	6,510	38%	1,091	44%
Ealing	21,370	18%	27%	126,491	33,839	10,090	30%	1,408	34%
Hounslow	13,372	16%	24%	92,988	21,873	5,960	27%	634	30%
Hammersmith & Fulham	17,651	23%	35%	80,777	27,923	4,230	15%	794	18%
Kensington & Chelsea	23,966	30%	45%	85,929	38,445	3,790	10%	910	12%
WEST LONDON	**118,207**	**19%**	**28%**	**683,474**	**188,848**	**51,200**	**27%**	**8,445**	**32%**

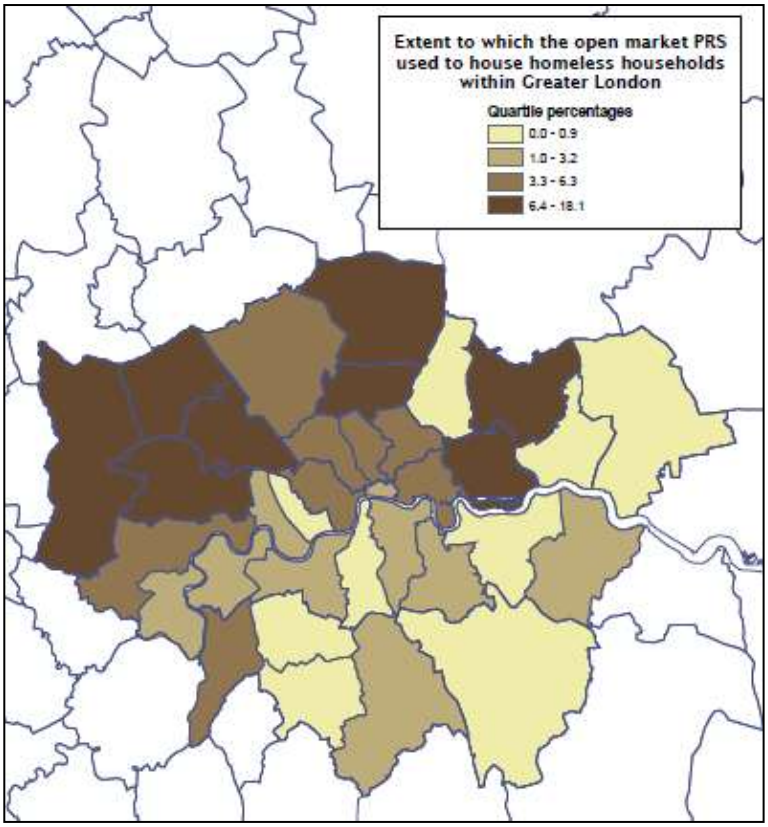
Figure 53
Estimated Proportions of Private Rented Sector Housing in West London occupied by Households Claiming HB or Households Living in PSL by Borough 2007 (Source: Total Number of Private Rented Dwellings: Census 2001 Uplifted by 5.5% per Annum to 2010 and Total Receiving Housing Benefit: DWP April 2010)



4.44 It is demonstrated from the above figure that inner and outer London support this niche to different extents. For example it is estimated that nearly 50% of Brent's private rented sector is taken up with households claiming housing benefit or PSL housing compared to 12% in Kensington and Chelsea.

4.45 The Rugg report contains the following map showing the PSL take up in London Boroughs in 2008.

Figure 54
Open Market Private Rented Housing used to house homeless households in Greater London (Source/copyright: Rugg report 2008)



4.46 Since the May 2010 General Election the new government has announced proposals for budget reductions for Housing Benefit as part of a package of measures to control public expenditure. Whilst at the time of drafting this report specific implications for West London boroughs are being estimated a number of proposals are particularly noteworthy:

- Maximum limits for local housing allowance- £280 a week for one bedroom, £290 for two bedroom, £340 for three bedroom and £400 a week for four-bedroom;
- Housing benefit cut by £1.8 billion by 2014/15 – 7 per cent of total;
- Housing benefit awards to be reduced by 10 per cent after claimant has claimed jobseekers for 12 months; and
- That the room rate will apply in future to single persons under 35 years of age instead of 25 years.

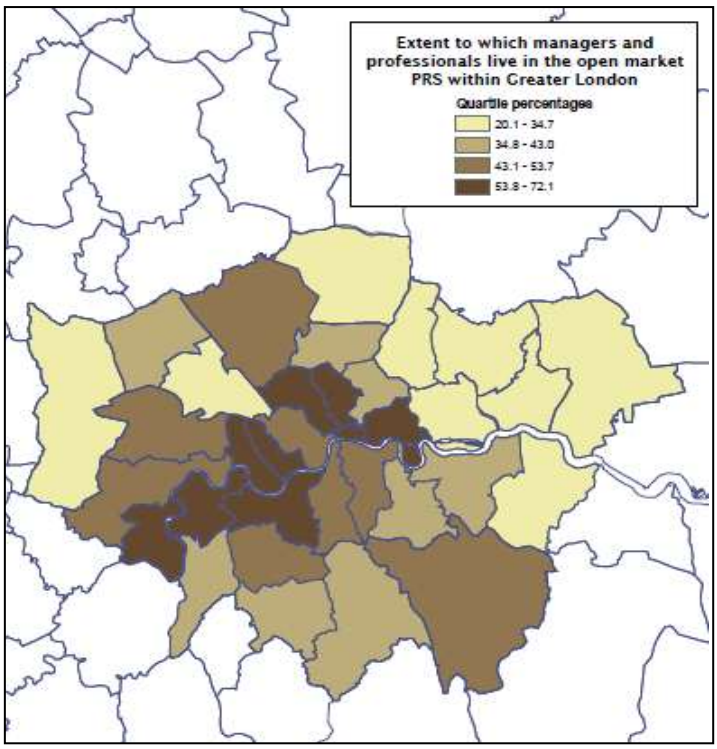
4.47 The implications of this are emerging but are thought to include pressure:

- for private landlords to reduce rents
- for households to move to areas where rents are cheaper
- to increase waiting list and homelessness claims
- on public and private sector landlords' revenue streams

High income, high rent households

4.48 An upper-market, high-income niche exists within the private rented market, most commonly in Central London as well as some other major urban areas. People working in NS-SEC-defined managerial and professional occupations are over-represented amongst private renters within Greater London and are particularly prevalent within the 'London centre' area. (Figure 55).

Figure 55
Managers and professionals living in Open Market Private Rented Housing in Greater London (Source/copyright: Rugg report 2008)



4.49 Private tenants with higher incomes were more likely to have moved a distance of over fifty miles, or from abroad, to their current address. The reason for their move was more likely to be job-related than it was for tenants in lower income quartiles.

4.50 Many high-income renters are in 'corporate lets' in the PRS, although it is not readily possible to identify this group in national data sources. Little is known about corporate lets, which comprise a particular kind of arrangement between landlord and tenant. It is likely that some areas, especially parts of inner London, will have a notable proportion of this type of arrangement (Westminster City Council, 2006).

Immigrant groups

4.51 Immigrant populations tend to rely heavily on the private rented sector, which is often more immediately accessible than social housing and owner occupation. The 2001 census indicated that where people had moved into England from outside the UK in the year prior to the census, 53% were in the private rented sector, 26% were in owner occupation and 7% were in social housing. The pattern of settlement across England indicates that London and its environs had high proportions of in-migrants living in the private rented sector.

4.52 The housing needs of the very wide variety of immigrant groups will differ substantially, bringing different kinds of pressure to the rental market. Overseas students and higher-paid professional workers are more likely to seek short-term lets in urban areas. Demand for rental property from immigrant households is particularly strong in London, where it has been estimated that over the last eight years, total international migration has averaged 185,000 per annum gross and 87,000 per annum net. A very large proportion of these households had come from 'rich' countries (Gordon et al., 2007).

4.53 Many migrant workers seek to live in private rented housing because they are not eligible for social housing and are not seeking to buy a permanent home in the area they are working. According to the Annual Population Survey, 61% of working age individuals in the private rented sector in London were born overseas (DMAG Briefing 2007-17 'A Profile of Londoners by Housing Tenure; September 2007).

Greater London's private rented sector compared to other English regions

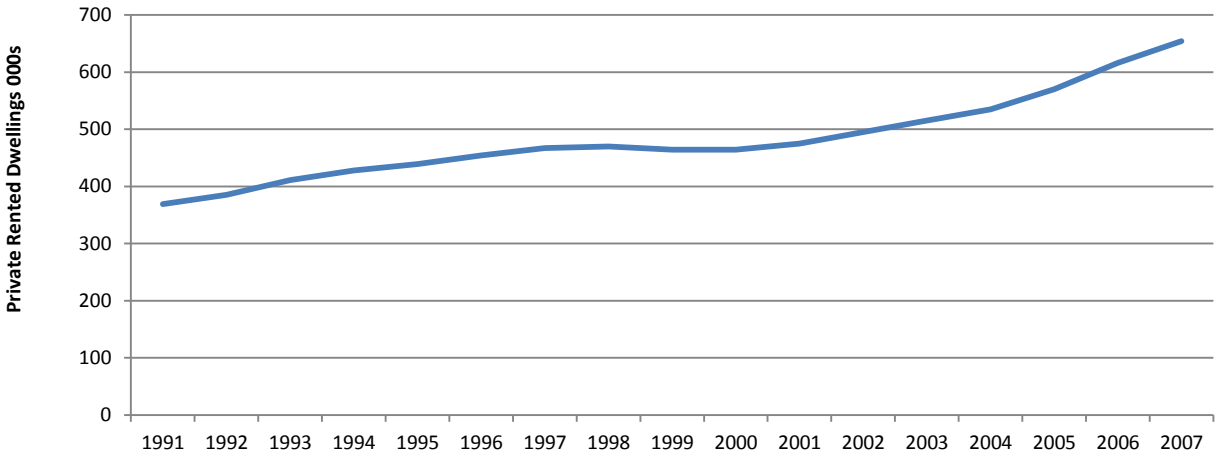
4.54 The private rented sector in London is larger than in all other government regions. According to the 2001 census, it comprised the tenure of 16.4% households in the capital and 22.1% of the whole private rented sector within England. The London rental market also has the largest 'open market' private rented sector, with 88% of households renting from a landlord or agent. The proportion of households in tied accommodation within the capital was the smallest to be found in any region, at 2.6% of all private rented sector households.

4.55 London is distinctive compared with other government regions, but also contains substantial diversity. Data from the 2001 census indicated that, for example, Westminster had the largest private rented sector, with 35.3% of households in the tenure (Rhodes, 2006). In contrast, Havering, Bexley and Barking & Dagenham had relatively low levels of private renting overall, but the sector in these Boroughs contained comparatively high proportions of lone parents (Rhodes, 2006).

Growth of the Private rented sector since 2001

4.56 Figure 56 demonstrates the growth in the private rented sector in London since 1991. The number of private rented properties since 2001 has grown from 475,000 to 654,000, which represents a 38% growth in five years.

Figure 56
Private Rented Dwellings in Greater London: 1991-2007 (Source: CLG. Note: Data for 2002 to 2007 is provisional)



4.57 The Rugg report concluded that the growth in the private rented sector has come largely through its absorption of properties from other tenures.

Houses in Multiple Occupation

4.58 When looking at housing needs it must be remembered that not all people live in standard households. Many households occupy houses in multiple occupation (HMOs). The precise definition of an HMO is complex, but under the changes in the Housing Act 2004 the following types of property are included;

- an entire house or flat which is let to three or more tenants who form two or more households and who share a kitchen, bathroom or toilet;
- a house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to three or more tenants who form two or more households and who share kitchen, bathroom or toilet facilities;
- a converted house which contains one or more flats which are not wholly self contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet) and which is occupied by three or more tenants who form two or more households; or
- a building which is converted entirely into self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and more than one-third of the flats are let on short-term tenancies.

4.59 In order to be an HMO, the property must be used as the tenants' only or main residence and it should be used solely or mainly to house tenants. Properties let to students and migrant workers are treated as their only or main residence, as are properties which are used as domestic refuges.

4.60 DCLG circular 5/10 has recently come into force. This changes the need for planning permission relating so some of the planning use classes affecting HMOs in the event that an owner envisages a change of use.

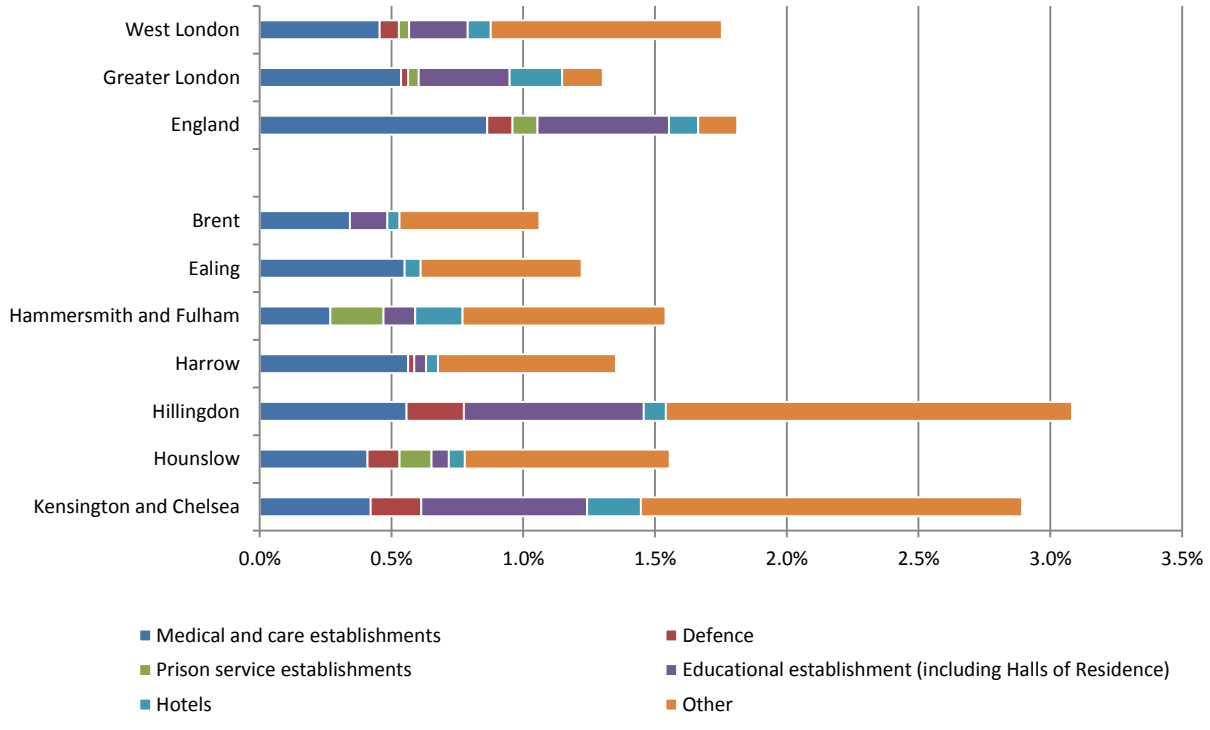
4.61 Across West London, HMOs form a significant part of the stock of private rented housing. The impact of student households and households shared by single workers leads to it containing an estimated 24,500 HMOs in 2009 (HSSA 2009).

4.62 HMOs make an important contribution to the private rented sector by providing housing to meet the needs of specific groups/households and by making a contribution to the overall provision of affordable housing stock. This classification of housing must be considered alongside and distinguished from accommodation for people who share housing and housing costs in order to afford self contained market housing. This is an important feature of the London Housing Market, the 'flat share' market. It is clear from the above definitions that there is likely to be an over-lap in that some flat shares can be regarded as HMOs but these may be very different in character and location to HMOs that house low income groups. An attempt to ascertain the cost and affordability of HMO accommodation by desktop research has been unsuccessful. This is because it is impossible to distinguish HMO bedsits from other types of flat share, all of which tend to be classified under the general term 'rooms'. Only the flat share market is visible from internet based information. Ascertaining the cost of HMO accommodation would require street level research.

People living in communal housing establishments

4.63 It is also important to note that not all people live in traditional household units. Figure 57 shows that at the time of the 2001 Census, 1.75% of the population of West London lived in communal residences. In Hillingdon this is as high as 3.1%, with 0.7% in educational establishments. Kensington and Chelsea has a relatively large proportion living in educational establishments (0.65%) and overall (2.85%).

Figure 57
Proportion of People in Communal Housing by Type of Establishment in West London (Source: UK Census of Population 2001)



4.64 Note that the term 'other' incorporates residential care accommodation. This sector is housing fewer people over time. For example POPPI (Projecting Older Persons Population Information) data for Brent shows that at the time of the census 2001 around 800 people were in non local authority owned care or nursing homes. This had reduced to 450 by 2009 but is projected to increase after 2009. Over half of all residents were and are likely to be over 85 years of age.

Housing benefit and the private rented sector

4.65 Much of this chapter has focused upon the niche sub-markets of the private rented sector and it has been noted that a proportion of tenancies receive housing benefit support. The purpose of this section is to examine the proposed changes to housing benefit and the implications for these sub markets and the wider housing market.

Changes to Social Housing Letting Policy and Local Housing Allowance in June 2010 Budget.

4.66 The new Coalition Government's first budget in June 2010 contained a number of proposed reforms to the local housing allowance. These included:

- From April 2011, local housing allowance rates will be capped at £250 per week for a one bedroom property, £290 per week for a two bedroom property, £340 per week for a three bedroom property and £400 per week for four bedrooms or more.
- From October 2011, local housing allowance rates will be set at the 30th percentile of local rents (previously the 50th percentile)
- From 2013-14, local housing allowance rates will be uprated in line with CPI
- Deductions for non-dependents will be uprated in April 2011 on the basis of prices. This will reverse the freeze in these rates since 2001-02
- From April 2013, housing entitlements for working age people in the social sector will reflect family size.
- From April 2013, housing benefit awards will be reduced to 90% of the initial award after 12 months for claimants receiving jobseekers allowance.
- From April 2011, housing benefit claimants with a disability and a non-resident carer will be entitled to funding for an extra bedroom.

4.67 There could be a significant impact for West London from:

- changes to the maximum amount of Local allowance payable
- the change from using the 50th percentile to the 30th percentile for calculating local housing allowance rates.

4.68 Figure 58 shows the local housing allowance rates for June 2010 and also the impact of applying the 30th percentile. Any figures above the capped rates will be further reduced to the maximum levels for any bedroom size.

4.69 The changes to the maximum amount of Local allowance payable and also the change from using the 50th percentile to the 30th percentile for calculating local housing allowance rates with potentially have a big impact in West London. Figure 58 shows the local housing allowance rates for June 2010 and also the impact applying the 30th percentile will have on these rates. The indicative rates include the impact of the capped rates for each bedroom size. Those authorities covered by the Central

London, Inner West London and Inner North London Broad Market Rental Areas will see the amount they will be able to pay as local housing allowance capped at the maximum allowances.

Figure 58
Current and Projected Local Housing Allowance Thresholds for Broad Market Rental Areas in West London (Source: LHA Direct)

Broad Market Rental Area	June 2010 LHA				Indicative October 2011 LHA			
	1 bed	2 bed	3 bed	4 bed	1 bed	2 bed	3 bed	4 bed
South West Herts Hillingdon	155.34	195.62	241.64	391.23	143.84	184.11	212.88	333.70
Central London Hammersmith & Fulham, Kensington & Chelsea	350.00	480.00	700.00	1000.00	250.00	290.00	340.00	400.00
North West London Brent, Ealing, Harrow, Hillingdon	172.60	218.63	276.16	333.70	166.85	205.97	258.9	310.68
Outer South West London Hounslow	189.86	253.15	299.18	402.74	178.35	218.63	276.16	345.21
Inner West London Brent, Ealing, Hammersmith & Fulham	240.00	303.78	395.00	525.00	220.00	277.00	333.70	400.00
Outer West London Ealing, Hillingdon, Hounslow	166.85	207.12	253.15	310.68	161.1	195.62	230.14	276.16
Inner North London Brent, Ealing, Hammersmith & Fulham, Kensington & Chelsea	245.00	330.00	425.00	575.00	215.00	290.00	370.00	400.00

Further Consideration of the Government's June 2010 Budget

4.70 The key issue to consider is how the changes to the local housing allowance will affect the market for affordable housing, particularly in terms of demand and supply. Some considerations are set out below.

In April 2013, housing entitlements for working age people in the social sector will reflect family size.

4.71 Example: a working age couple with two adult children occupy a 3 bed social rented property and are receive housing benefit. If the adult children move out of the house, the couple will technically only require a 1 bed dwelling. The policy impact is that they will no longer receive housing benefit for a 3 bedroom property but a 1 bed – they will either

- be required to pay the balance of rent from their own funds, or,
- move to a small dwelling and continue to receive housing benefit.

4.72 There are a range of possible implications arising from such a change (and we have not considered the ethical implications of the change):

- More households may downsize from family sized social rented dwellings into smaller units
- Some larger properties may become available for overcrowded households with children
- there may be or may not be a corresponding 'balancing effect', as larger homes and smaller homes are vacated
- Adult children may subsidise their parents to allow them to remain in the larger family home

Deductions for non-dependents will be uprated in April 2011 on the basis of prices. This will reverse the freeze in these rates since 2001-02

4.73 Example: a pensioner couple with two adult children occupy a 3 bed social rented property and are receive housing benefit. Current deductions for non-dependents will rise in April 2011, hence reducing

the amount of housing benefit received by this household. If the adult children move out of the house, the couple will be allowed to remain in their dwelling because they are not working age and will receive more housing benefit.

4.74 The policy impact is that the financial incentive is for the adult children to leave home and seeking their own independent accommodation, hence the rate of household formation will rise.

From April 2013, housing benefit awards will be reduced to 90% of the initial award after 12 months for claimants receiving jobseekers allowance.

4.75 This change may also deter some non-working children from leaving home and establishing their own household, thereby slowing the rate of household formation. While not freeing any larger social units, this may reduce pressures from adult children who no longer require separate housing.

4.76 The implication is we could, therefore, see the total requirement for affordable housing fall as lower rates of household formation occur.

4.77 Other changes to the policy could also have an impact:

- Changes to the local housing allowance may have considerable changes to the supply of dwelling available for households who require financial support.
- The capping of the maximum amount of local housing allowance which can be claimed may have significant impact on Central London boroughs. In these areas, few private rented sector dwellings will fall below the new threshold, so it will be extremely difficult to house households in the housing benefit supported private rented sector.

4.78 These changes will not reduce the number of households seeking affordable or subsidised housing – however, it may increase the demand on local authorities to meet these households housing need, and this lead to a 'ripple effect' increasing demand also on Outer London boroughs. Why?

4.79 It is possible that many households currently housed in housing benefit supported private rent in Central London will require alternative accommodation. Outer London boroughs may offer an attractive alternative location for a home. It may be possible to find alternative accommodation outside of Central London for some households, but many may not be able/willing to move further afield.

4.80 The ability of Outer London boroughs to meet housing need which will originate in central London is dependent upon many issues. For example, how willing will private landlords be to accept households in receipt of housing benefit at the reduced levels from October 2011? Potential scenarios include:

- If market rent levels fall across London as landlords accept lower yields on their investments.
- If the new rent thresholds are too low then landlords may simply not be willing to accept housing benefit dependent households and instead return their stock to the market sector.
- This in turn may see house prices and rents fall as more housing becomes available to buy or rent - more households may be able to meet their housing requirements in the open market. (This seems unlikely given the high demand levels in the overall London market).

4.81 However, if landlords are not prepared to accept households in receipt of housing benefit, where will these households will have their housing needs addressed? Social housing has limited supply.

Homelessness presentations may increase and overcrowding might rise. The percentage of disposable income paid to rent may rise in households seeking housing in the private sector.

4.82 In summary:

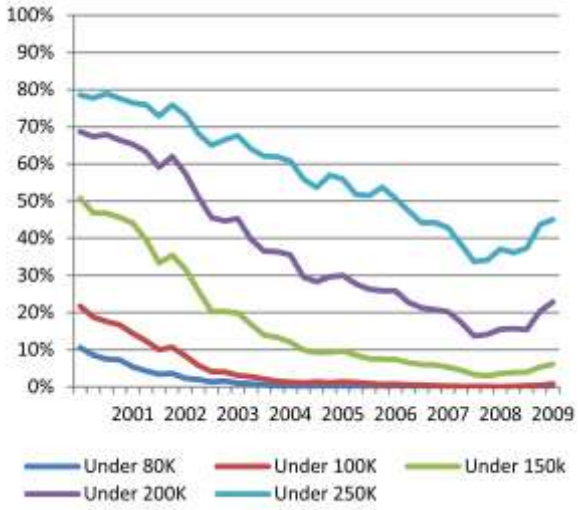
- Changes to the local housing allowance outlined in the June 2010 budget may have considerable impact on the social and private rented sectors.
- Potentially, there could be reduced household formation rates which may reduce the number of households seeking affordable housing. However, some changes in the LHA may also see formation rates rise.
- The supply of private rented dwellings may change significantly, especially for households on lower incomes.
- Where landlords accept lower rents then many households may leave central London for outer London.
- The total number of housing benefit claimants in the private rented sector is unlikely to fall, but their locations will change to lower priced areas.
- Alternatively, where landlords do not accept the lower rents more properties may return to 'pure' market housing.
- An increase in households seeking to address their own housing requirements by buying or renting is likely.
- Local authorities may be pressed to find housing solutions for increasing demand from households who cannot resolve their own needs - homelessness presentations and overcrowding may also rise further.

4.83 An estimate of the impact on future housing requirements of some of these proposals is found in section 6

Trends in Housing Costs

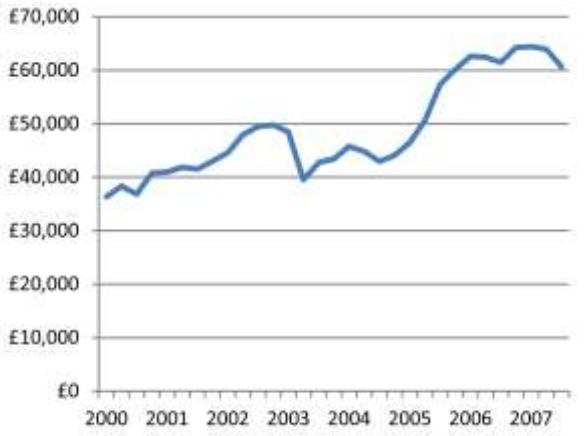
4.84 House prices in London have changed rapidly in recent years. Figure 59 illustrates how the distribution of property prices has changed in West London. In early 2000, around 20% of all completed property sales were priced at less than £100,000. This figure was below 1% of all sales from 2004 onwards. Conversely, the number of properties selling for over £200,000 has risen from 30% to almost 80% of the total. Since 2008 the number of properties selling for less than a particular price band has begun to rise again, however the vast majority of properties in the West London area are still currently beyond the reach of most first time buyers.

Figure 59
Percentage of Houses Sold for Less Than Key Price Bands in Greater London: Q2 2000-Q3 2007 (Source: HM Land Registry)



4.85 Figure 60 illustrates the average incomes of first-time buyers who were granted mortgages in the Greater London region since 2000. This demonstrates that the average income of first-time buyers rose to over £60,000 in 2006 and has remained above that level since that time. Therefore, access to owner occupation for those without existing equity is now restricted to buyers with substantial incomes.

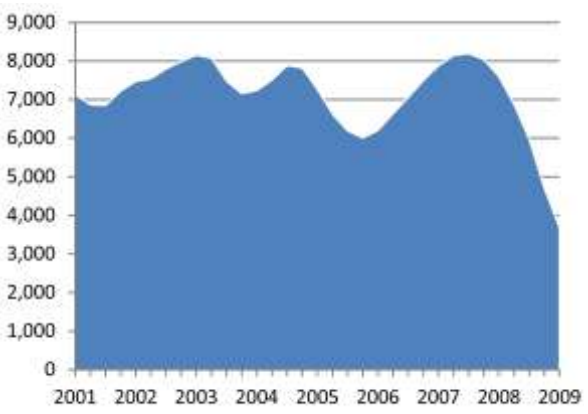
Figure 60
Average Income of First-time Buyers Granted Mortgages in Greater London: Q1 2000-Q3 2007 (Source: HM Land Registry)



4.86 Beyond looking at the obvious measure of a housing market, i.e. the prices at which properties are sold, it is also worth exploring the volume of sales, for this can tell us more about the dynamics of the housing market.

4.87 Figure 61 shows the volume of annual property sales since 2001. It is apparent that the number of completions peak at over 8,000 sales in 2003. There was a slightly smaller peak over the 12 month period from late 2004 to early 2005, but after this time the number of sales has sharply declined to only 6,200 transactions in the year to mid 2005.

Figure 61
Volume of Properties Sold Annually in West London: Q1 2001-Q1 2009 (Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data)



4.88 The number of transactions increased again to a new peak of almost 8,200 in mid 2007, but has fallen to below 3,700 (a 55% decrease) for the period Q2 2008 to Q1 2009 and the level of transactions seems likely to continue falling in

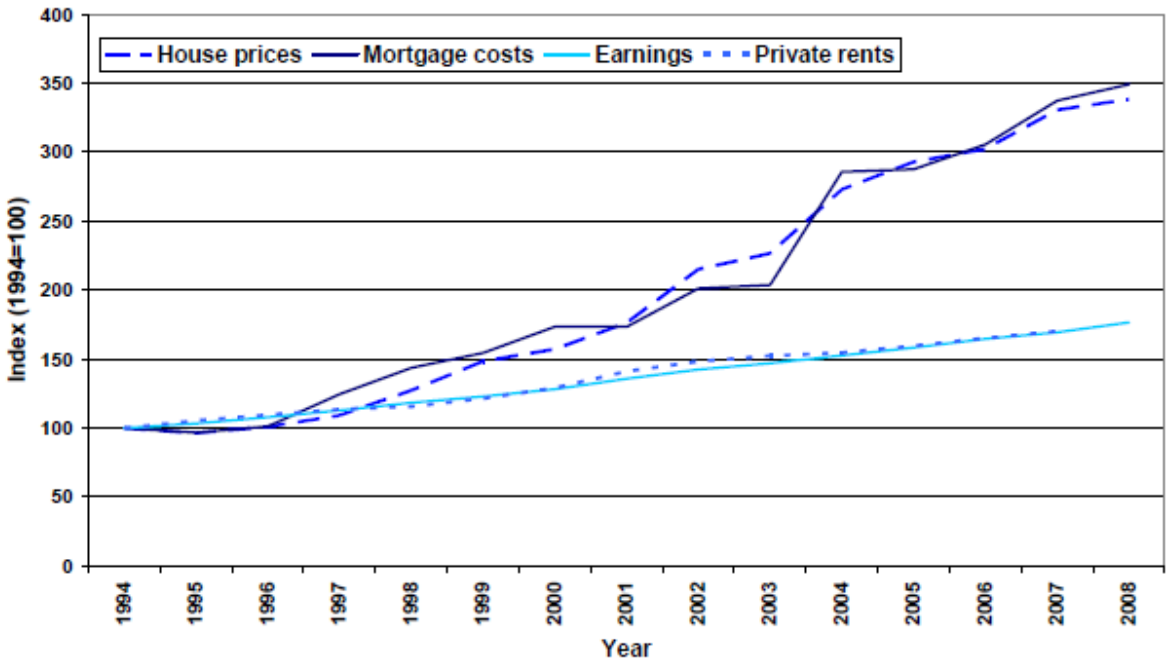
future quarters given the current financial climate.

4.89 It is apparent that there was both a marked reduction in the number of sales and a levelling of property prices in the sub-region in 2005 and the same pattern is being seen in 2008 and 2009. The current slowdown in the number of sales is clearly linked to the availability of mortgage funds, but it may also reflect a lack of demand as potential buyers consider the current market to be over-priced.

4.90 Trends relating to market rents are more difficult to establish as unlike sales, there is no system for recording individual transactions. However the recent report 'Tenure Trends in the UK Housing System' provides an interesting comparison of trends in relation to first time buyers. (Tenure Trends in the UK Housing System: Will the private rented sector continue to grow? (Ben Pattison with Diane Diacon and Jim Vine, Published June 2010 © Building and Social Housing Foundation 2010)).

4.91 The report concludes that market rents have increased in line with earnings over the last fifteen years whilst both house prices and mortgage costs have increased much faster (Figure 62). This has increased the affordability of private renting relative to owner occupation. The report notes that in 2007, the area of England with the greatest differential between rental and mortgage costs was London where average private rents were 70 per cent of average mortgage costs. London is also the area where the private rented sector accommodates the largest share of households.

Figure 62
House prices, mortgage costs, rents and earnings comparison for first-time buyers (1994=100) (Source/copyright: Tenure Trends in the UK Housing System 2010 figure 17)



Spatial Variation of House Prices

4.92 House prices are a very important factor in understanding the character of an area and what is driving the migration flows across the region and sub-regions. It is important to look at both spatial levels and the dynamics of house prices.

4.93 Figure 63 shows the variation in house prices across different areas of the London region for 2000 and 2007. It is apparent that in 2000 there were numerous areas with house prices that were less than half

the regional average, in particular in the East of the region. By 2007, very few areas remained at prices considerably below the regional average.

4.94 Figure 64 illustrates the change in house prices on a year-by-year basis across the region, showing high increases in the cheapest areas in 2002-03, relative stability across most areas in 2005-06, before high increases in 2007 and large decreases across many areas in 2008.

Figure 63
Distribution of Average House Prices across Greater London: by Middle Super Output Area: 2000 and 2007 (Source: HM Land Registry)

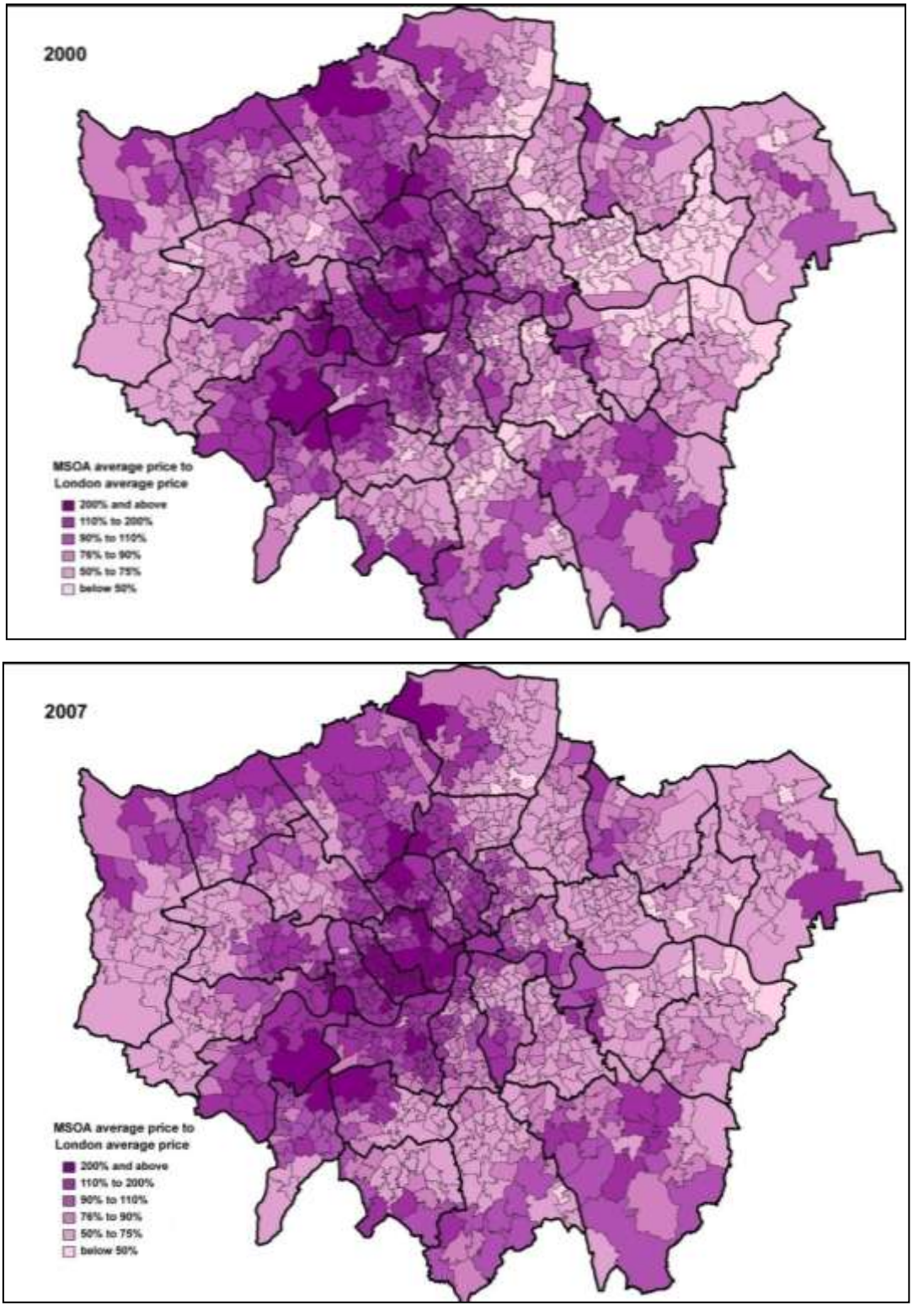
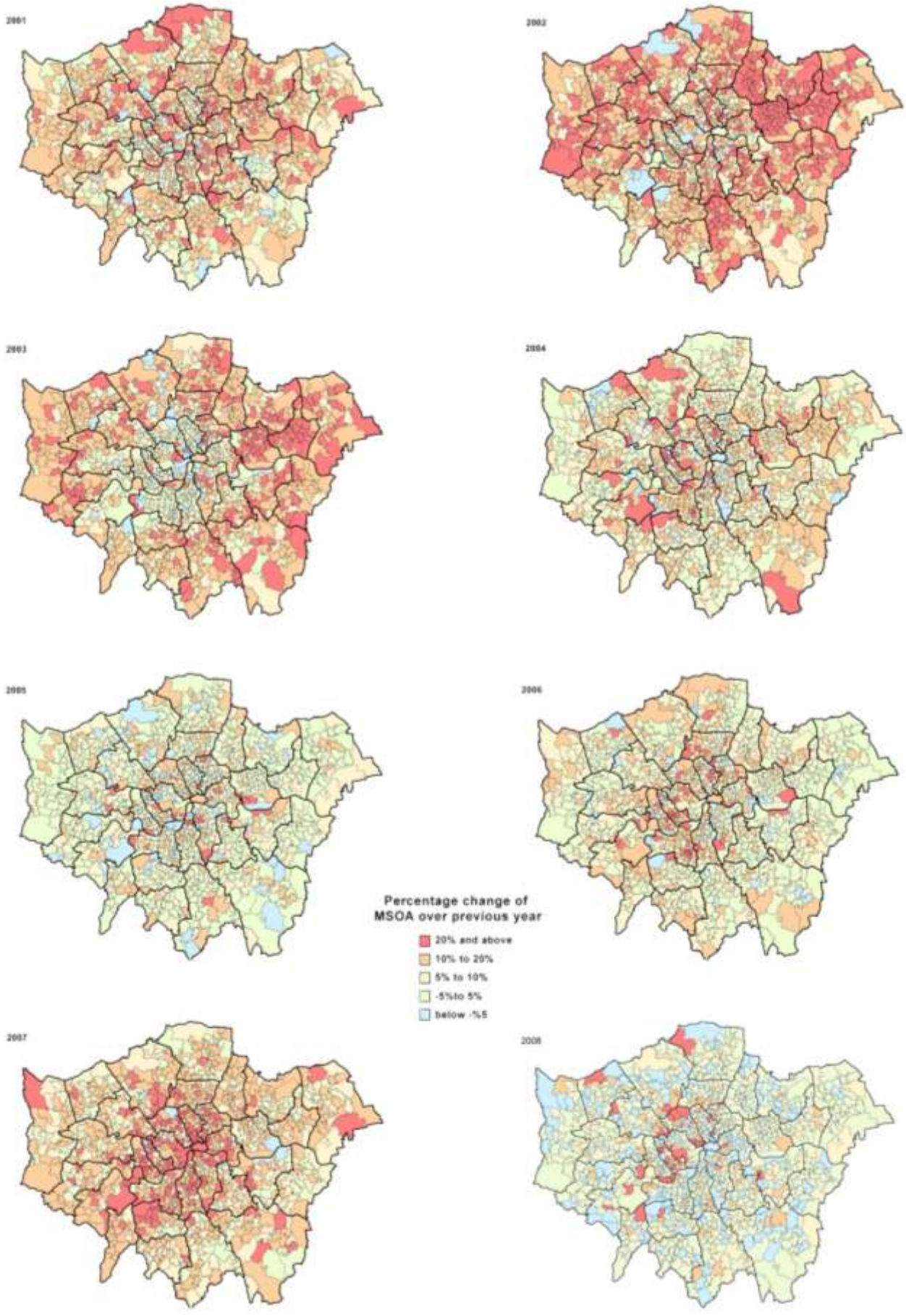
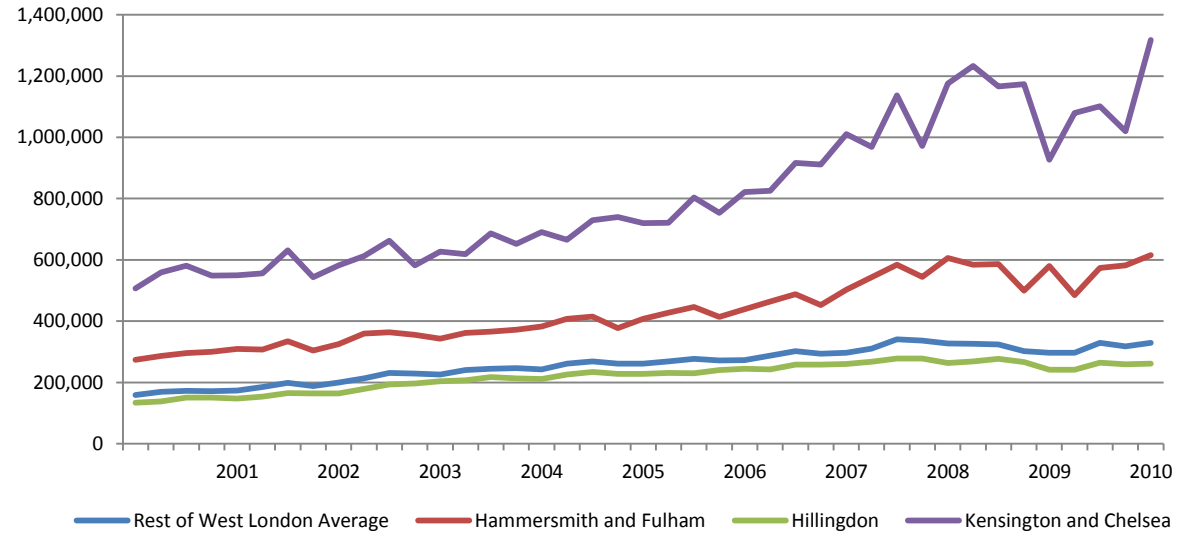


Figure 64
Annual Change in House Prices across Greater London: by Middle Super Output Area: 2000-01 to 2007-08 (Source: HM Land Registry)



4.95 House price information at the Borough level within the sub-region is a further part of the picture describing the characteristics of the local dwelling stock. Figure 65 shows the change in average house prices over the period Q1 2000 to Q1 2010 (inclusive). Note that the scale only shows Q1 and Q3, however, the chart is based upon data for 4 quarters.

Figure 65
Median House Prices across West London by Borough q1 2000 to q1 2010 inclusive (Source: HM Land Registry)



4.96 Figure 65 shows the difference in house prices between inner and outer London. The outer London Boroughs show a remarkable similarity in average prices and less volatility. Note that the median prices for the Boroughs of Brent, Ealing, Hounslow and Harrow are very similar and have been combined into an average value. The slight differences do not show clearly on a chart of this scale. The scale is necessary to show the considerable difference between the highest and lowest median prices in West London.

4.97 The recovery from the credit crunch and further growth in prices affecting the inner London Boroughs is remarkable and confirms the view that the premium London housing market is the leading edge of recovery in the national housing market (Savills Market Report):

http://www.savills.co.uk/research/Report.aspx?nodeID=11241

Luxury housing

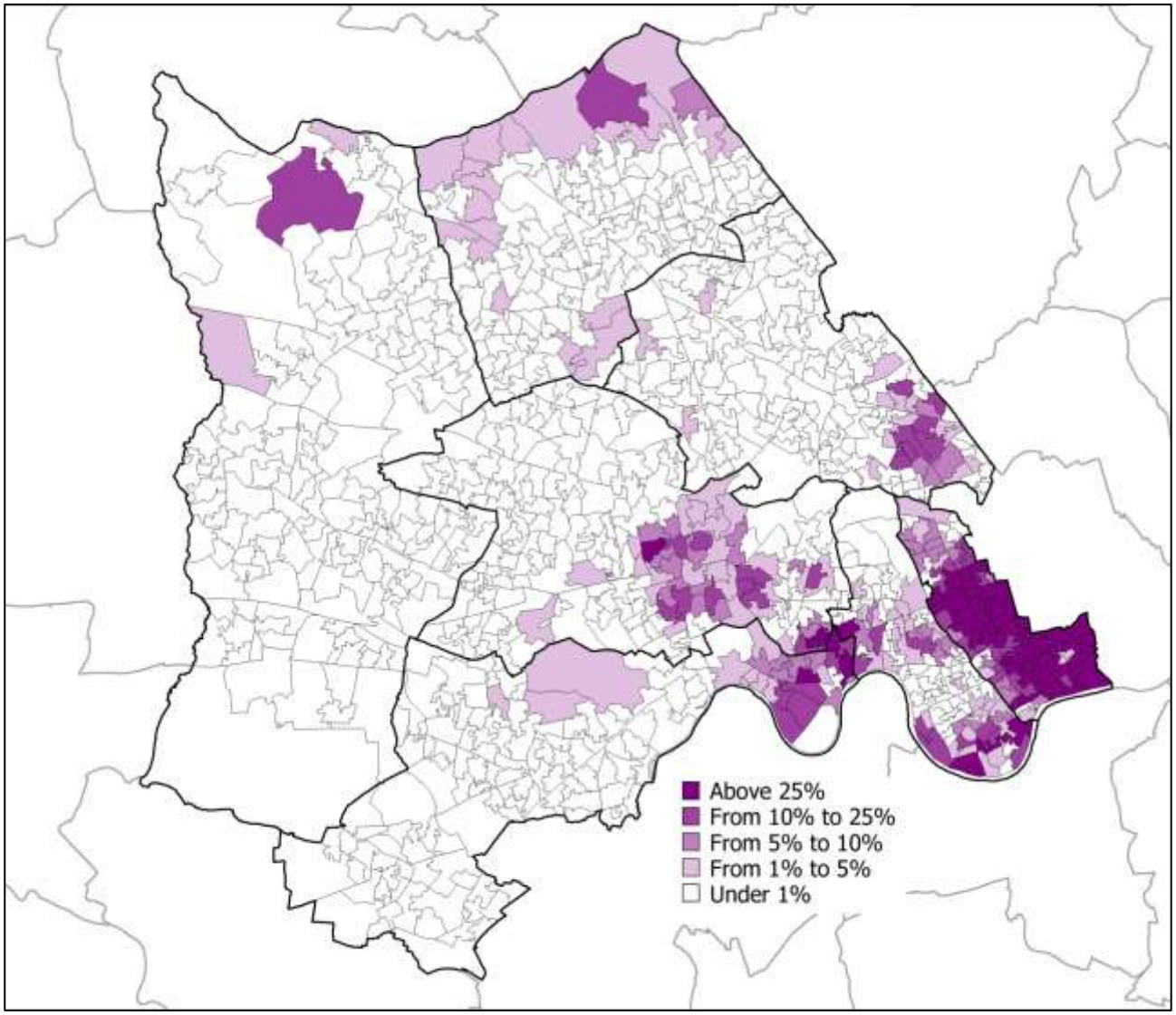
4.98 Finally a description of West London's housing would not be complete without acknowledging the role that Luxury Housing plays in the sub-regional market.

4.99 Our aim is to show the distribution of luxury housing but this is not straightforward as we need to define luxury housing. Definition only in terms of price is not satisfactory as the data reveals a large number of transactions for high priced apartments but a much smaller number of transactions for houses. Luxury detached houses are significantly more expensive than apartments so we have devised a method of capturing the location of transactions of both apartments and houses.

4.100 We have analysed data from the land registry collected between end q1 2006 and end q1 2010 for all of West London and transactions at or above the 95th percentile of prices for both apartments and

houses and consolidated this information into the following map of the sub-region at census medium super output area (MSOA).

Figure 66
Transactions at 95th percentile of house prices across West London by borough q1 2006 to q1 2010 inclusive at MSOA (Source: HM Land Registry note: concentrations are a composite of transactions for each dwelling type)



4.101 Clearly the largest concentrations of luxury dwellings are in Kensington and Chelsea but other notable concentrations are along parts of the Thames embankment in Hammersmith and Hounslow (Chiswick), also around the boundary between Hammersmith & Fulham, Hounslow and Brent. Other concentrations are in the Northern parts of Hillingdon and Harrow.

Summary: Existing housing stock and the housing market

Key characteristics of the stock

- Across West London nearly 50% of the housing stock is in the form of flats, compared to less than 20% across the whole of England. Kensington and Chelsea, Hammersmith and Fulham have the highest proportion of flats (83% and 70% respectively), while Harrow and Hillingdon have a relatively high proportion of detached and semi-detached houses (52% and 51% respectively).
- Over 40% of owner occupied housing in West London is in the form of detached or semi-detached houses and less than 30% consists of flats. In contrast, over 70% of both private and social rented housing is in the form of flats.
- The outer London Boroughs have the lowest proportion of owner occupied flats and the highest proportion of owner occupied semi-detached homes reflecting their suburban environment.
- Tenure varies significantly between Boroughs in West London and there is a difference between the inner and outer Boroughs. Over 75% of the housing stock in Harrow and Hillingdon is owner occupied and less than 15% is private rented. In contrast, owner occupation rates in Hammersmith and Fulham and Kensington and Chelsea are just under 45% with private renting at around 30%. The proportion of social rented housing is highest in Hammersmith and Fulham (over 30%) and Kensington and Chelsea (over 25%) of the dwelling stock. Harrow has a very low proportion at only 10%.
- Owner occupied dwellings tend to have more rooms than rented dwellings in West London although Kensington and Chelsea has a larger proportion of owner occupied dwellings with fewer rooms. Owner occupied homes in Harrow and Brent are more likely to have more rooms than the other Boroughs.
- The proportion of one and two roomed dwellings is notable in the private rented sector especially in Kensington and Chelsea.
- In the social rented sector, the proportion of dwellings five rooms or larger is noticeably smaller than in the other tenures, again this is noteworthy as these dwellings will be suited to families. The distribution across the Boroughs is similar.

The private rented sector

- The private rented sector plays a pivotal role in West London's Housing market and is a crucial feature of the SHMA housing requirement modelling.
- The private rented sector market mainly consists of assured shorthold tenancy lettings that meet demand from a wide group of households including, at the lower price range, those unable to access intermediate affordable housing. The market offers a great deal of choice due to its high turnover, enabling tenants to live in the best quality housing that they can afford allowing for the usual constraints over location factors.
- However, the private rented sector is complex and is perhaps best understood through examining its constituent niche markets. The niche markets include: young professionals, the housing benefit market, temporary accommodation, high income renters and students. Many households living in the private rented sector in temporary accommodation or with housing benefit support would be housed in the social rented sector if supply would permit. The spatial distribution of these households and the size of the niche market relative to the whole private rented sector varies across West London.
- The characteristics of the Open Market and some of the niche markets are described in order to establish the role of the sector in terms of meeting both market and affordable housing requirements. This is then taken forward in various modelling scenarios in Section 6.
- In addition to the key findings of the Rugg report the, section describes the complex relationship between the private rented sector and other tenures. The SHMA also acknowledges the presence and role of the informal market, the flat share market and communal housing.
- The growth of the private rented sector has come largely through its absorption of housing from other tenures.
- Part of the private rented sector will need to adjust to recently announced caps on housing benefit.

House prices and rental rates

- There was a marked reduction in the number of sales and a levelling of property prices in the sub-region in 2005, 2008 and 2009. The current slowdown in the number of sales is clearly linked to the availability of mortgage funds. However, it may also reflect a lack of demand if potential buyers consider the market to be over-priced.
- There is a considerable difference in average house prices between inner and outer London. The outer London Boroughs show a remarkable similarity in average prices and less volatility. The recovery from the credit crunch and further growth in prices affecting the inner London Boroughs is remarkable and confirms the view that the premium London Housing market is the leading edge of recovery of the national housing market.
- The spatial distribution of luxury dwellings is noted which adds significantly to the distinctiveness of Kensington and Chelsea and parts of other boroughs in the sub-region.
- Rents have tended to increase at a similar rate to earnings but variation in purchase prices are more volatile and follow a market cycle.
- Affordability is considered further in sections 5 and 6.

Overall

- The characteristics of the housing stock differ considerably between the inner and outer London boroughs present in the sub region.
- There is a market process that is seeking to adapt the existing dwelling stock to me more in line with demand. The affordability of housing and the supply of housing within each tenure differs from borough to borough and this results in flows of households seeking housing that is affordable to them and also meets their requirements.
- The main dynamic is the interaction of the labour market, the housing market and the quality of the place. Households will seek to optimise their choice of location considering all 3 factors. This plays out as balancing housing costs with travel to work costs as well as retaining social networks and what is in the best interest of their children.
- The imbalance between the existing dwelling stock and the requirements of households, largely caused by a mismatch of size and price of market housing and a shortage of affordable housing has led to a response from entrepreneurs to provide cheaper housing for sale and particularly for rent by subdividing dwellings. The private rented sector is pivotal in the housing market across all of its roles.
- Changes to the housing benefit regime presents a threat to the current role of the private rented sector in meeting a shortage of supply within the social rented sector
- There has been a public policy response of prioritising family housing across all tenures within new build and regeneration schemes.
- Many single person households choose to flat share in order to make living in higher quality housing and neighbourhoods more affordable.
- Proposed changes to the housing benefit system are described and the implications considered for the sector and the wider housing market.
- An estimate of the impact of some of these proposals is found in section 6

Section 5: Existing Households in Housing Need

Introduction

5.1 In this section we distinguish between the terms housing need and demand. We investigate the extent that existing households in West London are living in unsuitable housing and the nature of unsuitability. We consider whether unsuitability can be rectified with or without the household needing to move home.

Identifying Unsuitably Housed Households

5.2 Housing need is defined in the government guidance PPS3 as 'the quantity of housing required for households who are unable to access suitable housing without financial assistance'. Housing demand is defined as 'the quantity of housing that households are willing and able to buy or rent'. Therefore, to identify existing housing need we must first consider the adequacy and suitability of households' current housing circumstances.

5.3 A classification of unsuitable housing is set out below, taken from CLG's SHMA Practice Guidance Table 5.1.

Figure 67
Classification of Unsuitable Housing (Source: CLG Housing Market Assessments Practice Guidance: Version 2 August 2007)

Main Category	Sub-divisions	
Homeless or with insecure tenure	i.	Homeless households
	ii.	Households with tenure under notice, real threat of notice or lease coming to an end; housing that is too expensive for households in receipt of housing benefit or in arrears due to expense
Mismatch of household and dwelling	iii.	Overcrowded according to the 'bedroom standard'
	iv.	Too difficult to maintain (e.g. too large) even with equity release
	v.	Couples, people with children and single adults over 25 sharing a kitchen, bathroom or WC with another household
	vi.	Households containing people with mobility impairment or other specific needs living in unsuitable dwelling (e.g. accessed via steps), which cannot be made suitable in-situ
Dwelling amenities and condition	vii.	Lacks a bathroom, kitchen or inside WC and household does not have the resources to make fit (e.g. through equity release or grants)
	viii.	Subject to major disrepair and household does not have the resources to make fit (e.g. through equity release or grants)
Social needs	ix.	Harassment from others living in the vicinity which cannot be resolved except through a move

5.4 Figure 67 establishes four main categories for identifying unsuitable housing, each with a number of sub-divisions. Most of the indicators relate to the circumstances of existing households, although some relate to households currently without their own housing.

5.5 Most of the identified issues concern those in established households. Some of the issues around unsuitability will mean households need to move property but others could continue to live in the same property if appropriate changes were made. Even where a move is necessary, facilitating households to relocate from one property to another does not necessarily imply additional homes are needed. The characteristics of the newly occupied dwellings may differ, but the overall number of homes remains the same.

5.6 Nevertheless, to satisfy the needs of all households, it may be necessary to provide some additional housing with particular characteristics leaving an equivalent number of dwellings with different characteristics available to meet housing needs and demands from elsewhere in the market. For example, a single older person may leave a larger property suitable for a family and move to a single floor property fitted with handrails or bathroom adaptations.

5.7 Whilst the majority of sub-divisions concerning established households may not contribute directly to the additional housing requirement, households who are currently in temporary housing or form part of the social needs category may each require additional housing provision.

Assessing Established Households in Unsuitable Housing

5.8 Information on a wide range of housing issues was collated by the Household Surveys for each borough and by drawing on information gathered throughout the questionnaire, we are able to identify whether or not households' current homes are suitable for their needs.

5.9 The measure of overcrowding and under-occupancy is calculated objectively. The number of rooms required by a household is assessed through analysing the household profile against an agreed "bedroom and living room standard". This requirement is then set against the number of rooms available in the home. The bedroom standard used for the study is as follows, providing one bedroom for each of the following groups or individuals;

- each adult couple;
- each remaining adult (aged 21 or over);
- each pair of children of the same gender;
- each pair of children aged under 10; and
- each remaining child that has not been paired.

5.10 The number of rooms required is then set against the number of bedrooms in the current home, to determine the level of overcrowding or under-occupation.

5.11 Where it is not possible to identify problems in an objective manner, subjective responses from the Survey have been used. Nevertheless, these are largely responses provided in an unprompted manner to more general, open-ended questions. This avoids any bias being introduced by the interviewing process.

5.12 A broad summary of the categories used to assess housing suitability from the Household Surveys data is detailed below.

Figure 68
Assessment of Unsuitably Housed Households

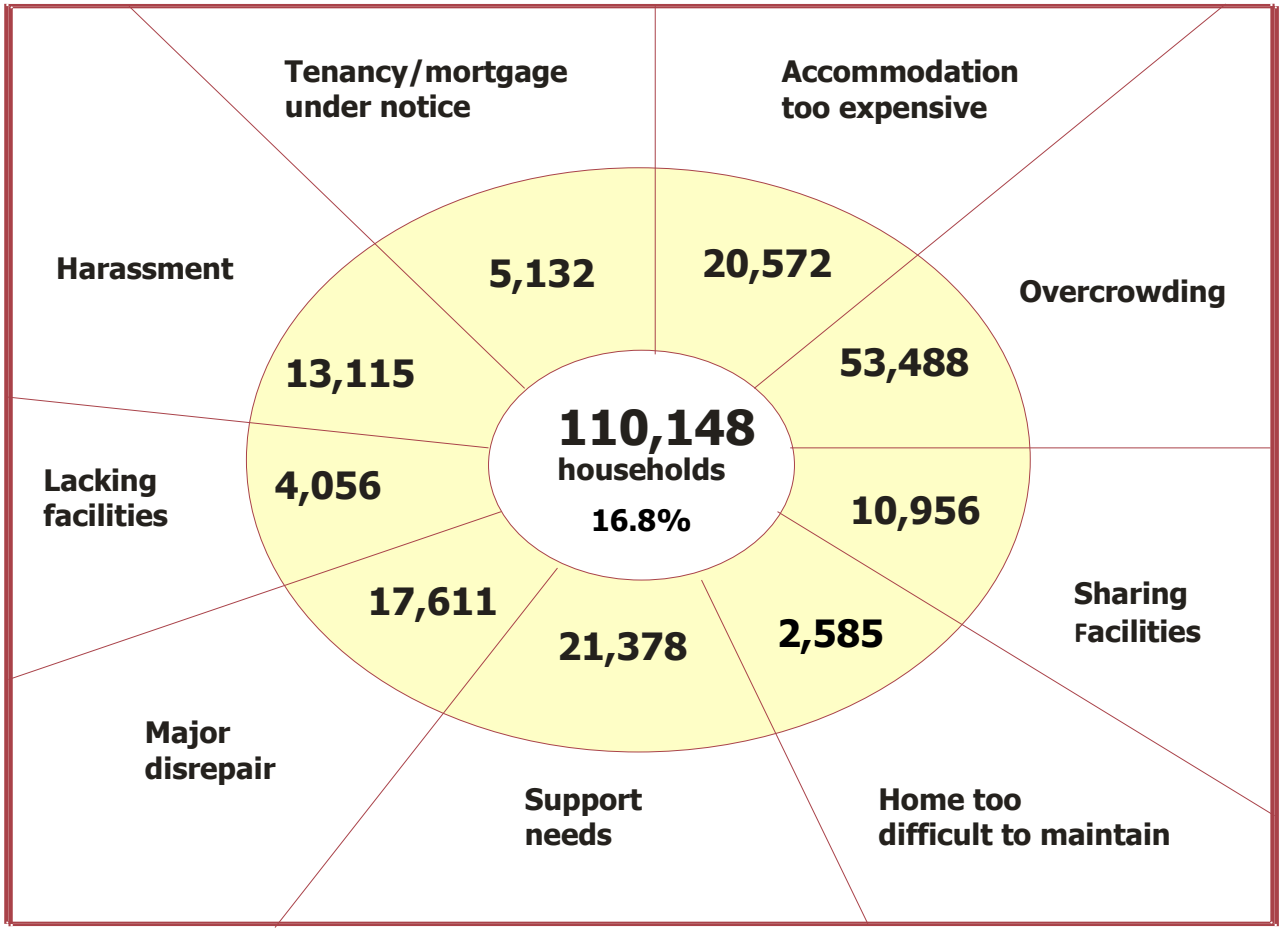
Category		Analysis Method
Homeless or with insecure tenure		
Tenancy under notice, real threat of notice or lease coming to an end		Household wanting/having/needing to move because of end of tenancy, eviction, repossession or otherwise forced to move; or Landlord or mortgagor taking action to repossess the property or evict them because of arrears
Accommodation too expensive		Household currently in rent or mortgage arrears; and Household currently finding housing costs extremely difficult to manage
Mismatch of Household and Dwelling		
Overcrowding		Size and composition of household used to assess number of bedrooms required; compared with Number of current bedrooms
Households having to share a kitchen, bathroom, washbasin or WC with another household		Household with children, couples or single adults aged 25 or over; and Living in multiple occupancy dwelling; and Sharing at least one basic facility
Home too difficult to maintain		Someone in the household has long-term illness and has problems maintaining the home
Households with mobility problems		Someone in the household has long-term illness and has problems with general mobility in the home, climbing stairs in/to the home or access to toilet facilities because of the home's layout
Households with support needs		Someone in the household has long-term illness and has problems with bathing or showering or preparing food because of the homes layout; or Need a carer to stay permanently or overnight and do not have space for them; or Need to move to supported housing, residential home, nursing home or hospital; or Household wanting/having/needing to move to receive care from a friend or relative AND no in-situ solution identified
Dwelling amenities and condition		
Dwelling lacking basic amenities		Household having no bathroom or shower-room; or Household having no inside WC; or Household having no kitchen; or Household having no washbasin with running hot water
Major Disrepair	Problems with heating	Household having no heating in the home; or Household relying exclusively on portable fires or heaters
	Major disrepair problems	Household experiencing serious problems (as opposed to only experiencing problems) with at least one of the following: ▪ Roof repairs ▪ Other exterior structural repairs ▪ Interior structural repairs ▪ Rising damp
	General problems with disrepair	Household experiencing serious problems (as opposed to only experiencing problems) with two or more of the following: ▪ Damp penetration or condensation ▪ Window repairs ▪ Electrical or wiring repairs ▪ Gas supply or appliances ▪ Heating or plumbing ▪ Drainage ▪ Repairs to gutters or down pipes
Social requirements		
Harassment		Household wanting/having/needing to move because of racial or other harassment problems

5.13 Households are classified as being unsuitably housed if one or more of the above factors are found to apply. The households identified are considered to be living in unsuitable housing regardless of the number of problems that are identified. This avoids potential double counting.

Established Households Living in Unsuitable Housing

5.14 Overall, a total of 110,148 households were assessed as living in unsuitable housing due to one or more factors. The unsuitability problems experienced are shown below (Figure 69).

Figure 69
Established Households Living in Unsuitable Housing (Source: West London Household Surveys. Note that the diagram is not to scale and factors do not sum to total as households may have cited more than one factor)



5.15 Overall 16.8% of all established households in the study area live in unsuitable housing, although many of these households may not need to move to resolve the identified problems. This is because in-situ solutions may be more appropriate. As a comparison, the GLA Housing Requirements Study 2004, found that 18.4% of all households across London were living in unsuitable housing. Definitions of the unsuitability conditions vary slightly between the two studies.

5.16 Figure 70 shows that overcrowding was the main factor which caused households to be living in unsuitable housing in west London, with over 8% of households living in overcrowded conditions. Both 'accommodation being too expensive' and 'major disrepair' were also relatively large problems across the sub-region.

Figure 70
Established Households Living in Unsuitable Housing in West London (Source: Modelled from Local Authority Survey Data).

Unsuitability Category	West London
Homeless or with Insecure Tenure	
Tenancy under notice, real threat of notice or lease coming to an end	0.8%
Accommodation too expensive	3.1%
Mismatch of Household & Dwelling	
Overcrowding	8.1%
Households having to share a kitchen, bathroom, washbasin or WC with another household	1.7%
Home too difficult to maintain	0.4%
Households with support needs	3.4%
Dwelling Amenities & Condition	
Major disrepair	2.7%
Lacking facilities	0.6%
Social Requirements	
Harassment	2.0%
One or more problems	**16.8%**

Resolving Housing Unsuitability

5.17 Not all housing unsuitability problems require the households involved to move from their current home. In-situ solutions may be more appropriate to resolve some of the problems identified. For example, overcrowding could be resolved by one or more member(s) of the household leaving to live elsewhere, or an alternative solution could be to extend the existing property. Similarly, homeowners or landlords may undertake repairs to resolve problems with the condition of the property. In these cases (and many others) the problems identified can be resolved without the need for relocation to alternative accommodation.

5.18 Although, in practice, it is important to resolve the housing needs of individual households, a strategic analysis is primarily concerned with addressing overall housing need. In this context, it is particularly relevant to consider housing suitability issues concerned directly with the dwelling stock, such as major disrepair. Resolving such individual household needs (through enabling a move to alternative housing) will not reduce the overall level of housing need because the vacancy that arises will inevitably (over time) be occupied by another household, who will once again be in housing need. In such cases, it is investment in the existing stock (or in some cases, clearance and redevelopment) that is required to reduce the number of people unsuitably housed.

5.19 It should be noted that any dwellings that are lost from the stock through demolition programmes would need to be replaced in addition to the number of additional housing units identified by this study. That is, our analysis considers the housing requirement in the context of a net increase in dwelling stock.

5.20 Where a move is appropriate and required to resolve a housing problem, some households may need to move to homes outside the area (for example, those moving for care or support) and others will choose to move further afield for other reasons. Where unsuitably accommodated households are likely to leave the area willingly, their needs should not be counted within the estimate of net need. Nevertheless, in discounting the needs of likely out-migrants, any needs of in-migrants to the area will add to the total requirement.

5.21 Finally, a proportion of the households remaining will be able to afford to buy or rent an appropriate dwelling at (or above) threshold market prices. Therefore, when considering households who are in housing need, we must also discount from the total those who are able to afford such prices.

Households in Housing Need

5.22 When considering all current housing needs, i.e. those established households living in unsuitable homes, homeless households in temporary accommodation and people sleeping rough (See section 7), the study identified a total of 35,072 households in need. This figure includes 25,294 households who were found to be unsuitably housed, requiring alternative housing in West London and who cannot afford market housing.

Figure 71
Summary of Existing Households in Housing Need (Source 1: West London Household Surveys. Source 2: Local Authority P1E Homelessness Data Q3 2009. Source 3: Local Authority Housing Strategy Statistical Appendix (HIP) Data 2008. Note: Figures may not sum due to rounding)

Local Authority	Number of Households
Households currently living in unsuitable housing that need to move and cannot afford to rent or buy market housing [1]	25,294
Households accepted as statutorily homeless currently housed in housing leased temporarily from the private sector (PSL housing) or Households accepted as statutorily homeless temporarily housed in Bed & Breakfast or hostel accommodation [2]	9,733
Single people currently sleeping rough [3]	45
Total	**35,072**

Summary of Key Points

- 110,148 households were assessed as living in unsuitable housing due to one or more factors.
- By far the most commonly cited problems were overcrowding, unmet support needs and accommodation too expensive.
- 16.8% of all established households in the study area live in unsuitable housing, although many of these households may not need to move to resolve the identified problems as for example, repairs can be made and support needs can be met within the existing home.
- It is estimated that 25,294 (23%) of the identified 110,148 unsuitably housed households are in need to move and are in need of affordable housing.
- Existing households that need to move may not have a significant impact on the future housing requirement as when moving they will vacate a dwelling. Households with specialist housing requirements may, however, impact on the net housing requirement.

Section 6: Housing Market Dynamics

Introduction

6.1 This section estimates the requirement for additional housing in West London and the West London local authorities. The estimated requirement for additional housing is dependent upon a number of variables, i.e. the nature of supply and what future households are likely to be able to afford. Because there is no single correct estimate at this time due to the credit crunch and changes to public policy concerning housing, future housing requirements are considered in different scenarios relating to the future supply of housing. The opportunity has also been taken to model housing requirements by changing the maximum income beyond which applicants are ineligible for intermediate affordable housing in London.

6.2 Net future housing requirements are estimated by analysing household flows. In order to arrive at the requirement within each tenure, the affordability of the required housing supply is estimated using local rents and prices, PPS3 definitions and CLC affordability benchmarks.

6.3 Housing requirements are estimated using two principal assumptions regarding the supply of affordable and market housing;

- using supply from dedicated affordable housing products (social rented and intermediate affordable dwellings). This approach is designed to provide outputs that are comparable to housing needs assessments; and
- using supply from dedicated social housing products supplemented by housing benefit supported private rented and dedicated intermediate affordable products and private rented housing at or below lower quartile rents. This is the standard ORS approach which is designed to more closely reflect what is happening in the housing market and estimate the additional housing required to maintain the current balance between housing and households over a 5 year period.

6.4 The size mix of the 5 year net housing requirement is estimated for the sub-region based upon the latter set of supply assumptions.

6.5 There are two future changes to policy that will have impact on the housing requirements across and the whole housing market;

- the widening of the maximum income criteria for intermediate housing envisaged by the draft replacement London Plan; and
- reduction in housing benefit to the private rented sector.

6.6 In addition, local authority level estimates of tenure and size are based upon the minimum delivery of additional housing over 5 years envisaged by the draft replacement London Plan. These delivery targets are still the subject of negotiation between the local authorities and the Mayor of London and are based upon known targets as at September 2010.

6.7 For clarity it should be noted that the 5 year housing requirements identified all commence from the reference period for this study which is March 2009. Therefore, 5 year projections cover the period 2009-2014. However, because the model addresses the backlog of need in West London over 10 years modelling results for the period 2009-2019 can be obtained by doubling the 5 year housing requirements.

6.8 In summary the scenarios tested are;

- Scenario 1A - supply of affordable housing from RSLs and Boroughs only (dedicated supply);
- Scenario 1B - as scenario 1 but using higher income limits for intermediate housing cited in the Consultation Draft London Plan 2009;
- Scenario 2 - dedicated supply plus effective supply from the private rented sector;
- Scenario 3A - the impact on scenario 2 of restricting housing benefit to 30th percentile of rents;
- Scenario 3B - the impact on scenario 2 of restricting housing benefit to 30th percentile of rents while allowing households to move to alternative private rented accommodation; and
- Scenario 4 - size and tenure mix if supply is equivalent to the minimum 5 year delivery envisaged by the Consultation Draft London Plan 2009 (using effective supply from the private rented sector).

6.9 Testing a wide number of scenarios improves the understanding of the dynamics of the housing market and re-enforces the understanding of the links between the tenures.

Assessing Affordability

6.10 Household affordability critically underpins the housing requirement analysis in determining the ability to afford market housing (i.e. effective demand for market housing) and the inability to afford market housing (i.e. demand for affordable housing).

6.11 Affordability is a complex issue and can be assessed in a number of different ways, but each method depends on common factors that are crucial to the analysis;

- the cost of appropriate local housing; and
- the amount that the household is able to afford.

6.12 The affordability tests used for this study are outlined below and seek to ensure that households are not committed beyond their means according to the benchmarks suggested by the SHMA Practice Guidance. The tests do not regard households as requiring affordable housing if they can afford market housing and vice versa, although this does occur in practice.

Assessing Affordability for Owner Occupation

6.13 Most owner occupiers will normally rely upon a loan or mortgage from a building society or other lender when they purchase a home. Therefore, it is important that the householder is not only able to afford the repayments of such a loan but that also such a loan is accessible to that household. For this reason, a mortgage multiplier is normally applied to determine the amount households are able to afford when considering home purchase.

6.14 The assessment of mortgage eligibility adopted for this analysis is based upon the method proposed by CLG in the Practice Guidance for Strategic Housing Market Assessments, with lending for single incomes assumed to be 3.5x the income and lending for joint incomes based on a 2.9x multiplier. It is also important that the assessment of affordability for owner occupation considers other household resources, including;

- savings;
- debts;
- equity (positive or negative) from current home (for current owners); and
- the amount that can be borrowed.

6.15 Perhaps the most important additional resource is any equity that a household may have in their existing home because, whilst the early years of a mortgage may not impact significantly on the amount of capital repaid, increases in house prices can bring significant additional resources.

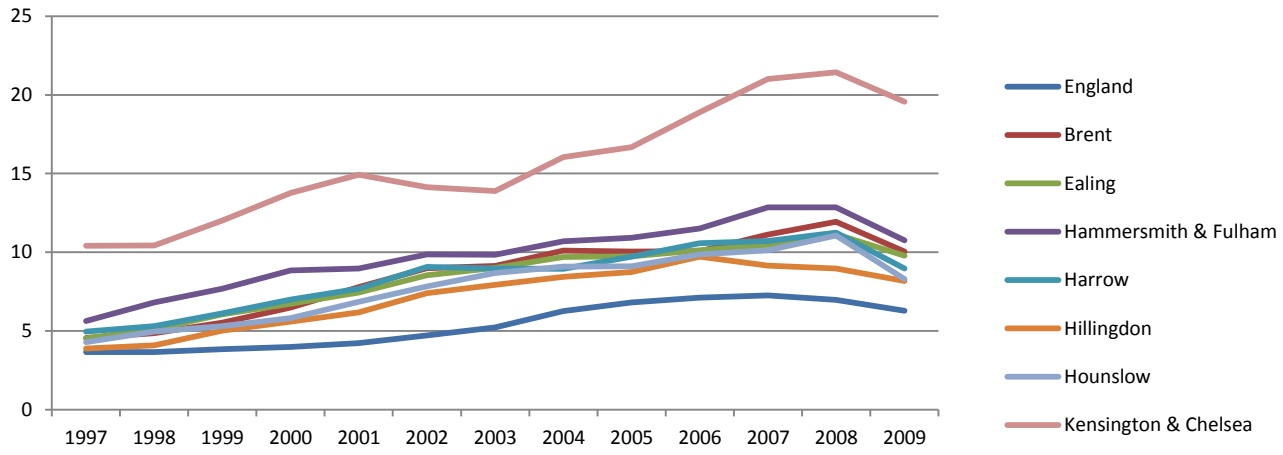
6.16 In summary, the amount affordable for owner-occupation is therefore:

Affordable amount = savings - debts +/- positive/negative equity + borrowable amount

6.17 It is useful to compare lower quartile house prices to lower quartile earnings. The following table demonstrates a decline in affordability over the period 1997-2009. All are considerably above the average for England. The results for Kensington and Chelsea are particularly noteworthy.

Figure 72
Data table and chart showing the Ratio of lower quartile house prices to lower quartile earnings by borough in West London 1997-2009 (Source: CLG: table 576, housing research, housing statistics)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
England	3.65	3.65	3.84	3.98	4.22	4.72	5.23	6.27	6.82	7.12	7.25	6.98	6.28
Brent	4.55	4.85	5.54	6.49	7.79	8.98	9.12	10.11	10.04	10.06	11.13	11.93	10.04
Ealing	4.53	5.10	6.05	6.73	7.44	8.55	9.01	9.70	9.75	10.12	10.47	11.15	9.78
Hammersmith & Fulham	5.63	6.82	7.68	8.85	8.96	9.87	9.84	10.69	10.91	11.51	12.85	12.85	10.75
Harrow	4.97	5.31	6.12	7.00	7.69	9.07	8.97	8.94	9.72	10.57	10.72	11.25	8.96
Hillingdon	3.88	4.09	5.03	5.59	6.19	7.40	7.93	8.44	8.75	9.71	9.15	8.96	8.18
Hounslow	4.29	4.97	5.30	5.82	6.85	7.82	8.68	9.08	9.10	9.87	10.13	11.06	8.29
Kensington & Chelsea	10.42	10.44	12.02	13.77	14.93	14.14	13.88	16.05	16.67	18.90	21.00	21.44	19.57



Assessing Affordability for Rented Housing

6.18 Once again, the assessment for rent has been based upon that stated in the Practice Guidance, with 25% of household gross income assumed to be the maximum proportion of income to fund rent.

6.19 In practice, the use of gross income (as opposed to net income) reduces the assumed payments for lower income households because they are typically liable for fewer deductions (such as income tax and national insurance) from their income. Where households have no deductions from their earnings, they are assumed to pay only 25% of their net income on housing cost but this increases to a maximum contribution of 31.5% of net income for those households earning up to £15,000 gross.

Modelling the Housing Market

Introducing Micro-Simulation Models

6.20 Models can be used to provide forecasts of the future, based on current and past sets of primary and secondary data. These forecasts may vary according to the assumptions that are made during the modelling process. In the case of SHMAs, the figures produced are best estimates of the different needs in the housing market and give a picture of the size of the 'problem' and support the understanding of how that picture might change if certain variables change.

6.21 ORS uses a micro-simulation model with simultaneous equations to interpret demand and supply. Such models are used by academic researchers and by government to understand and make predictions about a wide range of issues. Commonly recognised examples include;

- labour supply and wages;
- unemployment;
- household formation rates;
- education and training choices; and
- macro-economic forecasting.

6.22 Micro-simulation models are the best way of maximising the value of any dataset by considering the links between demand and supply simultaneously so that all possible information is used to make the best projections possible. The methodology used in the ORS model is consistent with micro-simulation models derived from other large datasets such as the General Household Survey, Labour Force Survey, National Child Development Survey and the British Household Panel Survey.

6.23 Micro-simulation models are sophisticated tools that produce central point estimates using all the information available. The central point estimate is the most probable result, but this falls at the centre of a range and it is this range (known as the mean forecast error) that determines the accuracy of micro-simulation models.

6.24 Calculating the mean forecast error depends on comparing modelling estimates with appropriate trend based data (data which shows what has actually happened) but it is clearly difficult to test any estimate of housing need and requirements through unambiguous comparison with 'reality', because there is no single objective, non-model-based account of 'reality' that can be used to measure housing market performance.

6.25 Although central point estimates produced by micro-simulation models are subject to a mean forecast error this does not disqualify their importance or usefulness when developing public policy and despite it not being possible to determine a mean forecast error for the ORS model, the central point estimate still provides the most reliable estimate.

The ORS Housing Market Model

6.26 For any housing market assessment, some of the key or core issues are;

- how many additional units are required?;
- how many additional units should be affordable homes?;
- for what type of open-market housing is there demand?; and
- how will 'demand' and 'need' change under different assumptions?

6.27 The ORS Housing Market Model addresses these issues by analysing the whole housing market. Instead of focusing primarily upon poorer households and social sector need, it interprets the interaction of requirement and supply across all sectors of the housing market. Social sector needs are interpreted within the context of market housing demands. This takes account of the interaction of effective and ineffective demands and needs, plus the likely supply from the range of properties vacated within the existing stock.

6.28 The Model interprets the market dynamically by likening the interchange between households and vacancies to "musical chairs". The "musical chairs" analogy brings out the dynamic relationship between requirement and supply with most households finding suitable vacancies only because others move or suffer dissolution. In this context, the Model is primarily concerned with households likely to (or that otherwise need to) move. Of course, some households likely to stay in their current home may still have housing needs that should be addressed but, by definition, the appropriate solutions for such problems will be provided in-situ and will therefore not have an impact on the mix of additional housing provision.

6.29 Whether households want or need to move and what housing is appropriate for them, depends upon their characteristics, requirements and current accommodation. Effective demand is driven primarily by choice, however, even well-off households can only find accommodation if suitable vacancies arise. On the other hand, housing need is considered objectively by evaluating households' current housing circumstances alongside their ability to afford local housing, therefore, it is possible to establish a realistic assessment of housing need.

6.30 Through analysing the creation and take-up of vacancies the Model recognises that it is only because some households wish to and do move that others can find suitable homes. Nevertheless, the lack of suitable existing housing does not constrain the allocation process for the mix of housing required by all households (including those currently without housing and unable to afford) being analysed and it is the shortfalls identified in the existing stock that determine the mix of new housing required.

6.31 The key stages of the model and the main modelling assumptions can be summarised as follows;

- **Gross Housing Requirement** = Established Households + New Households + In-migrant Households
- **Housing Supply** = Established Households + Household Dissolution + Out-migrant Households
- **Net Housing Requirement** = Gross Housing Requirement - Housing Supply

Core Modelling Assumptions

- The core analysis is based on primary data from the individual Borough studies, which has been re-weighted to take account of changes in the Borough populations since the data was initially gathered.
- Where data required by the model is not available in any individual dataset, information has been imputed using a hot-deck imputation methodology to randomly select information from a donor case with similar characteristics.

Housing Requirements

- Housing requirements are generated from three sources;
  - existing households moving;
  - newly forming households; and
  - in-migrant households.
- Existing household moves are based upon the expectation of moving in the next 12 months or the need to move from unsuitable housing.
- The number of in-migrant households is constrained to GLA data on net migration, with inward and outward flows informed by ONS migration statistics. Household characteristics are based on trends from the previous 12 months.
- Newly forming households are based upon trends from the previous 12 months.

Housing Supply

- Housing supply is generated from three sources;
  - existing households moving;
  - death and dissolutions; and
  - out-migrant households.
- Existing household moves are based upon the expectation of moving in the 12 months.
- Deaths and dissolutions are based upon ONS mortality rates for deaths and trends over the previous 12 months.
- The number of out-migrant households is constrained to GLA data on net migration, with inward and outward flows informed by ONS migration statistics. Household characteristics are based upon expectations of moving in the next 12 months. Migration at borough level is estimated due to limitations of the data.

6.32 Figure 73 details the net gains and losses of each pair of flow streams. The established household move number includes both households moving in the same borough and also between boroughs in the sub-region.

6.33 The newly forming household number includes households forming in the same borough and also moving from a host household in one borough to form in another borough.

Figure 73
Summary of 5-Year Housing Requirements by Household Flows (Source: ORS Housing Market Model, West London Strategic Housing Market Assessment 2010. Note: Figures may not sum due to rounding)

Housing Type	Inward Flow	Outward Flow	Net Requirement
5-Year Requirement			
Migration – households moving to and from the sub-region	177,121	176,841	280
Indigenous change – household formations and dissolutions	59,110	23,465	35,645
Established household moves	197,845	197,845	-
Total	**434,076**	**398,151**	**35,924**

6.34 A net 35,924 additional dwellings should be provided over the 5 year period to sustain the existing supply/demand imbalance. If this number of homes is not provided, one or more flows will have to change. The change in flows could include fewer new households forming, no resolution of overcrowding issues or households leaving the area due to a lack of available housing.

Understanding the Required Housing Tenure Mix

6.35 Affordability tests are used to apportion households to specific housing tenures;

- Social rented housing – for those households unable to afford any more than social rents;
- Intermediate affordable housing – for those households able to afford more than social rents, but unable to afford to buy owner-occupied housing or to rent privately at the market rent threshold; and
- Market housing – for those households able to afford to buy owner-occupied housing or able to afford to rent privately at rents at or above the market rent threshold.

6.36 The requirement for housing is therefore defined purely on affordability grounds with those who have incomes above market housing thresholds being identified as requiring market housing. It is also the case that those with incomes below market housing thresholds who report no difficulties with their housing costs are also identified as requiring market housing because using the PPS3 definition as applied in Chapter 5 of the SHMA Practice Guidance (page 41);

- Housing need is households who are lacking their own housing or who are living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their own housing needs in the market without some financial assistance.

6.37 On this basis households meeting their own housing requirements in the market are deemed to be suitably housed, do not require financial assistance and are not in housing need.

Affordability Assumptions

- Households are allocated to tenures based upon affordability and not preference.
- A household is in the backlog of need if they are unsuitably housed, require alternative housing provision in the Borough and cannot afford market housing. The Model addressed the backlog of need over 10 years.
- For owner occupation lending for single incomes assumed to be 3.5x the gross income and lending for joint incomes based on a 2.9x multiplier. The assessment of affordability for owner occupation also includes;
  - savings;
  - debts; and
  - equity (positive or negative) from current home (for current owners).
- Households are assumed to spend 25% of their gross income on rent.
- Following PPS3 definitions, households who can afford private rent are assumed to access this, rather than dedicated intermediate affordable housing.
- Following PPS3 definitions, households who can afford more than a social rent, but cannot afford a market rent, are regarded by the model as requiring intermediate affordable housing.
- Market rents are based on the lowest quartile price for private rent.
- Properties in the private rented sector with rents within the lowest quartile are considered as sub-market housing, as their rents are below market rent. Such housing is allocated by the model to households that can afford intermediate affordable housing as defined by PPS3.

6.38 Nevertheless, whilst PPS3 defines intermediate housing as being for those households able to afford more than social rents but less than market housing (rent or owner occupation), it should be recognised that it may not be possible to deliver intermediate affordable housing affordable to those households only able to afford fractionally more than a social rent.

6.39 As an illustration of the importance of this distinction, Figure 74 highlights the level of household income necessary to afford particular tenures. These figures are based upon the average Target Social Rent to be found across the sub-region and also for the lowest quartile private rents for the sub-region. This shows that any household with an income of more than £17,600 per annum requiring a 1-bed dwelling can afford more than a social rent. Figure 74 also shows that the household income necessary to afford lower quartile market rents for 1 bedroom dwellings is £38,500, so any household who has an income above £38,500 is assessed as requiring market housing. This implies that, following PPS3 definitions, intermediate affordable housing is required for any household requiring a 1-bed dwelling which has a household income of £17,600 to £38,500.

6.40 For households without equity, typically first time buyers, it is assessed that a household income of £50,000 is necessary to be able to afford a 1 bed owner occupied dwelling in West London. Therefore, any household who has an income of between £38,500 and £50,000 is assessed as being able to afford market rent, but not owner occupation. These households may potentially be able to afford some form of shared ownership product, but under PPS3 definition this would be considered by the model as meeting part of the market housing requirement. PPS3 regards private rented housing above market rent thresholds and owner occupied housing as market housing. Similar calculations have been made for dwellings of different sizes.

Figure 74
Annual Household Income Required for Dwellings by Tenure for West London (Source: Homes and Communities Agency Data March 2008, GLA Survey of Advertised properties 2008 and Land Registry Records October 2008-September 2009. Note: Social and Private Rents are an average across all Boroughs)

Housing Type	Annual Household Income Required to Afford		
	Target Social Rents	Lowest Quartile Market Rent	Lowest Quartile Owner Occupation
Bedroom Size			
1-Bed	£17,600	£38,500	£50,000
2-Bed	£20,300	£52,000	£54,300
3-Bed	£23,000	£60,800	£70,000
4-Bed	£25,700	£73.600	£85,700

6.41 When considering the appropriate housing supply, the following sources of supply are considered within the model;

- **Social rented and housing benefit supported private rented housing** – social housing provided to rent from local authorities and Registered Social Landlords **and** housing benefit supported private rented accommodation;
- **Intermediate housing (including lower quartile private rented dwellings)** – dedicated intermediate housing products (such as shared ownership, discount market sale, sub-market rent and shared equity sales where the subsidy is held in perpetuity) **and** a proportion of the housing in the private rented sector with rents below the market rent threshold (i.e. within the lowest quartile); and
- **Market housing** – owner-occupied housing and housing in the private rented sector above market rent thresholds.

6.42 Using these definitions in relation to the range of housing types, it is possible to develop the earlier analysis by considering the housing market as a matrix of housing 'origins and destinations'. This balances the gross requirements for market housing, intermediate housing and social housing against the equivalent identified supply.

Understanding the housing requirement and sources of housing supply

The Gross Requirement

6.43 Figure 75 breaks down the gross requirement for housing over the next five years (434,076 inward flow as in Figure 73) by the source of the housing requirement. 434,076 households are estimated as likely to be seeking housing in West London over the next 5 years. It should be recalled that the market housing requirement covers both households who can afford owner occupation and households who can afford private rents which are set above lower quartile rent levels.

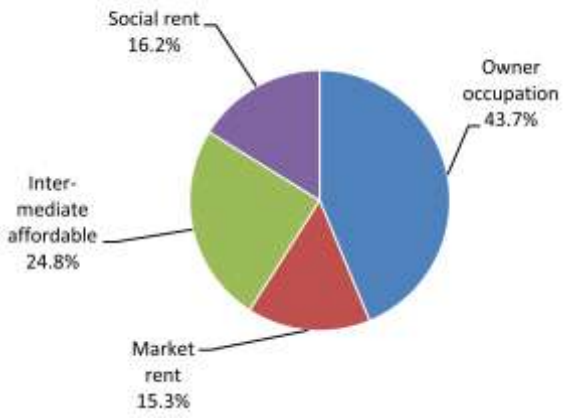
6.44 Of the 256,341 households who are identified as requiring market housing, 77,927 are identified as having equity in their existing home, while another 111,879 are identified as having no existing equity, but sufficient income to afford owner occupation. Therefore, 66,535 households are identified as being able to afford market rents, but not to be able to afford owner occupation over the next 5 years in West London.

Figure 75
5-year Gross Housing Requirement by Origin and Tenure (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Cross boundary moves include both wholly moving households and newly forming households)

Housing Requirement Based Upon Affordability	Households Seeking Dwellings				Total
	Established Household moves	Household formation within Borough	In-migrants to sub-region	Cross-boundary in-migrants	
Market (can afford owner occupation or rent above market thresholds)	121,215	14,156	92,654	28,316	256,341
Intermediate affordable (can afford above social target rents but cannot afford market rents or owner occupation)	8,507	10,870	65,493	22,587	107,457
Social rent (can afford no more than social target rents)	22,995	22,361	18,974	5,948	70,277
Total	**152,716**	**47,387**	**177,121**	**56,851**	**434,076**

6.45 Figure 76 shows that 15.3% of all households who are projected to be seeking dwellings in West London in the next 5 years will be able to afford market rents but can't afford owner occupation. Figure 76 also shows that a further 43.7% can afford owner occupation and that 25% will be able to afford intermediate housing (PPS3 definition). Therefore, only 16% of households who are projected to be seeking housing need social rented dwellings on the basis of their affordability.

Figure 76
5-year Gross Housing Requirement by Origin and Tenure (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010)



Housing Supply

6.46 PPS3 (Appendix B) contains the following statements on the supply of new dwellings across all tenures

- **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'.
- **Social rented housing is:** 'Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime.
- **Intermediate affordable housing is:** 'Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (eg HomeBuy), other low cost homes for sale and intermediate rent.'
- **Market housing is:** 'Private housing for rent or for sale, where the price is set in the open market.'

6.47 The key issue these definitions raise is how to define market housing costs. In practice the very cheapest second hand open market dwellings can be cheaper than any intermediate (and on some occasions social rented) dwelling. Therefore, for the definitions in PPS3 to have practical relevance there is a need to identify a market housing threshold price which then sets the upper limit for the cost of intermediate affordable housing products.

6.48 On this point, SHMA Practice Guidance (Chapter 3, page 27) states that for house prices, 'Entry-level prices should be approximated by lower-quartile house prices'. The cheapest available property prices should not be used since these often reflect sub-standard quality or environmental factors,' and for private rents, 'As with house prices, lower-quartile rents should be used to estimate the entry level'. Therefore SHMA Practice Guidance identifies that the threshold point for market housing commences at the lowest quartile for owner occupation and private rents. In practice private rents are more affordable in West London than owner occupation, so it is these which define the point where market housing costs begin and act as the upper limit for intermediate affordable housing costs.

6.49 This issue is very important because PPS3 is predominantly about the delivery of new dwellings. However, while the ORS Housing Market Model is also in part about the delivery of new dwellings, the majority of households requiring accommodation will be housed in the existing housing stock of West London. Therefore, while PPS3 sets out clear definitions for newbuild dwellings, the role of second hand housing makes the classification of dwellings by tenure much more complicated.

6.50 Such an example is for housing which is available to those who can afford no more than Social Target Rents. For this group, it is possible to consider the supply to comprise of dedicated supply such as Council and RSL lettings, but also housing benefit supported private rented dwellings. The rationale for this is to recall the PPS3 definition of households in housing need (as outlined in Chapter 5 of SHMA Practice Guidance) and the requirement for financial assistance within the definition:

> *Housing need is: 'Households who are lacking their own housing or who are living in housing which is judged to be inadequate or unsuitable, who are unlikely to be able to meet their own housing needs in the market without some financial assistance.'*

6.51 Whilst housing benefit supported private rent does not have the same tenancy rights as full social rent, it nevertheless contributes to the effective supply of affordable housing in that it is affordable to households who require social housing. In practical terms there is a shortage of social rented housing and households unable to access it will seek housing in the private rented sector with housing benefit support.

6.52 Similarly further supply assumptions can be considered for intermediate affordable housing. The current supply of dedicated intermediate housing products in West London as defined by PPS3 is relatively small. However, West London has a large private rented sector. The lower quartile private rented sector falls below the entry threshold for 'market' housing as defined by PPS3 and the SHMA Practice Guidance. While not enjoying the same tenancy or ownership rights as dedicated intermediate affordable housing products, cheaper (lower quartile) private rented properties are affordable to households within the intermediate affordable housing income band – so they are counted as part of the supply to this group of households in a number of the scenarios set out below.

6.53 Support for these positions can be found in SHMA Practice Guidance where is it noted, (Chapter 5, Stage 4: The Housing Requirements of Households in Need Page 49) 'Furthermore, some households in need may choose to live in the private rented sector (possibly with the use of housing benefit) or

housing that would be classified as unsuitable, even though they are eligible for affordable housing. One of the research questions outlined in this section is:

How is the private rented sector used to accommodate housing need?

6.54 Therefore, SHMA Practice Guidance acknowledges that housing need can be met in the private rented sector and a research question to be answered within an SHMA is what role the private rented sector plays in meeting housing needs.

6.55 The role of the private rented sector in contributing to affordable housing supply (social and intermediate supply) is also noted in the Rugg report as discussed in Section 4 of this report. The following quotation from the National Housing and Planning Advice Unit (NHPAU) Evaluating requirements for market and affordable housing, February 2010, is also noteworthy.

Evaluating requirements for market and affordable housing February 2010 (NHPAU)

Private rented sector (page 38):

A further consideration is the role of the private rented sector in providing accommodation for lower income households supported by housing benefit. If this is acknowledged as a continuing role, rather than as a 'stop gap' measure due to the shortage of available social sector rented dwellings, then this would logically imply that some account be taken of this in housing market assessments. While typically low income tenants in receipt of housing benefit are likely to have a rent to income ratio that exceeds the 25 per cent ratio in current guidance, it should be recognised that this is also often the case for low income tenants in the social rented sector.

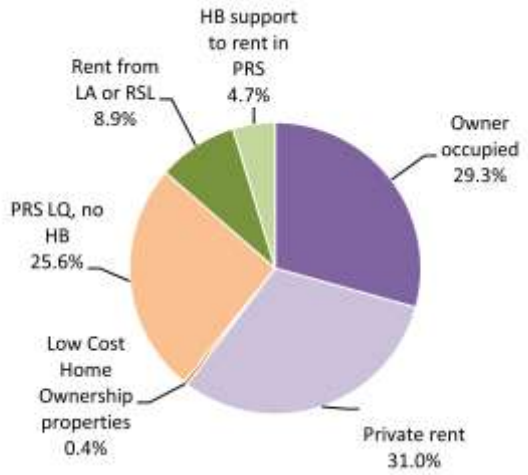
6.56 The supply generated from different sources is shown in Figure 68. This highlights the limited supply which is estimated to arise from low cost home ownership and other intermediate affordable housing products, and the large supply of lower quartile private rented sector housing.

Figure 77
5-year Gross Housing Supply by Origin and Housing Type (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Cross boundary moves include only wholly moving households)

Housing Supply	Dwellings Available for Households Seeking Properties				Total
	Established Household moves	Household dissolution	Out-migrants from sub-region	Cross-boundary out-migrants	
Market sector					
Market housing above lower quartile	105,951	12,581	99,227	22,435	240,194
Sub-total	**105,951**	**12,581**	**99,227**	**22,435**	**240,194**
Intermediate affordable and private rented sector lower quartile prices					
Low Cost Home Ownership properties	411	259	824	210	1,704
PRS LQ, no HB	31,132	3,101	54,080	13,794	102,107
Sub-total	**31,543**	**3,360**	**54,904**	**14,004**	**103,811**
Social rent and HB supported private rented sector					
Rent from LA or RSL	10,126	6,239	13,790	5,276	35,431
HB support to rent in PRS	5,096	1,285	8,920	3,413	18,714
Sub-total	**15,222**	**7,524**	**22,710**	**8,689**	**54,145**
Total	**152,716**	**23,465**	**176,841**	**45,129**	**398,151**

6.57 Figure 78 shows that 60% of dwellings projected to be vacated fall into the market category (29% owner occupied and 31% private rented), compared to 59% of households who will be seeking this kind of accommodation. Meanwhile only 0.4% of the dwellings projected to be vacated are LCHO or other dedicated intermediate properties and only 9% of dwellings vacated are projected to be rented directly from a Council or RSL compared with the 16% of households who will be seeking this type of dwelling (see Figure 76).

Figure 78
5-year Gross Housing Supply by Origin and Housing Type (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010)



6.58 This leaves over 30% of the stock projected to be vacated which is either within lower quartile private rent sector prices or housing benefit supported private rent. A small number of the housing benefit supported private rented dwellings are in properties where the rent is above market thresholds, so these may be considered to be market rent if the subsidy is removed.

6.59 However, the remainder of the dwellings are not market housing under PPS3 and SHMA Practice Guidance definition because they are below market rents thresholds. Similarly, they are not intermediate or social supply under PPS3 definition because they are not a dedicated supply of affordable housing.

6.60 Therefore, around 30% of all dwellings projected to be vacated in West London in the next 5 years are not market, intermediate affordable or social rented housing supply as defined in PPS3 and SHMA Practice Guidance. However, as outlined above, they will continue to be occupied by households. The assumptions made about the type of households who will occupy these dwellings are central to the modelled outputs in the remainder of the section. Due to the variety of possible assumptions which can be made about how cheaper private rented dwellings are occupied, we have provided a range of scenarios as detailed below.

Supply Scenario 1A: Meeting affordable housing requirements from the supply of dedicated affordable housing (social rent and intermediate affordable housing (as defined by PPS3))

6.61 Figure 79 states the gross requirement for affordable housing with the projected supply from dedicated affordable housing products. This highlights a large shortfall of dedicated intermediate affordable and social rented dwellings. This result can be considered to be comparable to the findings of traditional housing needs assessments. These typically focussed on affordable housing in isolation, comparing the gross need for affordable housing with the supply of dedicated affordable housing products. The results of this scenario estimate an affordable housing requirement of 140,599 dwellings over 5 years, or around 4,000 dwellings per annum by Borough on average.

Figure 79
5-year Net Affordable Housing Requirements Based on Supply From Dedicated Products (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Only Low Cost Home Ownership and Council or RSL Social Rent are Supply of Affordable Housing)

Housing Affordability/Supply	Gross Requirements	Gross Supply from Dedicated Products	Net Affordable Requirements	% of Net Affordable Requirements
Intermediate affordable	107,457	1,704	**105,753**	**75.2%**
Social rent	70,277	35,431	**34,846**	**24.8%**
Affordable Housing Total	**177,734**	**37,135**	**140,599**	**100%**

Supply Scenario 1B: using dedicated affordable housing supply but extending the intermediate housing income band contained in the London Plan

6.62 This scenario can be developed to reflect the direction of travel for intermediate housing policy in London affecting West London.

6.63 As noted in Figure 74, if we apply PPS3 guidance to the ORS Housing Model, the 1 bedroom intermediate affordable housing upper income threshold is £38,500 with anyone with more than this threshold being identified as requiring market housing. The equivalent threshold for 2 bedrooms is £52,000, 3 bedrooms is £60,800 and 4 bedrooms is £73,600.

6.64 However, the draft replacement London Plan notes that;

- intermediate housing should meet the criteria outlined in Policy 3.11 and be available at prices and rents above those of social rent, but below market prices or rents. New intermediate homes should be affordable to households whose annual income is in the range £18,100 to £61,400; and
- for homes with more than two bedrooms, which are particularly suitable for families, the upper end of this range will be extended to £74,000. These figures will be updated annually in the London Plan Annual Monitoring Report (paragraph 3.55).

6.65 Therefore, the upper income thresholds for homes set out in the draft replacement London Plan are much higher than those we obtain by applying PPS3 assumptions to West London market rents for 1 and 2 bedroom homes. The reference to 1 and 2 bedroom homes is important as this forms most of the recent supply of Newbuild HomeBuy according to evidence obtained by the HomeBuy agent. If we count all households with incomes between the upper end of the income band defined by PPS3 and the intermediate housing threshold identified in the draft replacement London Plan, 70,768 additional households are estimated to require intermediate housing in West London over the next 5 years (Figure 80).

6.66 This means that based upon affordability assumptions in total around 176,521 households over the next 5 years are likely to have income within the range required for intermediate housing. These households will be seeking housing in West London, have no equity in their homes and fall within the draft replacement London Plan affordability thresholds. The model does not imply any preference for intermediate housing from this group, only that they qualify for intermediate housing on affordability grounds.

Figure 80
Net 5-year Net Affordable Housing Requirements Based on Draft Replacement London Plan Upper Income Limits and Supply from Dedicated Products (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Only Low Cost Home Ownership and Council or RSL Social Rent is counted as Supply of Affordable Housing)

Housing Affordability/Supply	Gross Requirements		Gross Supply from Dedicated Products	Net Affordable Requirements	% of Net Affordable Requirement
	Up to PPS3 thresholds	Above PPS3 thresholds, but below London Plan thresholds			
Intermediate affordable	107,457	70,768	1,704	**176,521**	**83.5%**
Social rent	70,277	-	35,431	**34,846**	**16.5%**
Affordable Housing Total	**177,734**	**52,751**	**37,135**	**211,367**	**100%**

Information from the HomeBuy Zone Agent regarding HomeBuy sales in West London

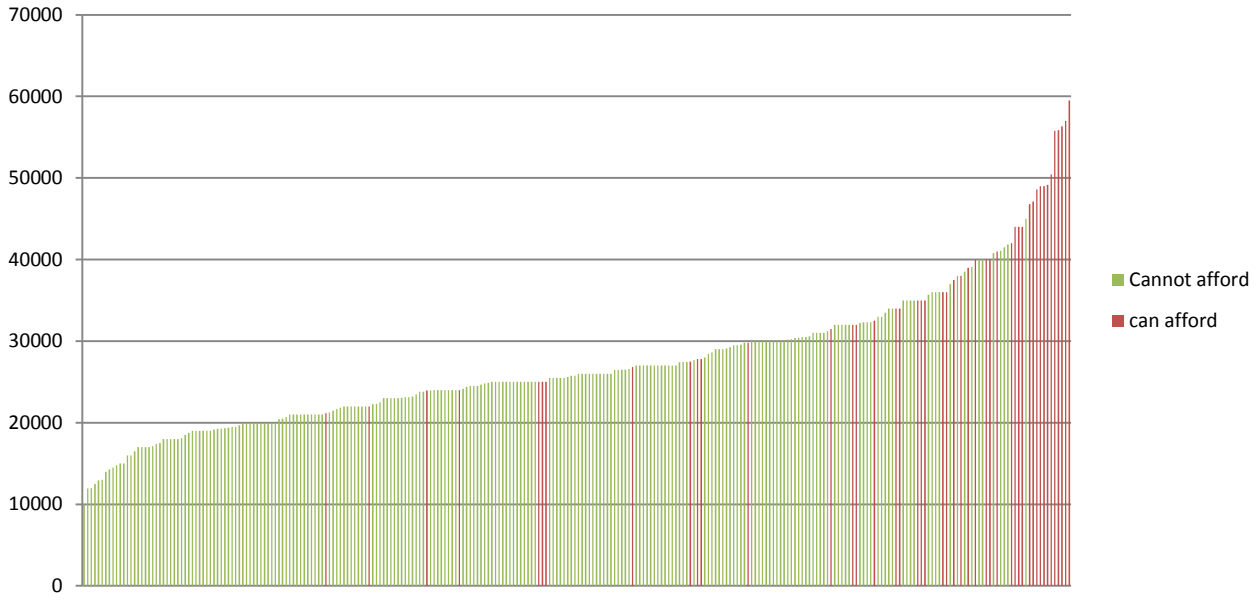
6.67 The zone agent provided a considerable amount of information regarding recent sales of a number of HomeBuy products. Our analysis focuses on Newbuild HomeBuy sales. From April 2008 to March 2009 there were approximately 240 completed sales across the 7 Local authorities in the sub-region. A similar number of sales were achieved in most of the Boroughs but a much smaller number was achieved in both Kensington and Chelsea and Hammersmith and Fulham.

6.68 The object of the analysis was to understand how sales related to the SHMA findings relating to intermediate affordable housing and the Mayors policy position as described above.

- Out of 101 sales of studio and 1 bedroom homes all but 5 sales were to households within the SHMA income band of £17,600 – £38,500 p.a.
- The non key worker household with the highest gross income (£57,000) purchased a 25% share of a 2 bedroom flat at market value of £244,000.
- The key worker household with the highest gross income (£59,500) purchased a 40% share of a 2 bedroom flat at market value of £307,000.
- The average income of households across all sales was £25,000 for non key workers and £33,800 for key workers. This compares to median incomes across the sub-region of £30,360 p.a. (Figure 31).
- Households at the higher end of the income distribution for all new build HomeBuy sales in sub region in the data (key worker and non key worker) tended to be the households most likely to be within the CLG affordability benchmarks (Figure 81).
- Using the same practice guidance affordability benchmarks as were used by the SHMA to estimate the requirement, only 16 key worker and 15 non key worker households (23% and 6% of sales respectively) could afford the dwelling they had purchased using this criteria. Some households were beyond the benchmark by a considerable margin. We assumed a 15% deposit was required in all cases. We estimated affordability using both with and without service charges but this made only a marginal difference to the results.
- The SHMA practice guidance page 59 suggests an alternative method for assessing affordability and we have tested sales against these criteria. For non key worker households only 10 households (10% of sales where data was complete) could afford housing using these criteria.
- In general terms the affordability of sales to individual households is difficult to assess as there is an additional variable in addition to household income and price. This is the size of the share

purchased which can be assumed to be a main factor that enables a sale to be affordable to a household. Analysis of sales suggests that even where a 25% share has been purchased most households have purchased more than they can reasonably afford. One explanation could be if a large deposit has been paid however the size of the mortgage for these households would suggest that large deposits have not been paid. That said, clearly lenders have provided the finance to support the sale.

Figure 81
Household Income Distribution of Recent New Build HomeBuy Sales (Source: HomeBuy Agent sales data 2008-9)



Scenario 2: Affordable housing requirements using dedicated supply and effective supply from the private rented sector (the standard assumptions for the ORS Housing Market Model)

6.69 The implication of the scale of the requirements estimated in the first scenario (Figure 79 and Figure 80) is that it is unlikely that the supply of dedicated affordable housing products can be expanded through new build to meet all of the housing needs of households seeking housing in West London. In accordance with the research question in SHMA Practice Guidance, Figure 82 illustrates the potential role which could be played by the private rented sector in West London in meeting needs if we use the SHMA defined income bands for those seeking affordable housing. In this scenario the supply of social housing now includes any housing benefit supported private rent dwellings which are projected to be vacated, while the supply of intermediate affordable housing includes lower quartile private rented dwellings. The assumption in this scenario is that the stock of housing benefit supported private rent will remain at current levels and that lower quartile private rented dwellings help to meet the demand from those who could otherwise afford intermediate affordable housing products.

6.70 The impact of these assumptions for the affordable housing supply is to significantly reduce the net requirement for affordable housing products. It should be noted that the identified net housing requirement for intermediate affordable and social housing is for dedicated products as the model assumes no further increases in supply from either housing benefit supported private rent or private rent let at below lower quartile average prices.

Figure 82
5-year Net Affordable Housing Requirements Based on Supply from All Sources (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Supply of intermediate housing includes lower quartile private rent and supply of social rent includes existing housing benefit supported private rent)

Housing Affordability/Supply	Gross Requirements	Gross Supply from All Sources	Net Affordable Requirement	% of Net Affordable Requirement
Intermediate affordable	107,457	103,811	**3,646**	**18.4%**
Social rent	70,277	54,145	**16,132**	**81.6%**
Affordable Housing Total	**177,734**	**157,956**	**19,778**	**100%**

Scenario 2 extended to the whole housing market

6.71 The balance of this net requirement between all of the tenures is stated in Figure 83. This shows the identified gross 5 year housing requirements for market, intermediate and social housing and their expected supply from existing stock. The difference between the gross requirement and supply represents the net requirement for each tenure. It should be noted that the market housing supply comes from owner occupation and also from private rented dwellings which are not in the lower quartile for rented property.

6.72 It should also be noted that this result includes addressing the backlog of housing need over 10 years. This does not add to net housing requirement because each of these households already occupy a dwelling which will be vacated. However, the backlog of need does change the tenure mix because households may be moving from any tenure to either intermediate or social housing.

6.73 The main finding from Figure 83 (overleaf) is that the market, intermediate affordable, social housing requirement ratio is 45:10:45.

Figure 83
5-year Net Housing Requirement by Tenure (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Affordability/Supply	Source of Housing Requirement/Supply		Net Requirement	%
	Gross Requirements	Gross Supply (All Sources)		
Market				
Market (can afford owner occupation or rents above market thresholds)	256,341			
Supply of owner occupation and PRS above market thresholds		240,194		
Sub-Total	**256,341**	**240,194**	**16,147**	**44.9%**
Intermediate affordable and private rented sector lower quartile prices				
Intermediate affordable (can afford above social target rents but cannot afford market rents or owner occupation)	107,457			
Dedicated supply of Low Cost Home Ownership properties		1,704		
Supply of PRS lower quartile, no HB		102,107		
Sub-Total	**107,457**	**103,811**	**3,646**	**10.1%**
Social rent and HB supported private rented sector				
Social rent (can afford no more than social target rents)	70,277			
Supply of Rent from LA or RSL		35,431		
Supply of HB support to rent in PRS		18,714		
Sub-Total	**70,277**	**54,145**	**16,132**	**44.9%**
Total	**434,076**	**398,151**	**35,924**	**398,151**

Scenario 2 with extended intermediate housing income band contained in the London Plan

6.74 As noted above the affordability thresholds outlined in the draft replacement London Plan are different from those which are identified by using PPS3 and SHMA guidance. Many more households are in the income range for intermediate housing products under the draft replacement London Plan definitions. An additional 70,768 households over the next 5 years are projected to qualify for intermediate housing under the draft replacement London Plan proposals, but under PPS3 affordable guidance require market housing. 185,573 households require market housing if draft replacement London Plan income thresholds are used.

6.75 The actual impact of the draft replacement London Plan on the final mix between market, intermediate and social rented housing is dependent upon the preferences of households. Not all of the 70,768 households will want to access intermediate housing products. However, if only 5% wish to access a specialised intermediate housing product, this will reduce the market housing requirement by over 3,500 units with these households instead wishing to occupy intermediate (but not intermediate affordable) housing. For example, if only 5% of the 70,768 households form the active demand for intermediate housing the ratio between market, intermediate (intermediate affordable and draft replacement London Plan) and social housing would be 35:20:45.

Breakdown of Housing Requirements by Housing Type and Size

6.76 The housing mix is estimated for each of two sets of assumptions;

- standard assumptions for the ORS Housing Market Model (Figure 83); and
- assumptions relating to the that anticipated reduction in the availability of housing benefit for private rented sector tenants.

6.77 The rationale for the latter is the anticipated reduction in housing benefit costs as part of the Government's response to the economic crisis.

Using standard assumptions for the ORS Housing Market Model

6.78 Figure 84 (below) details the size mix in terms of both gross requirement and net requirement on the assumption that the proportion of all households in receipt of housing benefit to enable them to live in the private rented sector remains at the current level and that existing need is addressed over a 10-year period. The market housing requirement comprises all households who are identified as requiring market housing under PPS3, i.e. the market housing requirement contains the households whose incomes are below draft replacement London Plan thresholds for intermediate housing, but above PPS3 thresholds for intermediate affordable housing.

Figure 84
5-year Housing Requirement by Housing Type and Size, (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			All Sectors
	Market supply is owner occupied and PRS above market threshold	Intermediate supply includes lower quartile PRS	Social supply includes existing HB supported PRS	
Gross Requirement				
1 bedroom	77,237	29,690	24,892	131,819
2 bedrooms	99,551	41,730	29,794	171,075
3 bedrooms	54,640	26,224	13,642	94,506
4+ bedrooms	24,914	9,813	1,950	36,677
Total	**256,341**	**107,457**	**70,278**	**434,076**
Gross Supply				
1 bedroom	73,671	21,853	22,503	118,028
2 bedrooms	76,913	48,841	20,658	146,412
3 bedrooms	66,198	22,095	9,440	97,733
4+ bedrooms	23,413	11,021	1,543	35,978
Total	**240,194**	**103,811**	**54,146**	**398,152**
Net Requirement (Mismatch)				
1 bedroom	3,566	7,837	2,389	13,791
2 bedrooms	22,638	(7,111)	9,136	24,663
3 bedrooms	(11,558)	4,129	4,202	(3,227)
4+ bedrooms	1,501	(1,208)	407	699
Total	**16,147**	**3,646**	**16,132**	**35,924**

Scenario 3a: Impact on Scenario 2 of Restricting LHA to 30th Percentile of Rents

6.79 As discussed in Chapter 4, the June 2010 budget announced major changes to the operation of the LHA system. One of the major changes which is scheduled to occur is LHA rates will be set at the 30th percentile of local rents while currently they are set at the 50th percentile. This will reduce the maximum LHA level in all areas.

6.80 One impact of this change is that dwellings which are between the 30th and 50th percentiles currently fall under the LHA thresholds, but will be outside the thresholds after October 2011. Therefore these dwellings can currently be rented using a full LHA allowance, but this will not be possible after October 2011. This is turn will see many of these dwellings returned to market rent because their occupiers will not be able to afford to meet the difference between their LHA and the actual rent being charged. In practice, rents at the 30th percentile are close to those at the 25th percentile (lower quartile) so can be equated to figures produced earlier in this report.

6.81 Over the next 5 years it is projected that 18,712 households will move who are currently occupying housing benefit supported private rented dwellings. Of these, 5,273 households occupy dwellings where the rent is above the lower quartile private rent threshold and 13,439 households occupy dwellings below the threshold. If we were to assume that any dwelling vacated in the housing benefit supported private rented sector above the lower quartile threshold is returned to the open private rented sector, this will have major consequences for the market and afford housing requirements.

6.82 This change has no impact on the number of households seeking social housing in West London which is driven by affordability considerations, but does impact on the supply of subsidised housing which available for them to occupy. Comparing Figure 84 and Figure 85, assuming that vacated housing benefit supported private rented dwellings above the lower quartile are returned to the open market, the supply of dwellings affordable to those requiring social rent falls by 5,273 and the supply of market (PPS3 definition) will rise by 5,273 dwellings.

6.83 The consequence of these changes for the modelled results is that if we exclude vacated housing benefit private rented properties from the potential social housing supply;

- the requirement for social housing rises to 21,406 over 5 years; and
- the market housing requirement would fall to 10,874.

Figure 85
5-year Housing Requirement by Housing Type and Size by Returning Housing Benefit Supported Private Rent to Non Social Housing Supply
(Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			All Sectors
	Market supply is owner occupied and PRS above market threshold	Intermediate supply includes lower quartile PRS	Social supply includes existing HB supported PRS	
Gross Requirement				
1 bedroom	77,237	29,690	24,892	131,819
2 bedrooms	99,551	41,730	29,794	171,075
3 bedrooms	54,640	26,224	13,642	94,506
4+ bedrooms	24,914	9,813	1,950	36,677
Total	**256,341**	**107,457**	**70,278**	**434,076**
Gross Supply				
1 bedroom	76,630	21,853	19,544	118,028
2 bedrooms	78,817	48,841	18,754	146,412
3 bedrooms	66,298	22,095	9,340	97,733
4+ bedrooms	23,723	11,021	1,233	35,978
Total	**245,467**	**103,811**	**48,873**	**398,152**
Net Requirement (Mismatch)				
1 bedroom	607	7,837	5,348	13,791
2 bedrooms	20,734	(7,111)	11,040	24,663
3 bedrooms	(11,658)	4,129	4,302	(3,227)
4+ bedrooms	1,191	(1,208)	717	699
Total	**10,874** **30.3%**	**3,646** **10.1%**	**21,405** **59.6%**	**35,924**

Scenario 3b: Impact on Scenario 2 of Restricting LHA to 30th Percentile of Rents While Allowing Households in More Expensive Dwellings to Move to Alternative Private Rented Accommodation

6.84 An alternative potential assumption concerning housing benefit supported private rent is that while those dwellings which are above the lower quartile private rent are returned to the market supply, the households concerned continue to receive housing benefit. Therefore, these households would simply be transferring their LHA from a market rent dwelling to a dwelling in the lower quartile of the private rented sector. This in turn would make convert a further part of the lower quartile rented sector into being part of the effective social supply.

6.85 The impact of this assumption on the results shown in Figure 86 is to reduce the effective requirement for social rent by 5,279 households as households who were previously assessed as requiring social rent are assumed to access housing benefit supported lower quartile private rent.

6.86 The impact of these changes is shown in Figure 86 with a much greater requirement for intermediate housing and lower requirement for social rent when compared with Figure 84. The logic behind this position is that increasing competition for lower quartile private rented dwellings from those households who were previously receiving housing benefit support in dwellings above market thresholds will create shortages of cheaper rented dwellings. This in turn will make it harder for households who can afford more than target social rents to access cheaper private rented dwellings and hence there is a greater requirement for designated intermediate affordable dwellings for these households.

Figure 86
5-year Housing Requirement by Housing Type and Size, Returning Housing Benefit Supported Above Lower Quartile Private Rent to Market and Assuming Growth in Lower Quartile Private Rented Sector with Housing Benefit Support (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			All Sectors
	Market supply is owner occupied and PRS above market threshold	Intermediate supply includes lower quartile PRS	Social supply includes existing HB supported PRS	
Gross Requirement				
1 bedroom	77,237	29,690	24,892	131,819
2 bedrooms	99,551	41,730	29,794	171,075
3 bedrooms	54,640	26,224	13,642	94,506
4+ bedrooms	24,914	9,813	1,950	36,677
Total	**256,341**	**107,457**	**70,278**	**434,076**
Gross Supply				
1 bedroom	76,630	18,894	22,503	118,028
2 bedrooms	78,817	46,937	20,658	146,412
3 bedrooms	66,298	21,995	9,440	97,733
4+ bedrooms	23,723	10,711	1,543	35,978
Total	**245,467**	**98,538**	**54,146**	**398,152**
Net Requirement (Mismatch)				
1 bedroom	607	5,589	2,389	13,791
2 bedrooms	9,076	(5,207)	9,136	24,663
3 bedrooms	(11,658)	3,331	4,202	(3,227)
4+ bedrooms	1,191	(898)	407	699
Total	**10,874**	**8,919**	**16,132**	**35,924**

Comparison of Scenarios for the Sub-region

6.87 The main results from the scenarios set out above are summarised below in Figure 87. This highlights just how important the assumption taken concerning requirements and supply by tenure category are to the overall results.

Figure 87
Summary of Modelling Scenarios (Source: West London Housing Requirement Assessment 2010. Notes: In scenarios 2, 3a and 3b, social supply includes existing housing benefit supported private rent and intermediate supply includes lower quartile private rent. Figures may not sum due to rounding)

Scenario	Source of Housing Requirement/Supply		Net Affordable Requirement	% of Net Affordable Requirement	Net Requirement	% of Net Requirement
	Gross Requirements	Gross Supply (All Sources)				
Scenario 1a :						
Market	-	-	-	-	-	-
Intermediate	107,457	1,704	105,753	**75.2%**	-	-
Social	70,277	35,431	34,846	**24.8%**	-	-
Total	**177,734**	**37,135**	**140,599**	**100%**	-	-
Scenario 1b:						
Market	-	-	-	-	-	-
Intermediate	178,225	1,704	176,521	**83.5%**	-	-
Social	70,277	35,431	34,846	**16.5%**	-	-
Total	**248,502**	**37,135**	**211,367**	**100%**	-	-
Scenario 2:						
Market	256,341	240,194	-	-	16,147	**44.9%**
Intermediate	107,457	103,811	3,646	**18.4%**	3,646	**10.1%**
Social	70,277	54,145	16,132	**81.6%**	16,132	**44.9%**
Total	**434,076**	**398,152**	**19,778**	**100%**	**35,924**	**100%**
Scenario 3a:						
Market	256,341	245,467	-	-	10,874	**30.3%**
Intermediate	107,457	103,811	3,646	**14.6%**	3,646	**10.1%**
Social	70,277	48,873	21,405	**85.4%**	21,405	**59.6%**
Total	**434,076**	**398,152**	**25,051**	**100%**	**35,924**	**100%**
Scenario 3b						
Market	256,341	245,467	-	-	10,874	**30.3%**
Intermediate	112,730	103,811	8,919	**35.6%**	8,919	**24.8%**
Social	65,005	48,873	16,132	**64.4%**	16,132	**44.9%**
Total	**434,076**	**398,152**	**25,051**	**100%**	**35,924**	**100%**

Size and Tenure Mix Comparison with the GLA SHMA 2008

6.88 The results from the sub-regional analysis (Figure 84) can also be compared with the Greater London SHMA 2008 which was modelled using a similar methodology. Figure 88 shows that the results for West London in many ways mirror those obtained from the Greater London SHMA with a significant requirement for market and social sector dwellings. The total housing requirements of West London also equate to around 20% of the housing requirements of London, which is in line with the size of West London in relation to the whole of London. Meanwhile, affordable housing need across London equates to 51% of the total housing requirement, while it is 55% of the total in West London.

Figure 88
5-year Net Housing Requirement by Housing Type and Size for Greater London and West London (Source: ORS Housing Market Model, West London Strategic Housing Market Assessment 2010. and Greater London Strategic Housing Market Assessment 2008)

Housing Requirement	Type of Housing			Gross/Net Requirements
	Market supply is owner occupied and PRS above market threshold	Intermediate supply includes lower quartile PRS	Social supply includes existing HB supported PRS	
5-year Net Requirement: Greater London SHMA				
1 bedroom	64,200	(27,000)	(250)	37,000
2 bedrooms	33,150	3,200	62,000	98,350
3 bedrooms	8,200	8,400	(12,700)	3,950
4+ bedrooms	(16,350)	11,650	40,150	35,400
Total	**89,200**	**(3,750)**	**89,250**	**174,700**
5-year Net Requirement: West London SHMA				
1 bedroom	3,566	7,837	2,389	13,791
2 bedrooms	22,638	(7,111)	9,136	24,663
3 bedrooms	(11,558)	4,129	4,202	(3,227)
4+ bedrooms	1,501	(1,208)	407	699
Total	**16,147**	**3,646**	**16,133**	**35,924**

6.89 However, there are important differences in the results between Greater London and West London. Most notably from a policy perspective, the social housing requirement is concentrated on 2 and 3 bed dwellings in West London, while there is no net requirement for 3 bed social rented dwellings in the Greater London SHMA. Instead, there is large net requirement for 2 bed social rented dwellings alongside a high requirement for larger 4+ bed units.

6.90 The most likely explanation for this difference is West London has a lower share of larger households than is the case across the whole of London, with the East London SHMA indicating that much of the requirement for larger social rented units falls in this sub-region.

Borough Level tenure and size mix estimates

6.91 The above estimates reflect the overall position for the sub-region. To identify the requirements for each Borough requires a method to allocate the total housing requirements between the Boroughs, and also a method to allocate housing need to each Borough.

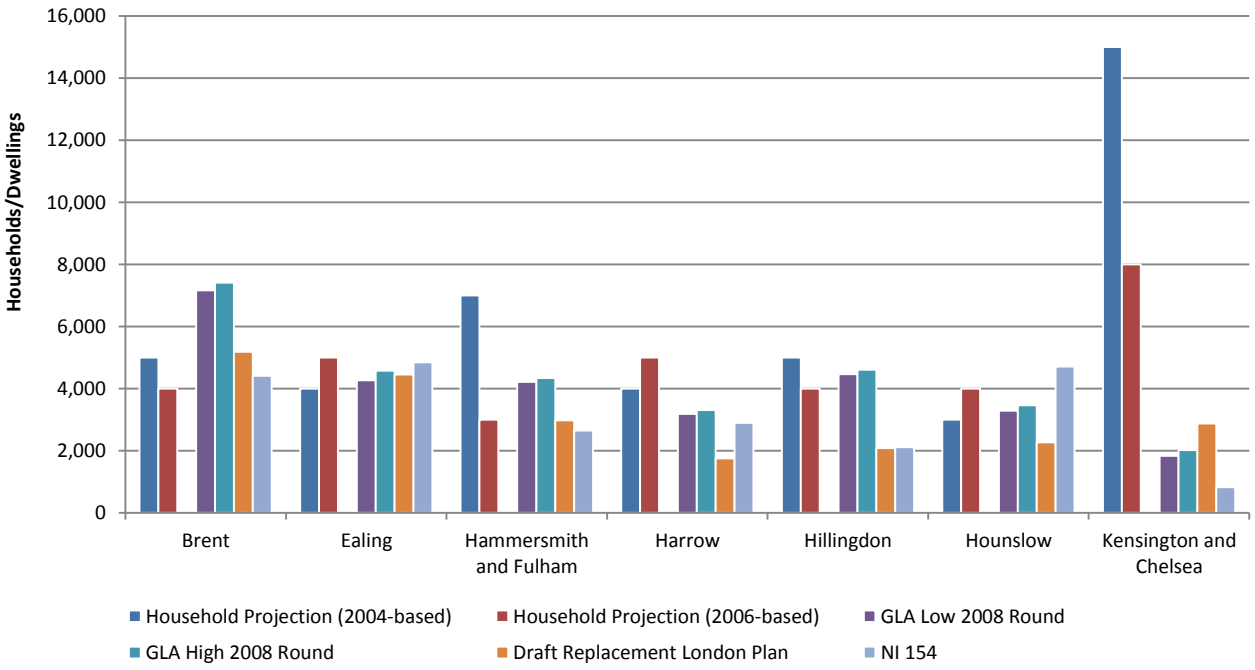
6.92 Supply scenario 4 considers the impact on housing requirements if supply is constrained to minimum targets proposed by the London Mayor. The findings in relation to this scenario are stated toward the end of the section as a number of additional assumptions need to be considered.

6.93 Allocating the housing requirements identified in to individual Boroughs could be undertaken by a number of different methods. However, each of the methods requires a number of strong assumptions to be made concerning where housing requirements have arisen in the past and where they will arise in the future. Figure 89 shows a range of possible scenarios for household and dwelling growth in each West London borough.

6.94 The 2004 and 2006 based CLG household projections are based upon recent trends in household growth extrapolated forward. In central London there are well known issues concerning tracking the movement of migrant households. This is reflected in the Kensington & Chelsea and Hammersmith & Fulham figures which show enormous projected growth in household numbers. However, this is completely at odds with recent completions in Kensington and Chelsea, as shown in NI 154, which have been the lowest in the sub-region.

6.95 Data produced by the GLA showing household growth projected for 2011-2016 (GLA Low and High (estimates) 2008 Rounds) and the capacity targets outlined in the Draft Replacement London Plan are all constrained to a measure of deliverability of dwellings. On this basis, outer London boroughs such as Brent and Ealing have higher projected completions or household growth than inner boroughs such as Kensington and Chelsea.

Figure 89:
Projected Household Growth 2011-2016 and Dwelling Completions 2004-2009, (Source: CLG 2004 and 2006 based Household projections, GLA 2008 Round Household projections, Consultation Draft of Replacement London Plan and National Indicator 154)



6.96 In practice, housing requirements within the sub-region will be predominantly met where dwelling delivery occurs. While the sub-division of existing properties into smaller units may help to provide some of these housing requirements, the delivery of new dwellings will largely determine where the total housing requirements of the sub-region are met.

6.97 Therefore, for the purposes of this assessment, we have not used recent trends as reflected in household projections to allocate housing requirements across the Boroughs, but have instead used the annual monitoring targets set out in the draft replacement London Plan to allocate housing requirements to each Borough.

6.98 While the study identifies that 35,924 dwellings are required to meet current and recent trends for housing requirements, the consultation draft of the London Plan identifies a five year monitoring target for the Boroughs in the sub-region of 21,360 dwellings. The remaining 14,564 dwellings required is assumed to be met through a combination of local authorities exceeding their minimum monitoring targets, the sub-division of existing dwellings and potentially more out-migrant households or fewer household formations due to limited dwelling availability.

6.99 To allocate housing needs to each Borough, for the initial model, we have adopted the London Councils' Housing Needs Index (HNI) 2007/08 as a means of allocating needs to a Borough. The London Councils' HNI combines a range of measures of housing needs and has been accepted by each Borough as a means of allocating affordable housing funding. The components of the London Councils' HNI includes;

- Index of Multiple Deprivation 2007;
- vacant dwellings;
- under-occupation;
- overcrowding;
- concealed households;
- adverse stock condition;
- elderly households;
- households containing a disabled member;
- private sector households receiving housing benefit or income support; and
- households living in temporary accommodation.

6.100 For clarity, the share of the sub-regional housing need identified in each borough is based exclusively upon the London Council's HNI and does not use information drawn from the household surveys or other secondary data sources. It was judged that the data collection period (2003-2009) for the household surveys was too wide to help provide a consistent measure of housing need across the sub-region. Meanwhile, the London Councils HNI already encompasses a wide range of secondary data sources which could be used to provide an alternative measure of housing need.

6.101 It should also be noted that while the sub regional housing need is based upon housing affordability thresholds across the sub-region, the apportionment between the boroughs is based on the relative housing need between the boroughs. Therefore, the total housing need across the sub-region is based upon a sub-region wide affordability threshold. This need is then apportioned to boroughs based upon their HNI and does not include separate affordability thresholds for each borough.

6.102 The results in this section represent one possible set of allocations of total housing requirements and needs between boroughs. They are designed to be considered alongside other important factors such as local borough level housing studies, the viability of delivering affordable housing. land availability, and local sustainability factors. It is also the case the central Government policy changes concerning the LHA will have an impact upon the ability of boroughs to address housing needs within their own boroughs, so needs will be meet where dwellings are available.

6.103 If we were to assume that the housing needs and requirements for each Borough are based upon its HNI and draft replacement London Plan annual monitoring target we obtain the results shown in Figure 90. This model therefore allocates the housing need identified across the sub-region which is turn was based upon sub-regional social and market housing thresholds. For clarity, the housing needs figures identified are assessed for each borough based only upon its current household population; current HNI and its dwelling delivery target. These results are based upon Scenario 2 outlined earlier in this chapter.

6.104 Given that the affordability thresholds are determined sub-regionally, the borough-level distribution between intermediate affordable housing and social rent has also been based on the balance identified across the sub-region – 82% social rent, 18% intermediate affordable housing. This is also broadly consistent with the findings of the Greater London SHMA (scenario 1), where the affordable housing split identified was 80% social rent, 20% intermediate affordable housing – but both differ from the Mayor's policy position (seeking 60% social rent and 40% intermediate affordable housing) which takes into account a wider range of factors.

6.105 Brent has the highest assessed capacity for delivering dwellings in West London, but also has the highest levels of needs, as set out in the HNI. Therefore, Brent has the highest affordable housing requirements, both in terms on the total number of units and the percentage of dwellings delivered.

6.106 For any borough with a need level of more than 100% of its dwelling delivery target, the identified need is clearly undeliverable. However, the need does still exist. If the social rented stock and housing benefit supported private rent cannot absorb the level of need which exists it is likely that more households will present as homeless or need to be found accommodation outside of West London.

Figure 90:
5-year Housing Requirement by Housing Type by Borough using London Councils' HNI (Source: ORS Housing Market Model, West London Housing Market Assessment 2010, Draft Replacement London Plan. Note: AMR Target for Hillingdon may change. Figures may not sum due to rounding)

Housing Requirement	Proportion of Sub-regional Total based on HNI	Total Affordable Housing	London Plan AMR Target	Net Difference
TOTAL REQUIREMENT				
Brent	35.4%	7,002	5,180	(1,822)
Ealing	18.3%	3,611	4,450	840
Hammersmith and Fulham	15.9%	3,141	2,970	(171)
Harrow	4.1%	803	1,745	942
Hillingdon	4.6%	908	1,875	967
Hounslow	7.1%	1,411	2,265	853
Kensington and Chelsea	14.7%	2,902	2,875	(27)
Total	**100.0%**	**19,778**	**21,360**	**1,582**

6.107 The figures identify a high requirement for affordable housing in all West London boroughs. The figures **do not equate to a newbuild target** for housing delivery, but instead represent the changes which will occur across the whole housing market if current trends continued.

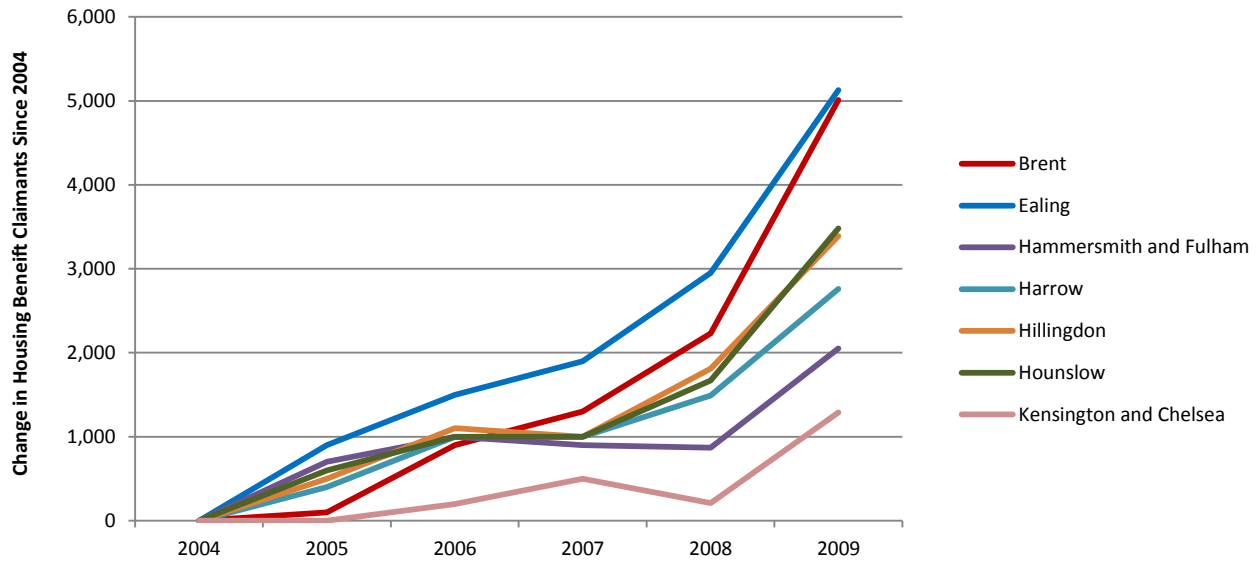
6.108 As noted earlier in this chapter, the dynamics of the second hand market are more important than newbuild completions to the tenure mix of an area. While boroughs can clearly not achieve over 100% affordable housing on new dwellings, changes in the second hand market can see market dwellings become part of the affordable housing stock. Therefore, if past trends were to continue, the model is projecting that more market dwellings will need to be part of the effective affordable housing supply.

6.109 As noted above, the changes of social housing allocation policies and the LHA announced in the June 2010 budget may change trends in the housing market. However, the announcements will have little direct impact on the number of households seeking housing, only on the ability of local authorities to meet these needs. Therefore, we have not adjusted the requirements in light of the June 2010 changes because the impact will be felt on the supply of dwellings, not the requirement for them.

6.110 It is also the case that, the results are based upon meeting need where it arises, as measured by the London Councils' HNI, In practice, and in light of the changes to the LHA announced in the June 2010 budget, **It is unlikely that need will be met where it arises, but instead it will be met where dwellings are available.**

6.111 Figure 91 shows the growth which has occurred in housing benefit claimant numbers in each West London borough since 2004. It is clear that the highest growth has been in outer boroughs such as Brent and Ealing, with the lowest growth in inner boroughs such as Hammersmith and Fulham and Kensington and Chelsea. This does not necessarily reflect Brent and Ealing have higher levels of local housing need, but instead reflects these areas having more capacity in their private rented stock to absorb housing benefit claimants.

Figure 91:
Growth in Housing Benefit Numbers 2004-2009, (Source: Department of Work and Pensions)



6.112 As discussed earlier in the report, the likelihood is that this trend will continue with the changes to the LHA seeing fewer households being housed in housing benefit supported private rent in central

London, but that this will place additional pressures on outer London boroughs and possibly authorities outside of London.

The estimated size mix for Borough level requirements

Scenario 4: size and tenure mix based upon the London Mayors proposed minimum 5 year delivery of additional homes

6.113 The following borough level estimates of tenure and size mix are based upon the planned 5 year delivery of new homes assuming that the private rented sector is meeting part of the requirement for affordable housing.

6.114 The SHMA estimates that 35,924 additional dwellings are required over 5 years. This exceeds the proposed target for the boroughs in the sub-region of 21,360 dwellings to be built over 5 years

6.115 In this scenario it is assumed that the affordable housing requirement will still be fully met if overall delivery is below the estimated future requirement. This is because the evidence suggests that households seeking local authority social rented housing are less likely to be housed outside the borough to which they are connected. Conversely it is comparatively easy for those seeking market housing in some form to move across local authority boundaries.

6.116 The following sub-regional level information is a summary of Figure 92.

6.117 The impact of assuming that the affordable requirement will be met is that the market housing provision will reduce to requirement to 1,784 or 8% of the total. In summary if 21,360 dwellings were to be delivered in the next 5 year in the sub-region, the ORS Housing Market Model under these supply assumptions estimates that the market, intermediate affordable, social housing requirement ratio is 8:17:75.

6.118 Figure 92 (overleaf) details the size mix in terms of net requirement for each Borough (i.e. additional housing provision required) using the presumption that the proportion of all households in receipt of housing benefit to enable them to live in the private rented sector remains at the current level and that existing need is addressed over a 10-year period. The figures are based upon the draft replacement London Plan minimum delivery and the London Councils' HNI including Index of Multiple Deprivation 2007 (Figure 90).

6.119 Detailed examination of the data shows positive (numbers in brackets) and negative mismatches between supply and the requirement by tenure and bedroom size. A detailed consideration of mismatches is presented above when considering Figure 85, above.

Figure 92:
Borough Level 5-year Housing Requirement by Housing Type and Size for Minimum Draft Replacement London Plan Delivery, (Source: ORS Housing Market Model, West London Housing Requirement Assessment 2010. Note: Figures within each area may not sum due to rounding. Borough figures may not sum to sub-regional total due to the number of constraints and independent variables within the model)

	Type of Housing			All Sectors
	Market	Intermediate	Social	
Brent				
1 bedroom	(159)	1,955	734	2,529
2 bedrooms	1,459	(2,114)	3,289	2,634
3 bedrooms	(2,874)	1,427	1,629	183
4+ bedrooms	(247)	24	59	(165)
Total	**(1,821)**	**1,291**	**5,711**	**5,180**
Ealing				
1 bedroom	(3)	1,499	508	2,003
2 bedrooms	3,362	(1,220)	1,622	3,764
3 bedrooms	(2,580)	705	741	(1,134)
4+ bedrooms	62	(317)	74	(181)
Total	**840**	**666**	**2,945**	**4,450**
Hammersmith and Fulham				
1 bedroom	(83)	1,113	358	1,388
2 bedrooms	2,115	(1,244)	1,420	2,291
3 bedrooms	(2,112)	768	720	(623)
4+ bedrooms	(90)	(58)	64	(84)
Total	**(170)**	**579**	**2,562**	**2,970**
Harrow				
1 bedroom	(184)	531	139	486
2 bedrooms	2,331	(386)	347	2,292
3 bedrooms	(1,394)	183	149	(1,063)
4+ bedrooms	189	(180)	21	30
Total	**942**	**148**	**655**	**1,745**
Hillingdon				
1 bedroom	226	514	(30)	737
2 bedrooms	2,167	(249)	551	2,520
3 bedrooms	(1,556)	53	208	(1,181)
4+ bedrooms	130	(150)	12	(1)
Total	**967**	**167**	**741**	**1,875**
Hounslow				
1 bedroom	63	637	146	845
2 bedrooms	2,316	(615)	665	2,366
3 bedrooms	(1,558)	323	312	(924)
4+ bedrooms	33	(85)	29	(23)
Total	**853**	**260**	**1,151**	**2,265**
Kensington & Chelsea				
1 bedroom	(696)	1,409	585	1,298
2 bedrooms	2,774	(1,607)	1,124	2,290
3 bedrooms	(2,134)	959	564	(611)
4+ bedrooms	30	(226)	95	(101)
Total	**(26)**	**535**	**2,367**	**2,875**
West London Sub-region				
1 bedroom	(838)	7,837	2,389	9,388
2 bedrooms	16,525	(7,111)	9,136	18,550
3 bedrooms	(14,209)	4,129	4,202	(5,878)
4+ bedrooms	107	(1,208)	407	(694)
Total	**1,585**	**3,646**	**16,132**	**21,360**

Summary of Key Points

Overall

- In West London there are estimated to be large gross flows of households in and out of the sub-region over a 5 year period but the inward and outward flows are similar in size. The largest impact on the housing requirement is the change in local households i.e. the net change due to more households forming than dissolving (mainly due to the death of the last member of the household). The impact of migrant workers (not just of EU origin) is largely ignored pending further evidence about their long term actions. Anecdotal evidence suggests that they occupy housing in the informal housing market (e.g. privately advertised lodgings) which is outside the scope of the SHMA requirements study and for which street level research would be needed.
- Quantifying the housing requirement is of little value unless the net number of additional households is broken down into tenure and size requirements. The most significant factor is affordability of the existing housing supply. Households who cannot afford market prices need some form of subsidy – either housing benefit or access to cheap social rents or both for some households. Other households may seek intermediate affordable housing or market housing for sale or rent.
- Assumptions regarding the role of the private rented sector are central to a housing market model that reflects the real world actions of households. Estimating the point at which private rented sector housing is equivalent to decent self-contained market housing is difficult and is approximated to housing with rents at or above the lowest quartile of all private rented sector rents. Private lettings below lower quartile rents are filling the gap due to the shortage of intermediate affordable housing. Tenants of the private rented sector who receive housing benefit are receiving a subsidy and this arguably is helping to fill a gap due to the shortage of social housing. Boroughs have responded to the target of reducing the number of homeless households in temporary housing by leasing housing from the private rented sector and where this involves a subsidy and this can be counted as part of the social rented supply. However as previously mentioned government capping of housing benefit may lead to a revision of the balance between the tenures.
- The credit crunch, the UK recession and the government's policy response all introduce variables into the estimation of future housing requirements. Accordingly 6 scenarios have been tested.

Headline outputs of the ORS housing requirements model and findings of the scenario testing

- An estimated 35,924 additional dwellings should be provided over the 5-year period to sustain the existing supply/ demand imbalance. This is the result of a net 35,645 household formations and dissolutions and a net gain of 280 households through migration.
- Any household with an income of more than £17,600 per annum requiring a 1-bed property can afford more than the social rents charged in the sub-region. The household income necessary to afford lower quartile market rents for 1-bed dwellings is £38,500. Therefore Intermediate affordable housing is required for any household requiring a 1-bed dwelling which has a household income of £17,600 to £38,500.
- The estimated 5 year net requirement of 35,924 dwellings the tenure split can be estimated as;
- Market housing 16,147 dwellings (45%);
- Intermediate affordable housing 3,646 dwellings (10%); and
- Social rented housing 16,132 dwellings (45%).
- This is in excess of the London Plan (consultation draft 2010) 5 year monitoring target of 21,360 dwellings.
- The impact of ensuring that the affordable housing requirement is met from the Draft London Plan delivery is that the proportion of market housing will be smaller so the tenure split becomes;
- Market housing to 1,784 dwellings (8%);
- Intermediate affordable housing 3,646 dwellings (17%); and
- Social rented housing 16,132 dwellings (75%).
- Other tenure and size mix estimates have been produced in additional scenarios; ignoring the impact of effective 'affordable' supply from the private rented sector; using wider income bands for intermediate affordable housing, and in addition, due to the impact of proposed reductions in housing benefit
- The net requirement for each local authority has also been estimated by tenure and size.

Section 7: Understanding Specific Sub-Group Needs

7.1 Whilst we have established an understanding of the housing needs and housing requirements of the overall population across the sub-region, PPS3 recognises that it is important to plan for different types of households.

7.2 The modelling analysis discussed earlier in the report took proper account of the housing needs and demands from all household groups, so the proposed mix of dwellings should already provide suitable housing for the whole population (including the different sub-groups identified below). The following section provides further information on how their needs may differ from the needs of the general household population.

7.3 Whilst the analysis does not seek to identify additional housing requirements that would need to be provided in addition to the general requirements previously discussed, it helps to identify the housing circumstances of these different groups. The information may therefore help inform strategies that seek to prioritise the allocation of available housing and help understand the nature of households likely to be seeking different types of dwellings that may be delivered.

7.4 The sub-groups considered include;

- families;
- older people;
- black and minority ethnic groups;
- disabled people;
- young people;
- students; and
- key workers.

7.5 It is important to note that whilst this provides a general context for each of these identified groups, independent studies which profile the requirements in further detail already exist for some sub-groups whereas others may warrant further research to expand on and better understand some of the key issues identified.

7.6 It is also important to recognise that because many of these groups only represent small proportions of the overall population, some of the data available may be based on relatively small samples and should therefore be treated with appropriate caution.

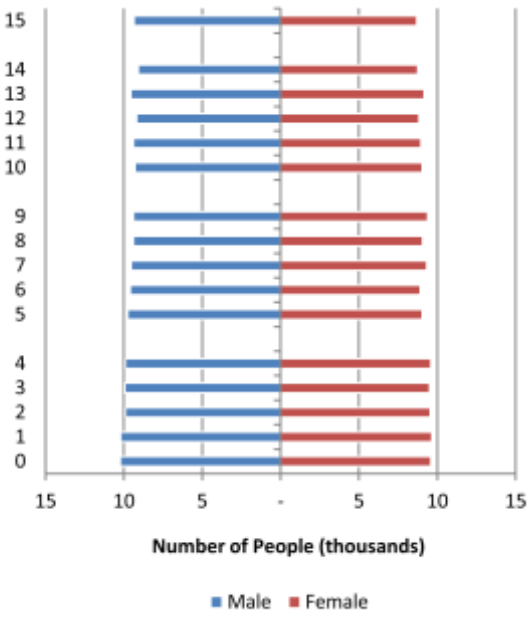
Understanding the Housing Requirements of Families

7.7 There were 300,800 people aged 0-15 years identified in the West London sub-region by the 2001 Census. Of these 98,100 were aged 0-4 years, 93,400 were aged 5-9 years and 91,300 were aged 10-14 years.

7.8 The 2008 round population forecasts from the GLA provide high and low growth scenarios for the sub-region for the period to 2026. The low scenario, based upon actual build figures only, is illustrated in Figure 94.

7.9 These scenarios suggest that the number of children in the sub-region will rise to 325,500 by 2026, which represents an increase of 14% from 2001. This is in the context of an overall projected increase (for people of all ages) of 12%. Therefore, the rise in the number of children is slightly more than the forecasted growth in the total population.

Figure 93
Age Profile for Children aged under 16 in West London 2001 (Source: 2001 Census of Population)



7.10 When we consider the age breakdown, it is apparent that the population aged 5-9 years is predicted to increase most (15%), with the population aged 0-4 and 10-14 years both projected to rise around 13%.

Figure 94
Number of Children in West London (Source: GLA projections - 2008 round, PLP Low scenario)

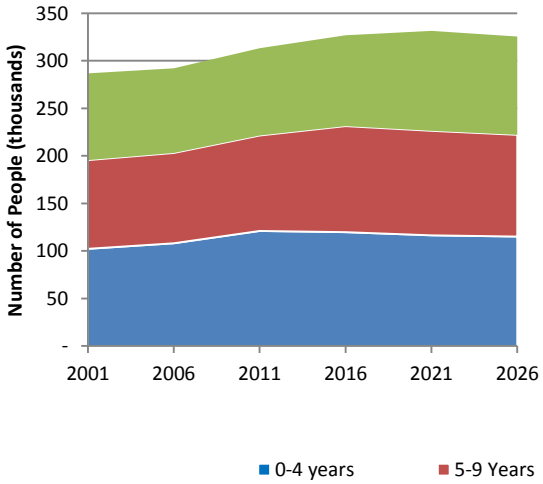
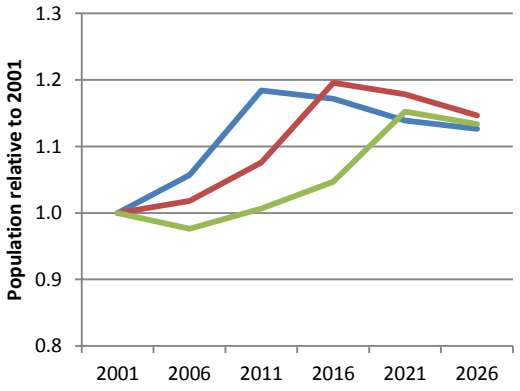


Figure 95
Change in Child Population in West London (Source: GLA projections - 2008 round, PLP Low scenario)



7.11 For the purposes of the remainder of this section a family household will be defined as any household which contains at least one child. Figure 96 shows that almost a quarter of households in West London contain at least one child.

7.12 An analysis of household income shows that for family households, 46% have an income of less than £30,000 including 17% who have an income of less than £10,000 per annum (compared with 56% and 25% respectively for all households).

7.13 Family households are also more likely to have higher incomes than the overall population. 24% of family households have a household income of £60,000 or more each year compared to 18% of all households.

7.14 Therefore, the household income of family households is typically higher than the average household in West London, but there are still many family households with low incomes.

7.15 At the time of the Census, the proportion of family households that owned was similar to the population as a whole, but a larger proportion of family households rented their home from a social landlord with fewer renting from a private landlord (Figure 98).

7.16 More recent survey data indicates that the overall size of the owner occupied and private rented sector has increased, with more families now owning their home, and less renting in the social sector.

Figure 96
Number of Children per Household in West London (Source: Local Authority Survey Data)

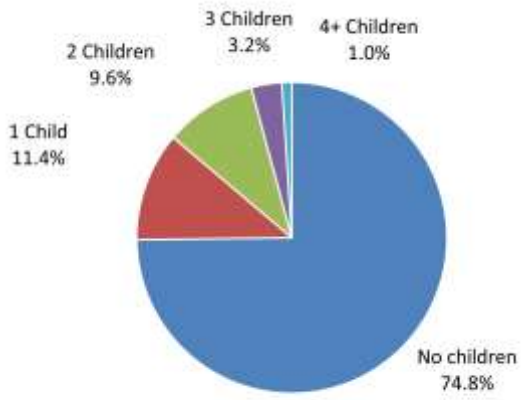


Figure 97
Household income by Household Type for West London (Source: Local Authority Survey Data)

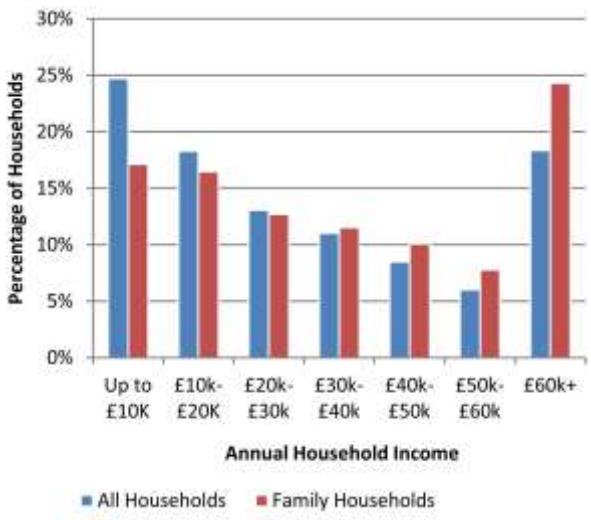
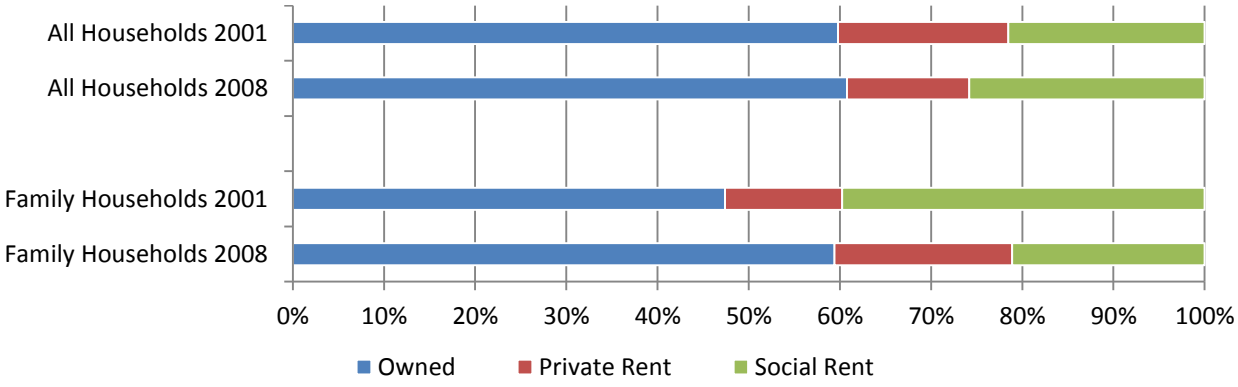
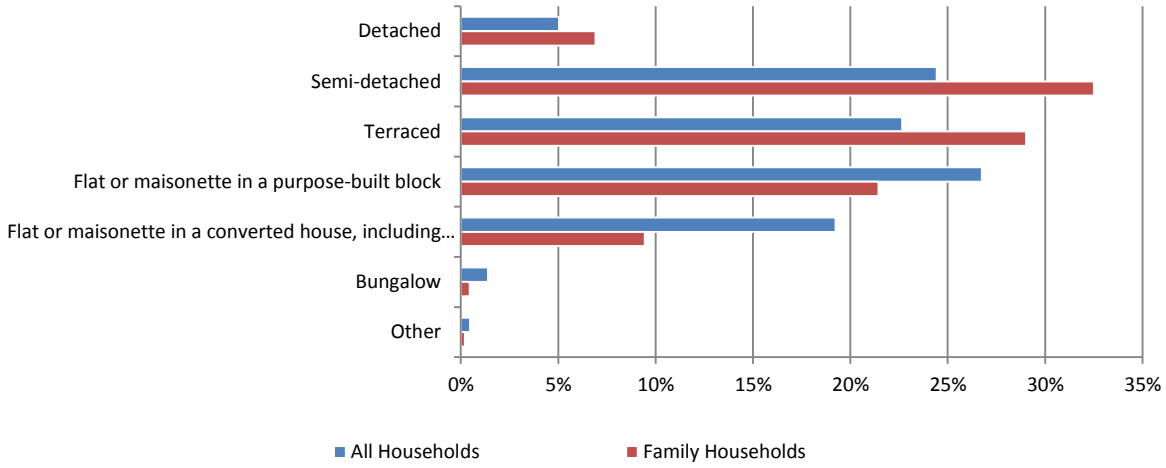


Figure 98
Tenure by Household Type in West London (Source: 2001 Census of Population; Local Authority Survey Data)



7.17 Family households are more likely to be found in terraced, semi-detached and detached housing than all households in West London. Whilst around 46% all properties in West London are now flats, only 31% of family households occupy flats, and very few family households live in bedsits.

Figure 99
Dwelling Type by Household Type in West London (Source: Local Authority Survey Data)



7.18 As many as 18% of all family households are currently living in overcrowded circumstances, compared to only 7% of all households. A further 41% of family households have the correct number of rooms for their household, without any spare rooms. Only 12% of family households have at least two more rooms than their household technically needs, compared to 26% of all households.

7.19 As similar pattern can be seen across all tenures with family households being more likely to be overcrowded, most notably in social rented dwellings.

Figure 100
Overcrowding by Household Type in West London (Source: Local Authority Survey Data)

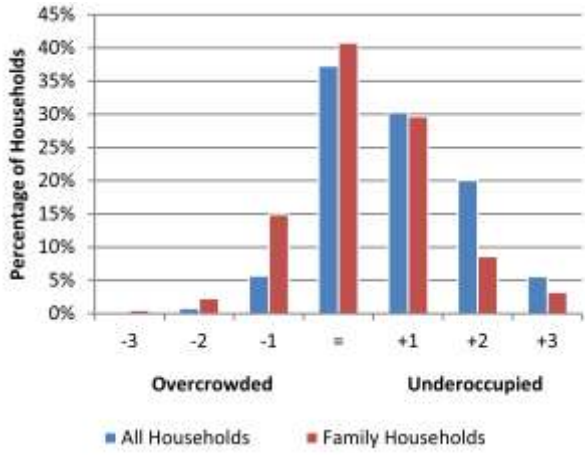
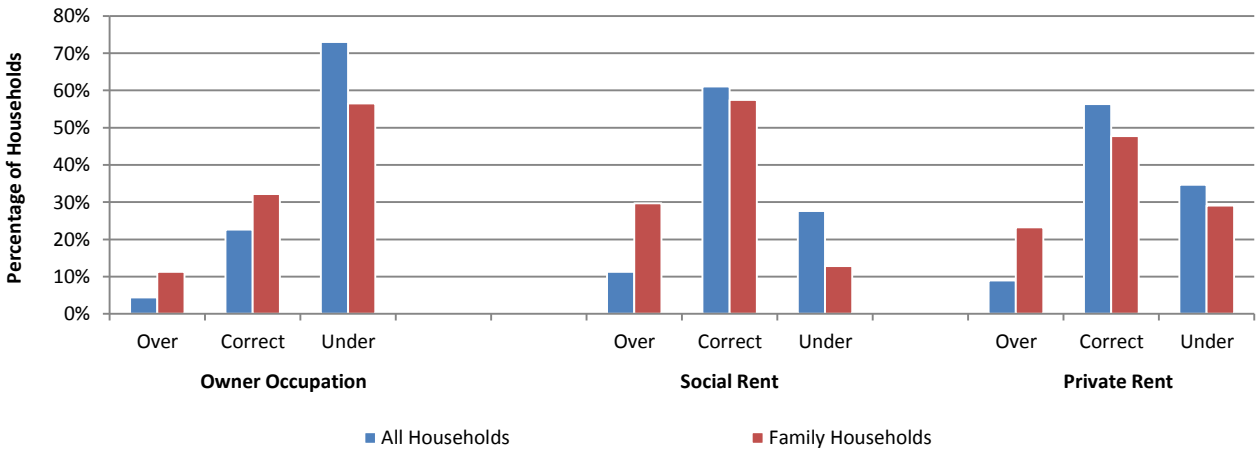


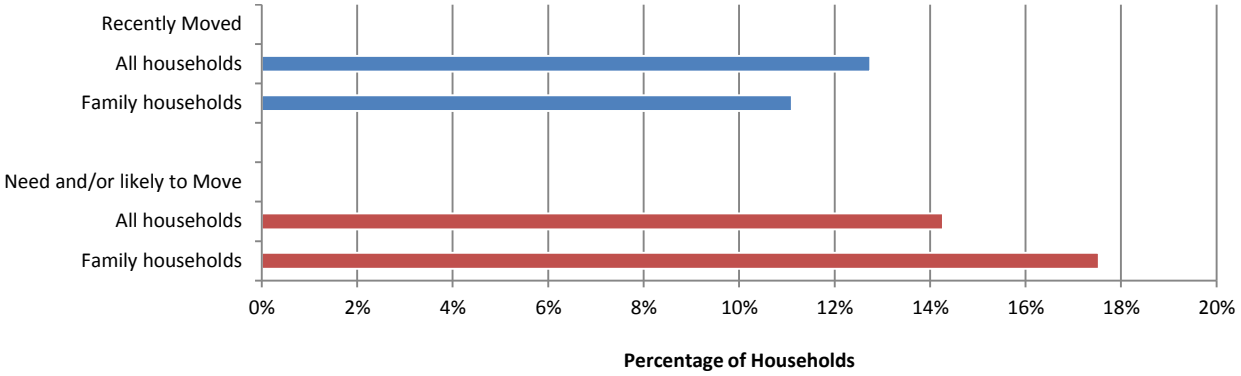
Figure 101
Overcrowding by Household Type in West London (Source: Local Authority Survey Data)



7.20 Over the last year, 13% of all households had moved address compared to 11% of family households. Therefore, family households are slightly less likely to move home than the whole population.

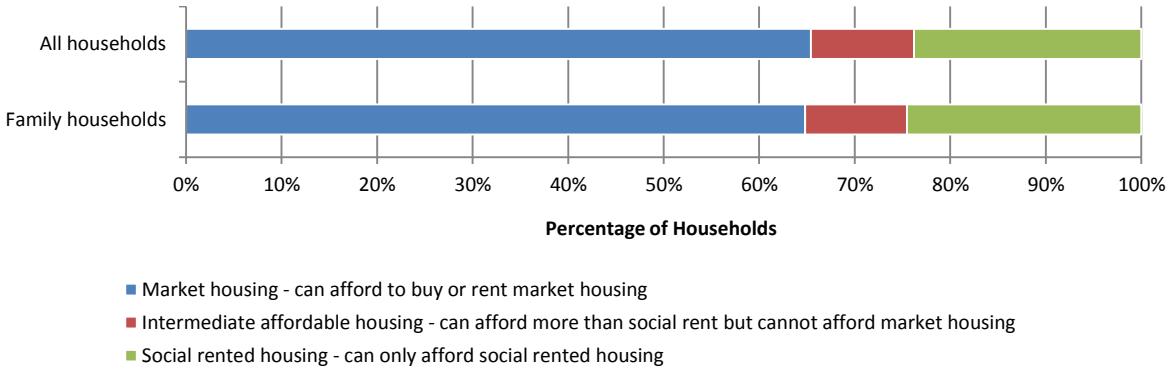
7.21 When this is compared to future expectations, a considerably higher proportion of family households need and/or consider it likely that they will move in the next 12-months than recent trends would suggest was likely.

Figure 102
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months in West London (Source: Local Authority Survey Data)



7.22 Finally, Figure 103 compares the affordability of family households with the affordability of all households in the sub-region. This shows that, on the basis of affordability, families are slightly more likely to require social rented housing than all households in the sub-region, with slightly fewer able to afford market housing.

Figure 103
Household Affordability (Source: Local Authority Survey Data. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test is based on analysis comparable to that used within the ORS Housing Market Model)



Housing Requirements of Family Households:
Summary of Key Points

- In 2001, there were 300,800 people of under 16 years of age living in the West London region this is projected to increase by 14% by 2026,
- A growing proportion are owner occupiers or rent their home from private landlords the proportion living in social housing is diminishing;
- Family households are more likely to live semi-detached and terraced dwellings,
- Over 17% of family households have household incomes of less than £10,000 per annum and 46% have household incomes of less than £30,000, but when compared to all households, family households typically have higher household incomes;
- More family households are expected to move in the next year than trends suggest will actually move.

Overall

- Families in west London are more likely than other households to have higher income, be owner occupiers and are more likely to suffer overcrowding. The question of overcrowding is returned to later below and in Section 8.

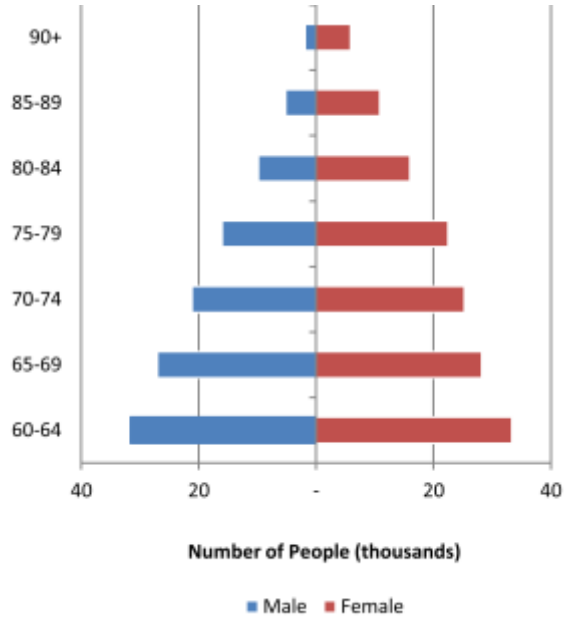
Understanding the Housing Requirements of Older People

7.23 There were 254,700 people of retirement age identified in the West London sub-region by the 2001 Census. Of these 88,200 (35%) were aged 75 or over, including 23,800 (9%) who were aged 85+.

7.24 The 2008 round population forecasts from the GLA provide high and low growth scenarios for the sub-region for the period to 2026, the low scenarios are illustrated in Figure 105 and Figure 106.

7.25 These figures suggest that the number of older people in the sub-region will rise to 346,500, which represents an increase of 25% from 2001. This is in the context of an overall projected increase (for people of all ages) of 12%. Therefore, the older population is anticipated to grow significantly more than the population as a whole.

Figure 104
Age Profile for those of Retirement Age or over in West London 2001 (Source: 2001 Census of Population)



7.26 When we consider the age breakdown, it is apparent that the population aged 85+ years is predicted to increase most (49%) whereas the population of pensionable age 70 - 74 and 75 - 84 is predicted to rise by 25% and 17% respectively over the period to 2016.

Figure 105
Number of Older Persons in West London (Source: GLA projections - 2008 round, PLP Low scenario)

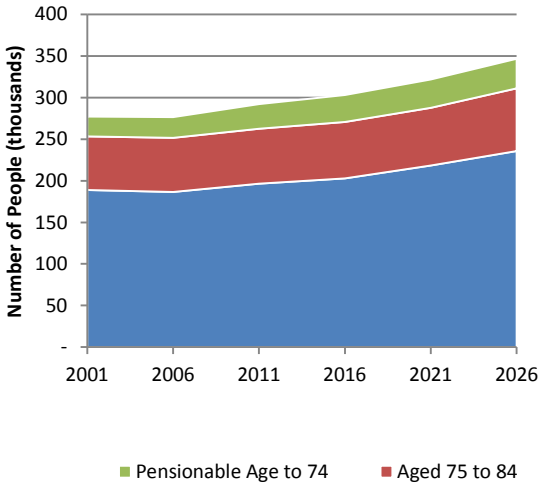
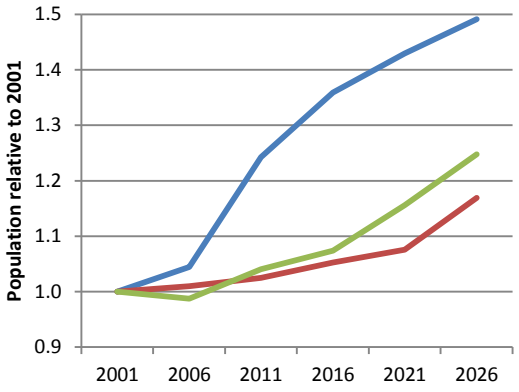
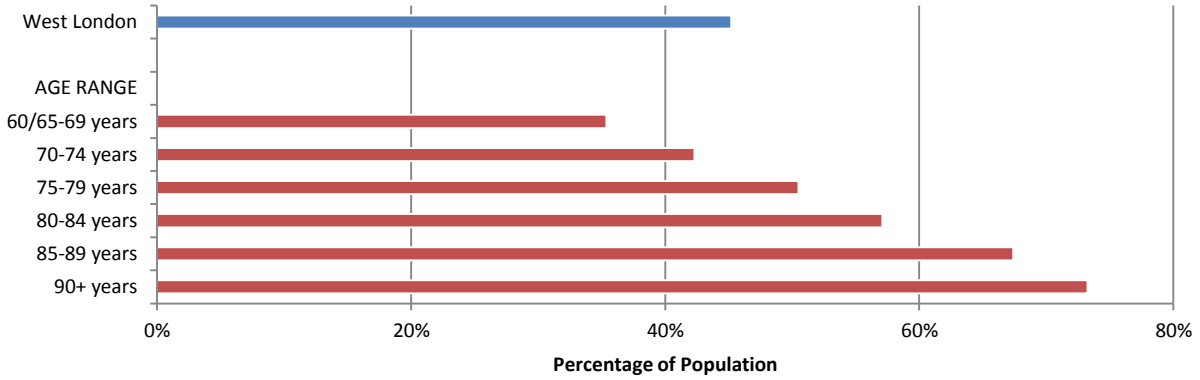


Figure 106
Change in Proportion of Older Person Population in West London (Source: GLA projections - 2008 round, PLP Low scenario)



7.27 This changing age profile is of particular relevance when considered in the context of health and support needs. Figure 107 shows the proportion of West London's residents that reported suffering from limiting long-term illness by age band. Whilst it is important to recognise that one of the main reasons that the population is aging is improved health and, by implication, these propensity rates will tend to get lower over time, the most elderly population will still be the most susceptible to ill-health.

Figure 107
Limiting Long-term Illness of Older People by Age Group (Source: UK Census of Population 2001. Note: Data is for females aged 60 years and over and males aged 65 years and over)

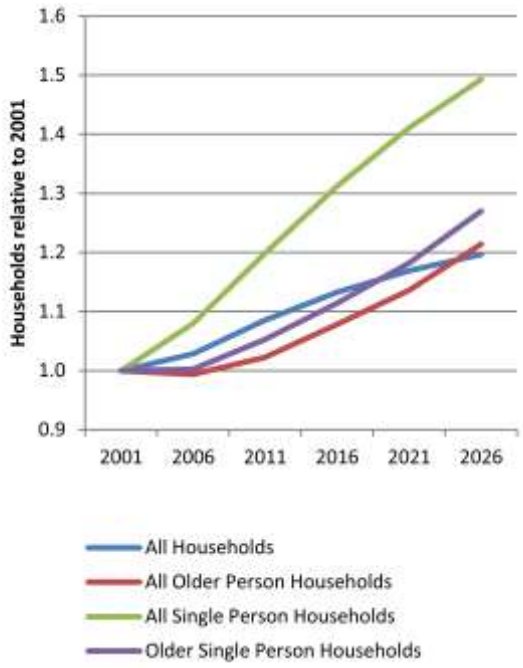


7.28 The data indicates that 45% of people of pensionable age suffer from a limiting long-term illness. This figure is 35.4% for those aged up to 70 years, but rises rapidly to over two-thirds for those aged 85 years and above. Therefore, the forecasted growth in the older population of West London is likely to see more people with support needs in the future.

7.29 When we consider pensioner households, there were a total of 149,100 recorded in West London by the 2001 Census (24% of all households in the sub-region), of which 79,600 were single persons (53% of all pensioner households identified).

7.30 The 2008 round household projections from the GLA identify that the number of older single person households will increase to 101,100 by 2026, a growth of 27% from the 2001 base. This is higher than the overall projected increase of households, which is projected to increase by 20% over the same period. However, the overall increase in single person households is projected to be 49% over the period 2001 to 2026, which is considerably higher than the increase of older single person households.

Figure 108
Household projections 2001-26 (Source: GLA Low projections - 2008 round)

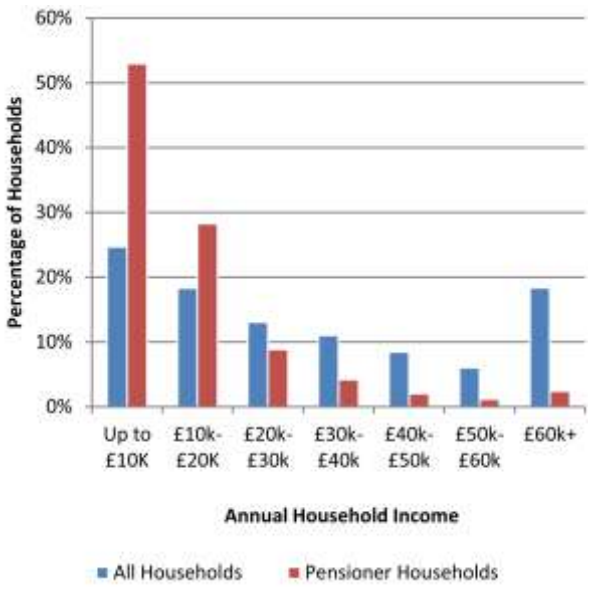


7.31 An analysis of household income shows that for older person households, 53% have an income of less than £10,000 per annum (compared with 25% for all households), many depending exclusively on state benefit.

7.32 When considering the tenure of households at the time of the Census, the proportion of all pensioner households that owned did not differ significantly from the population as a whole (60%), but a larger proportion of pensioner households rented their home from social landlords with a smaller proportion renting privately.

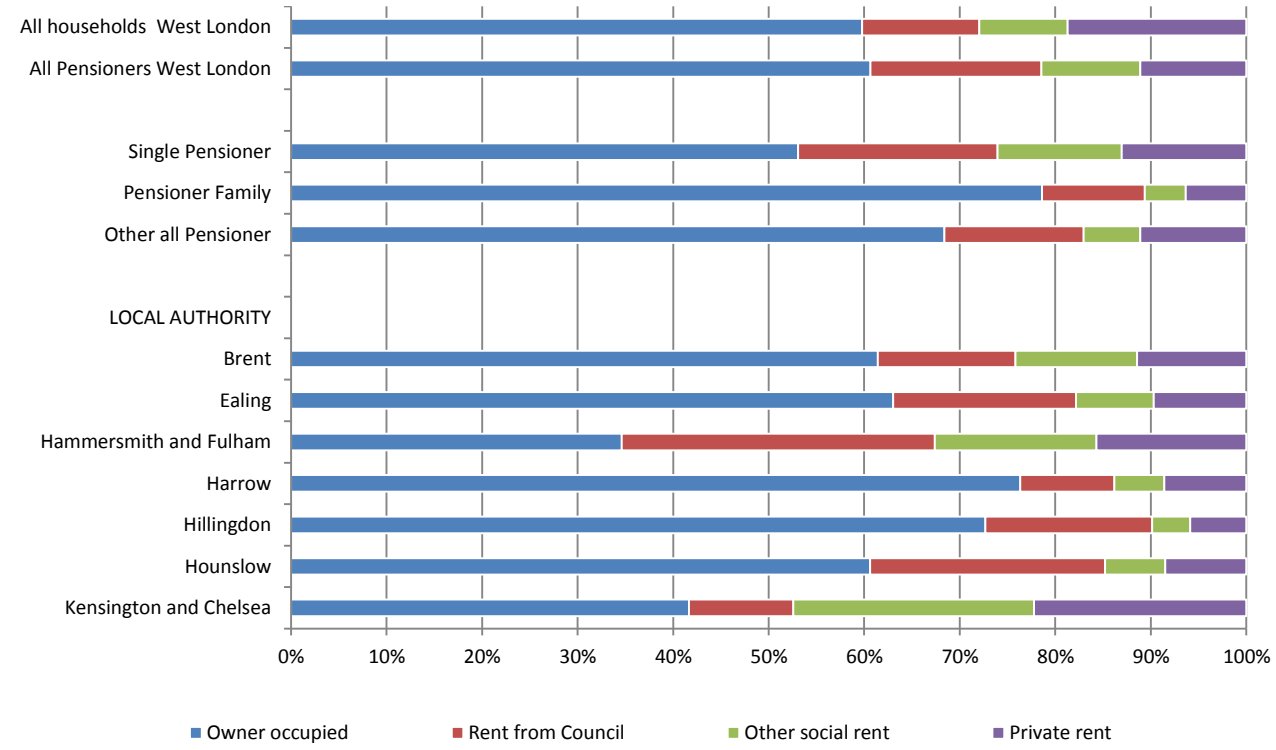
7.33 Single pensioners were less likely to own their own home (53%) but households consisting of one pensioner family were considerably more likely to own (79%).

Figure 109
Household income by Household Type (Source: Local Authority Survey Data)



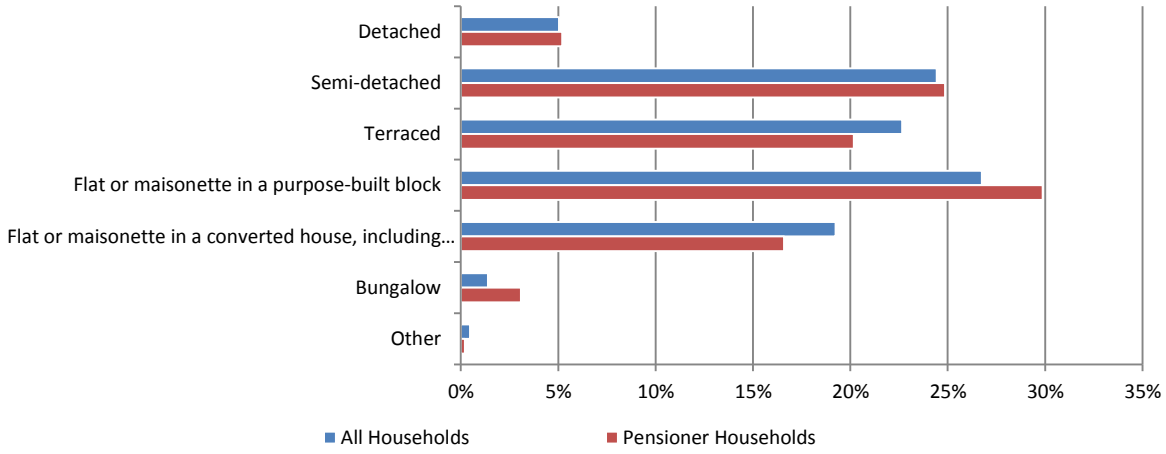
7.34 The tenure of pensioner households varies by local authority, with over 70% owner occupiers in Harrow and Hillingdon and around 50% social rent in Hammersmith and Fulham. There are also relatively high proportions of pensioners in private rented accommodation (and lower owner occupation rates) in Kensington and Chelsea in particular.

Figure 110
Tenure of Pensioner Households by Local Authority (Source: UK Census of Population 2001



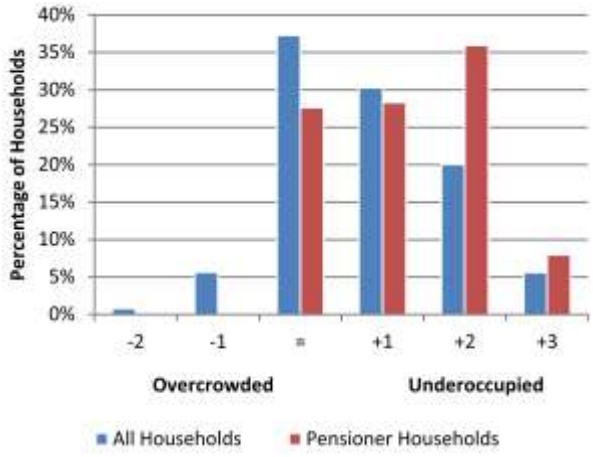
7.35 Pensioner households are significantly more likely to live in purpose built flats and bungalows and slightly more likely to live in detached or semi-detached housing than all households in West London, whilst being less likely to live in terraced housing or converted flats.

Figure 111
Dwelling Type by Household Type in West London (Source: Local Authority Survey Data)



7.36 Virtually no pensioner households are currently living in overcrowded circumstances, although 28% have only the correct number of rooms for their household, without any spare rooms. As many as 36% of pensioner households have two more rooms than they technically need and a further 8% have three or more spare rooms (compared to 20% and 6% of all households respectively).

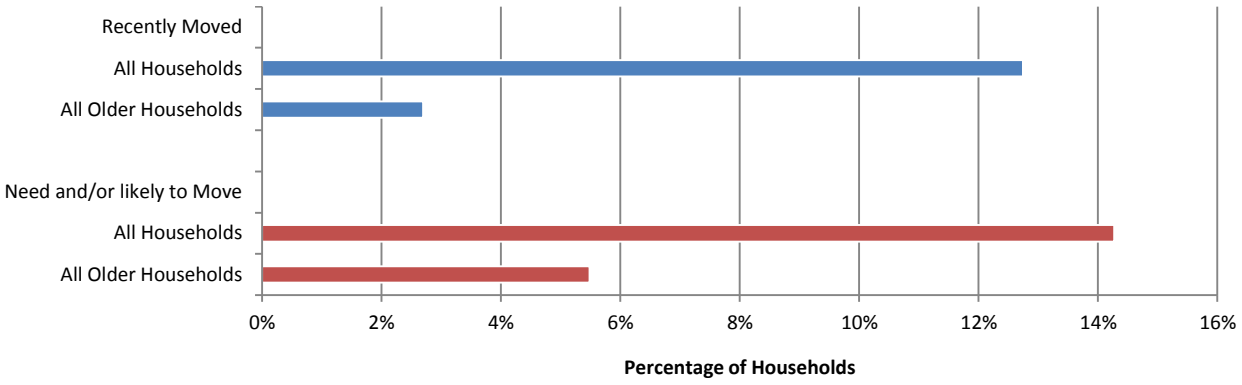
Figure 112
Overcrowding by Household Type (Source: Local Authority Survey Data)



7.37 When considering the housing requirements of older person households, it is important to understand the balance between those likely to remain in their current homes and those likely to move.

7.38 Figure 113 shows that pensioner households are considerably less likely to move home than the population as a whole.

Figure 113
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source: Local Authority Survey Data)



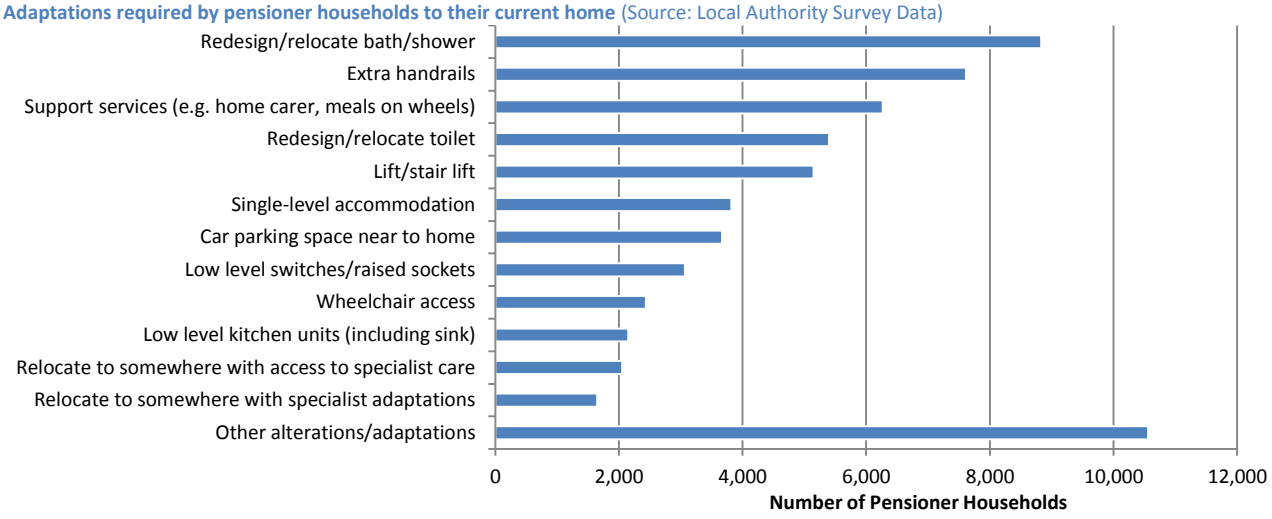
7.39 Over the last year, 12.7% of all households had moved address compared to only 2.7% of all pensioner households. Therefore, pensioner households are more than six times less likely to move home than the whole population.

7.40 When this is compared to future expectations, considerably higher proportions of all pensioner households need and/or consider it likely that they will move in the next 12-months than recent trends would suggest was likely.

7.41 When considering all pensioner households, a total of 3,500 moved into their property in West London over the last 12 months. This compares to 7,100 who need and/or consider it likely that they will move over the next 12 months.

7.42 Figure 114 shows the range of adaptations required by pensioner households to their current homes where it can be seen that bathroom adaptations, handrails and having access to more support services are the most common adaptations required.

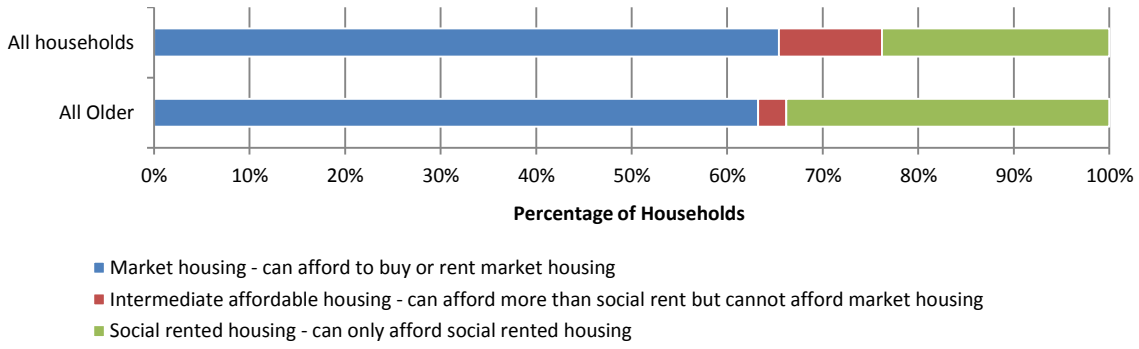
Figure 114
Adaptations required by pensioner households to their current home (Source: Local Authority Survey Data)



7.43 Finally, Figure 115 compares the affordability of pensioner households with the affordability of all households in the sub-region. This shows that, on the basis of affordability, pensioners are more likely to require social rented housing than all households in the sub-region.

7.44 On the basis of their affordability alone, very few pensioner households require intermediate affordable housing, although there may be a role for intermediate affordable housing for older people where it can enable owner occupiers to release some of the equity in their home.

Figure 115
Affordability of housing (Source: Local Authority Survey Data. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test is based on analysis comparable to that used within the ORS Housing Market Model)



Housing Requirements of Older Persons:
Summary of Key Points

- In 2001, there were 254,700 people of retirement age living in the West London region, including 79,600 single pensioners living alone;
- This population is projected to increase by 25% by 2026 – the population aged 85+ is projected to increase by 49% over the same period;
- Almost half (45%) of the retired population reported that they suffered from a limiting long-term illness in the 2001 Census, which ranged from 35.4% of people aged up to 70 years, to over two thirds of people aged 85 years or over;
- Pensioner households are more than six times less likely to move than all households in West London – so many will continue to live in their existing home as they get older;
- Most adaptations to existing homes are required in the owner occupied sector, but proportionately more households require adaptations in the social rented sector;
- More households expect to move in the next year than trends suggest will actually move – but this is particularly the case for pensioners, perhaps due to a lack of attractive housing options suitable for their needs.

Overall

- Older residents of West London are more likely than other households to have a low income, are more likely to rent from social landlords (but with the majority still in owner occupation) and more likely to be under-occupying their home. Population trends suggest an increase in older person households by number and as a proportion of all households. The increase in single person older households is particularly striking and significant.

Understanding the Housing Requirements of Black and Minority Ethnic Groups

7.45 The 2001 Census also contains information on the ethnicity of the population. It classified ethnic groups on the basis of sixteen categories which are standardised across all UK government sources (Figure 116). This classification is also used by the Commission for Racial Equality and many other organisations interested in analysing information about Black and Minority Ethnic (BME) communities.

7.46 These sixteen categories can be grouped together into five aggregate groups – White, Mixed, Black, Asian and Other – and some information sources do not provide any details beyond these broad groupings (though White British and White Non British are sometimes reported independently).

Figure 116
Ethnic Group Classifications (Source: UK Census of Population 2001)

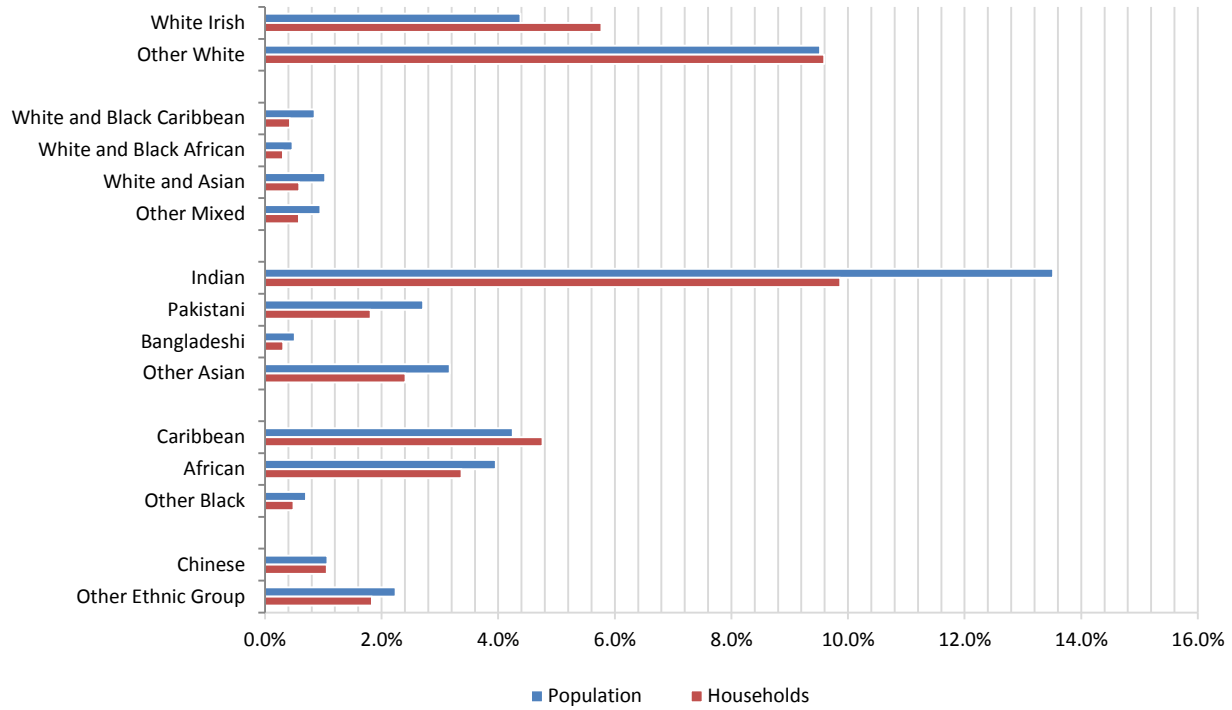
Broad Group	Detailed Classification
White	White British
	White Irish
	Any Other White Background
Mixed	White and Black Caribbean
	White and Black African
	White and Asian
	Any Other Mixed Background
Asian or Asian British	Indian
	Pakistani
	Bangladeshi
	Any Other Asian Background
Black or Black British	Caribbean
	African
	Any Other Black Background
Chinese or Other Ethnic Group	Chinese
	Any Other Background

7.47 Information from the Census is based on individual responses, insofar as each person must decide themselves to which ethnic group they belong. This inherently introduces some degree of inaccuracy into the data. For instance, when we consider those people that were born in the Middle East, there is a clear division between those classifying themselves as "Asian Other" and those choosing "Other Ethnic Group" despite their actual origins being the same.

7.48 At the time of the 2001 Census the BME population in West London comprised 49.3% of the total population, with 43.2% of household representatives being from BME groups. This indicates that household sizes for BME households are typically larger than for the White British population.

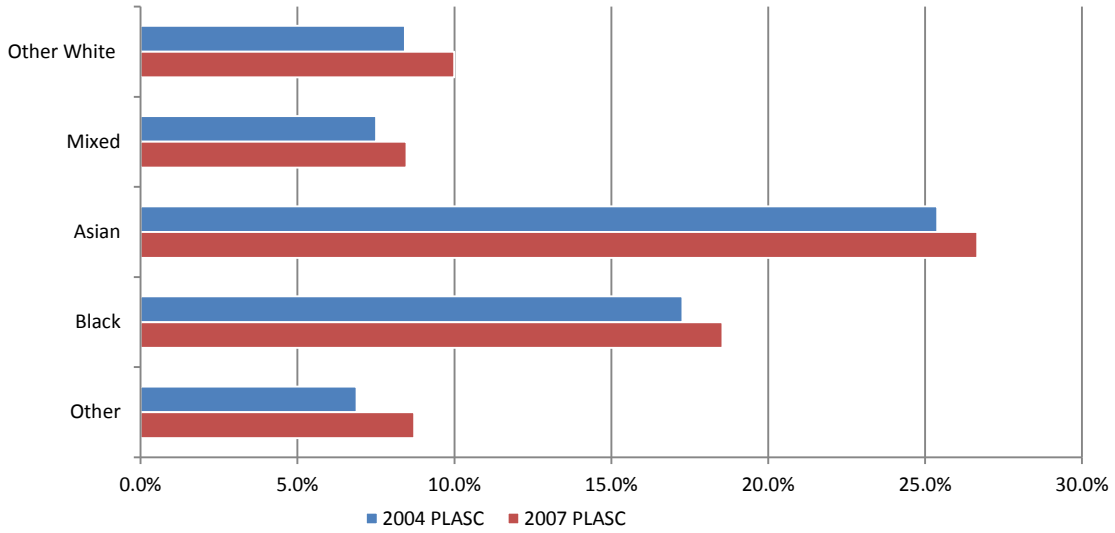
7.49 Figure 117 overleaf indicates that the ethnic group classifications with the largest populations in West London are Indian (13.5%), White Other (9.5%), Black Caribbean (4.3%) and Black African (4.8%). Figure 117 overleaf also indicates that for the White Irish and Black Caribbean populations there is a higher share of household representatives than population. This implies that for these two groups their household sizes are typically smaller than the average across West London. Meanwhile, for all other ethnic groups their household sizes are on average larger than the average across West London.

Figure 117
Black and Ethnic Minority Population and Household Representatives by Ethnic Group in 2001 (Source: UK Census of Population 2001)



7.50 To highlight how the BME population of West London may have changed recently, Figure 118 compares how large a share children from BME backgrounds formed primary school rolls across West London in 2004 and 2007. The data is drawn from the Pupil Level Annual Schools Census (PLASC) which is conducted every January by every maintained school.

Figure 118
Primary School Aged Pupils by Ethnic Group 2004 and 2007 (Source: Department for Children, Schools and Families Pupil Level Annual Schools Census)

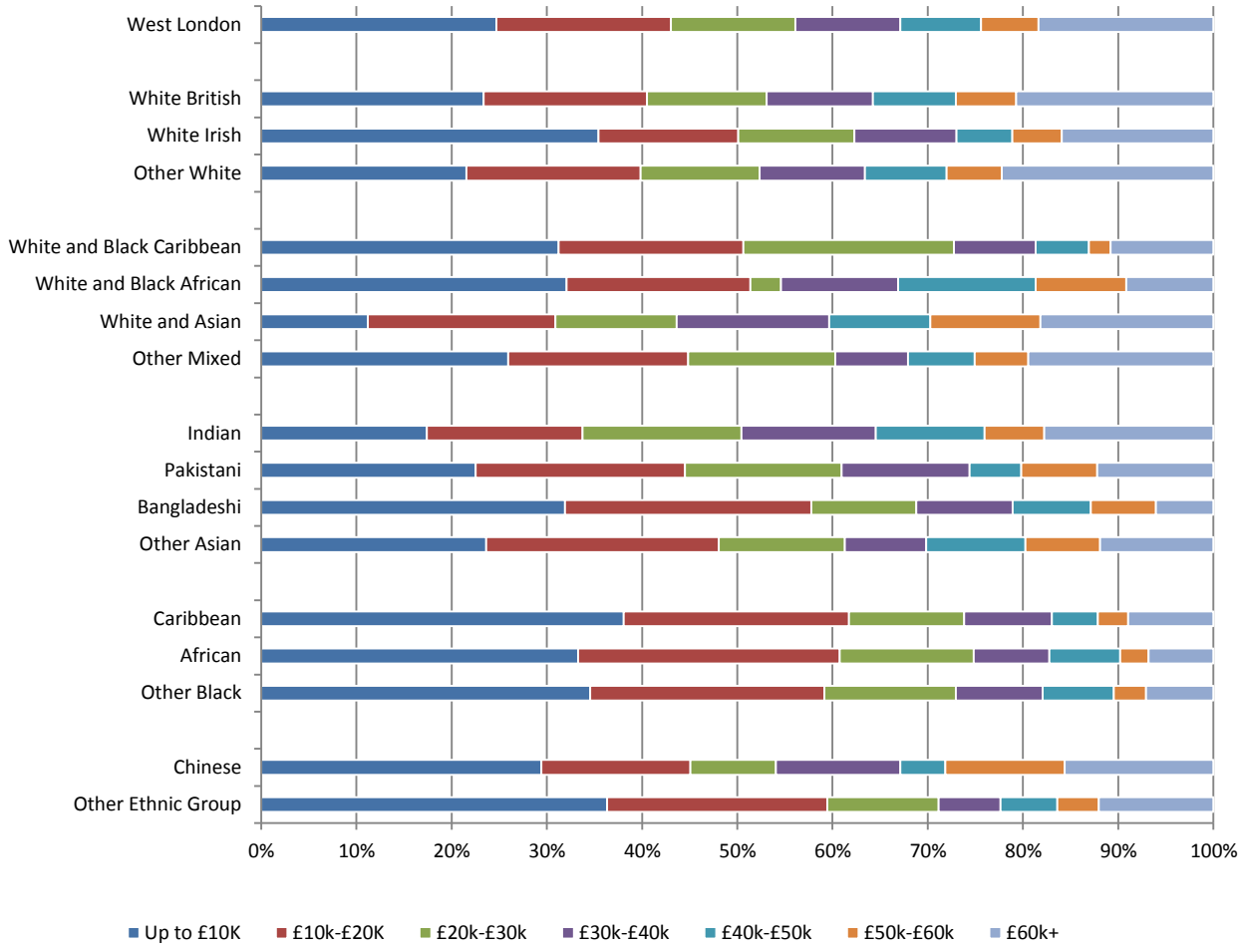


7.51 In 2004 children from identified BME groups formed 65.5% of all pupils in primary schools in West London. By 2007 this figure had risen to 72.4% of all primary school children. Therefore, there has been a substantial rise in the share of children in West London primary schools who come from BME groups. This is likely to be reflected in adults from BME groups also increasing their share of West London's population in this time.

7.52 Figure 118 shows that all ethnic groups have seen a rise in their shares of primary school pupils since 2004 of between 1 and 2 percentage points with the Other ethnic group increasing the most in the three years up to 2007. This indicates that all ethnic groups have seen a rise in its total populations in West London since 2004.

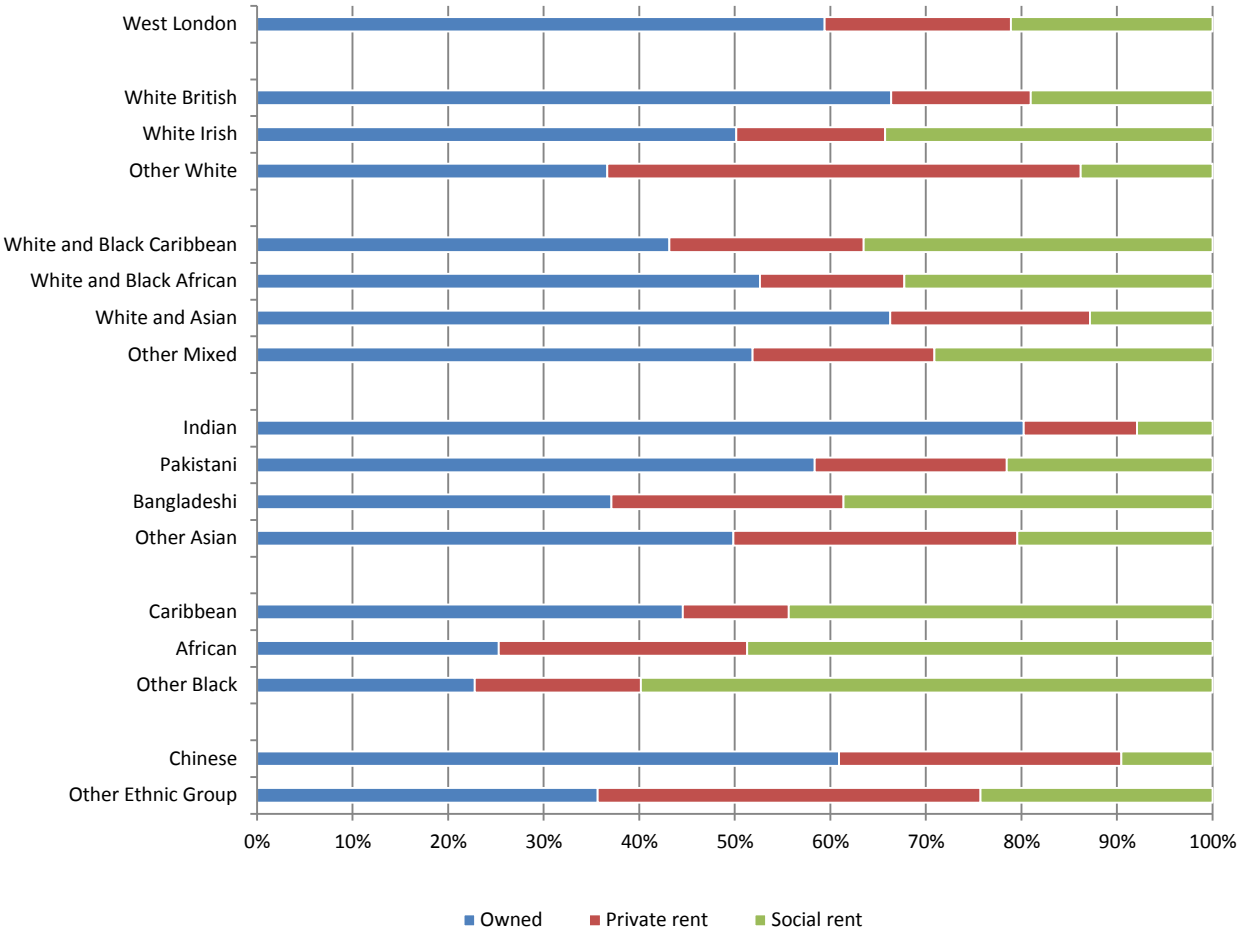
7.53 An analysis of household income shows considerable variation across ethnic groups. Households with a Black or Bangladeshi household representative are associated with below average incomes, while for Indian households their household income is around average for that of West London.

Figure 119
Household income by Ethnic Group (Source: Local Authority Survey Data)



7.54 When considering the tenure of households it is apparent that there was considerable variation between different ethnic groups. Black ethnic groups, Bangladeshis and Mixed ethnic groups were disproportionately likely to be found in social rented dwellings, while the Indian, Pakistani, Mixed White and Asian, Chinese and White British ethnic groups were the most likely to be found in owner occupation.

Figure 120
Tenure of Ethnic Groups (Source: Local Authority Survey Data)



7.55 Figure 121 overleaf records all tenants of socially rented accommodation. Many of these residents would have lived in their tenancy for a long period of time. Given that the BME population is typically younger, it is interesting to explore the more recent pattern of lettings.

7.56 Figure 121 overleaf also compares the recent pattern of lets in West London with the data covering the period from April 2006 to March 2009 for lets in the area. It shows the share of households where the respondent came from a particular ethnic group at the time of the 2001 Census with the proportion of those who reside in social housing from each ethnic group and RSL (not Council) lets to that group since 2001.

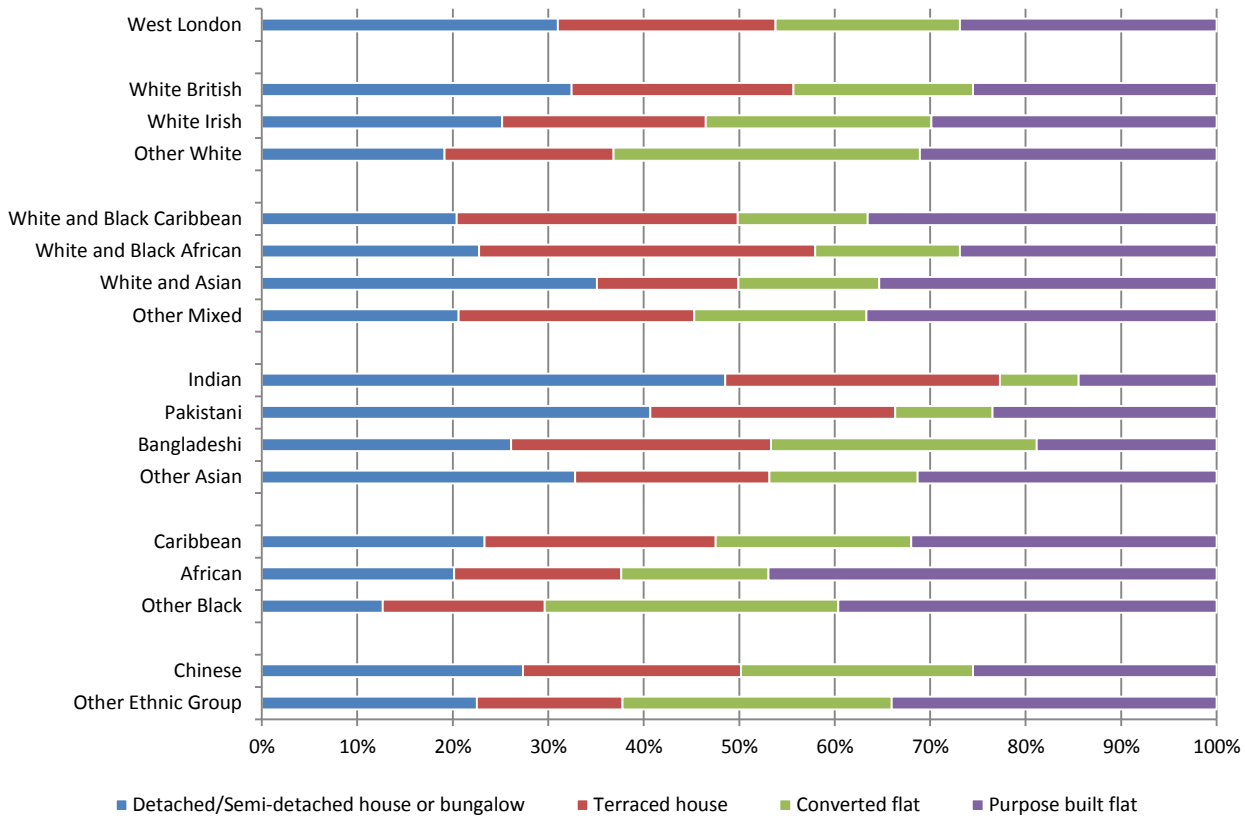
7.57 Since 2006, the share of lets to many BME groups has been above their population share, most notably for the Black African and Black Caribbean groups. This indicates that housing needs are higher for these ethnic groups.

Figure 121
Share of Households in Social Housing and Social Lets 2006-2009 for Ethnic Groups (Source: CORE project for the Joint Centre for Scottish Housing Research and UK Census of Population 2001 Note: Figures may not sum to 100% due to rounding

Ethnic Group	Share of all Households	Share of Households in Social Housing in 2001	Share of RSL Lets 2006-2009
White: British	56.8%	53.4%	32.9%
White: Irish	5.8%	7.5%	3.1%
White: Other	9.6%	5.9%	6.9%
White and Black Caribbean	0.4%	0.9%	3.1%
White and Black African	0.3%	0.6%	1.7%
White and Asian	0.6%	0.6%	0.5%
Other Mixed	0.6%	0.7%	1.8%
Indian	9.9%	4.3%	3.8%
Pakistani	1.8%	1.7%	2.1%
Bangladeshi	0.3%	0.6%	1.1%
Asian Other	2.4%	1.8%	5.5%
Black Caribbean	4.8%	9.6%	11.8%
Black African	3.4%	8.3%	18.9%
Black Other	0.5%	1.3%	2.5%
Chinese	1.1%	0.5%	0.4%
Other Ethnic Group	1.8%	2.2%	3.8%
ALL HOUSEHOLDS	100%	100%	100.0%

7.58 White British, Indian, Pakistani, Mixed White and Asian and Asian Other households are the only groups more likely to live in houses than all households in West London. Meanwhile over 60% of households from the White Other, Black African, Other Black and Other ethnic groups live in flats.

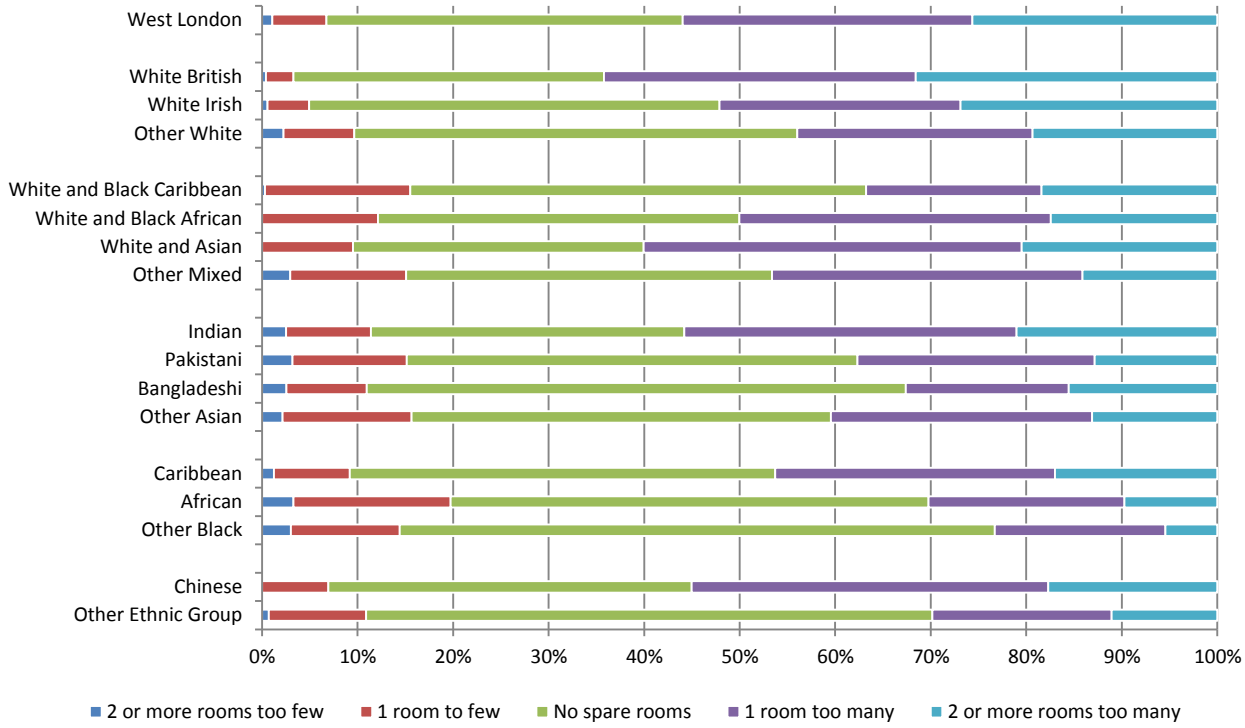
Figure 122
Dwelling Type by Ethnic Group (Source: Local Authority Survey Data)



7.59 When we consider the characteristics of households in terms of overcrowding, it is apparent that around a fifth (20%) of Black African households have at least one room too few for the household's needs, with 4% lacking two or more rooms than the household needs. Around 15% of Pakistani, Other Asian, Mixed White and Black Caribbean, Other Mixed and Other Black households are overcrowded. This compares to only 7% of all households being overcrowded.

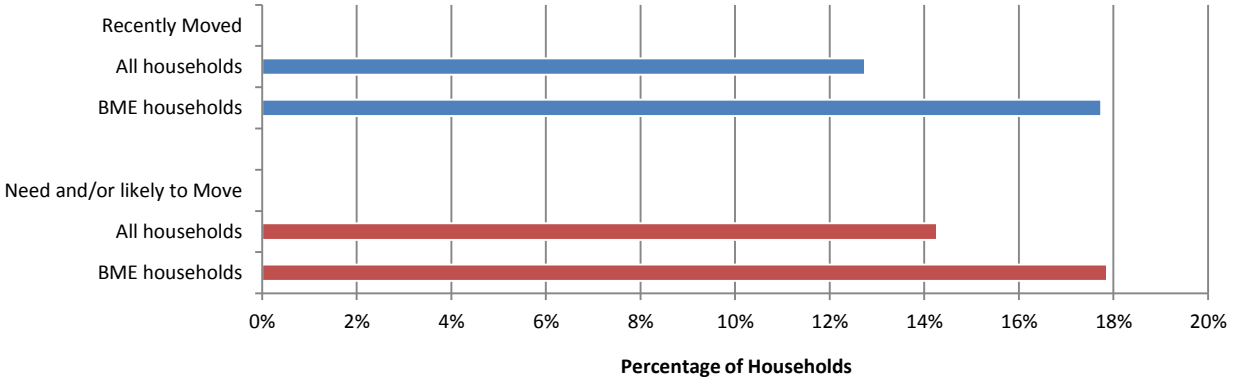
7.60 When we consider under-occupation, more than half of the White British (64%) Mixed White and Asian (60%), Indian (56%), Chinese (55%) and White Irish (52%) groups have at least one more room than is technically required by the household, with as many as half of the identified households in the White British group having two or more additional rooms in their home.

Figure 123
Overcrowding by Ethnic Group (Source: Local Authority Survey Data)



7.61 Over the last year, 13.7% of all households had moved address compared to 17.7% of BME households. Therefore, BME households are more likely to move home than the whole population.

Figure 124
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source: Local Authority Survey Data)



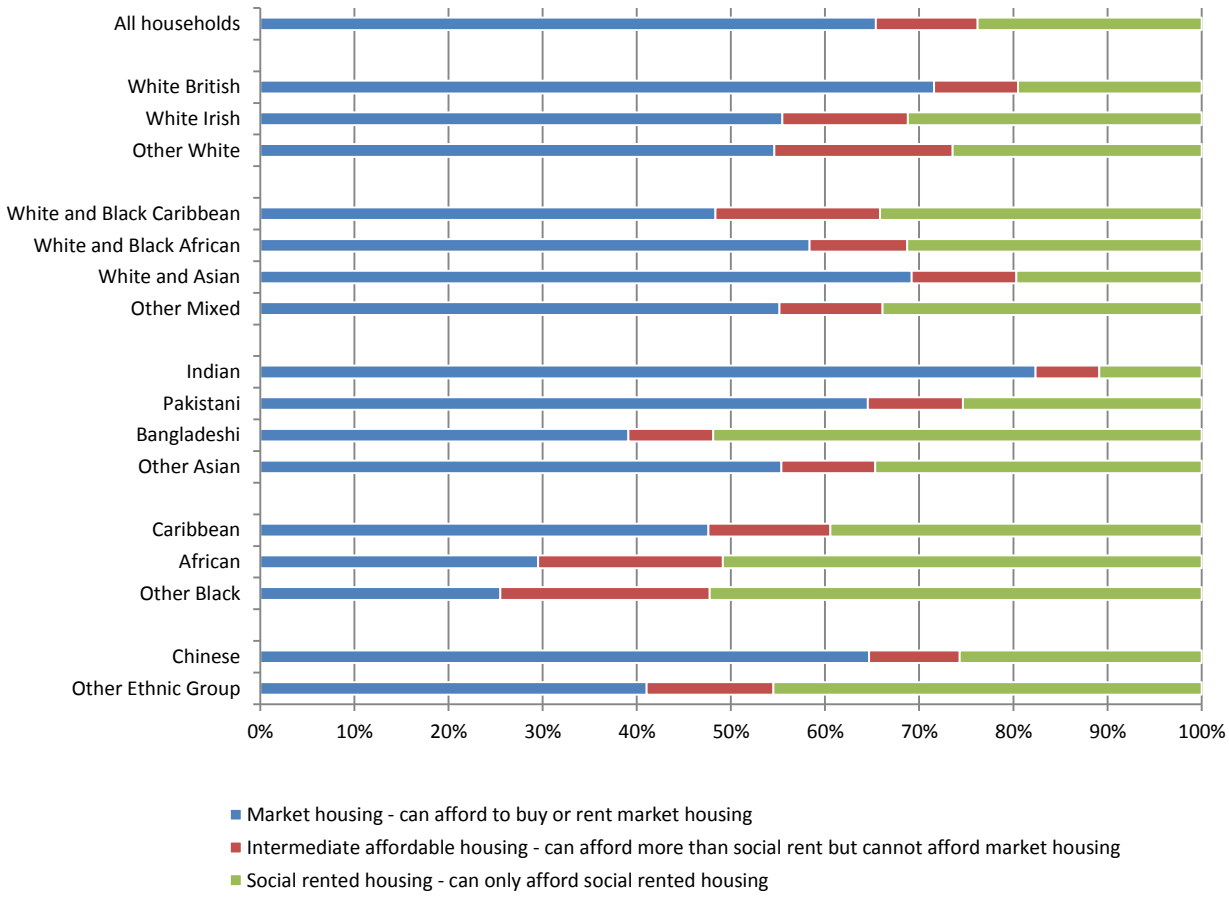
7.62 When this is compared to future expectations, around the same proportion of BME households need and/or consider it likely that they will move in the next 12-months as recent trends would suggest was likely.

7.63 Figure 125 compares the affordability of housing to each BME group to all households in the sub-region. This shows that the White British, Mixed White and Asian, and Indian are the only groups that have larger proportions of households able to afford market housing.

7.64 All of the Black ethnic groups show large proportions only able to afford social rented housing, with only 30% of Black African households able to afford market housing. The Bangladeshi and Other ethnic groups also have high requirement for social rented housing on the basis of affordability.

7.65 There is an ability to afford intermediate affordable housing across all ethnic groups, but the proportion is highest amongst the Other White, Mixed White and Black Caribbean, Black African and Other Black households.

Figure 125
Affordability of housing (Source: Local Authority Survey Data. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test based on analysis comparable to that used within the ORS Housing Market Model)



Housing Requirements of Gypsies and Travellers

7.66 It is widely recognised that there has been an under-provision of adequate accommodation for gypsies and travellers in London and other regions, and that this has contributed to very poor health and educational and economic outcomes for these communities.

7.67 The London Plan states that Boroughs should assess the accommodation needs of gypsies and travellers, protect existing sites, set out criteria for identifying the suitability of new sites and identify locations for new sites where shortfalls are identified. Similarly, the Housing Act 2004 requires local authorities to assess the accommodation needs of Gypsies and Travellers and to have a strategy in place which sets out how any identified needs will be met as part of their wider housing strategies.

7.68 National Planning Policy (Circular 01/2006) requires regional planning bodies (in London, the Mayor) to specify targets for provision in the form of pitch numbers for each local authority, taking into account the Gypsy and Traveller Accommodation Needs Assessments (GTANAs) carried out in the region and any other relevant evidence.

7.69 The 33 London Boroughs in co-operation with the GLA have undertaken and published a London wide GTANA. Using this as a basis along with a strategic view of needs across the region, as required by Circulars 1/2006 and 4/2007, the Mayor in the Draft Replacement London Plan, identified the number of pitches required for each Borough. The draft plan has since been altered and reflects a lower target. It should be noted that these figures are still under review and may change again following the Examination in Public in December 2010. Policy 3.9 has been re-drafted and the targets and rationale for them can be contained in the minor alterations to the plan document published in March 2010. The document can be viewed at

http://www.london.gov.uk/shaping-london/london-plan/docs/gt-alt-mar10.pdf

7.70 The GTANA also identified a need for 64 houses to be available for Gypsies and Travellers. 72% of the total need identified by the GTAA comes from Gypsies and Travellers who already live in Bricks and Mortar accommodation but as these needs should have been picked up as part of the assessment of overall housing requirements in this study, they are not considered as additional to the requirements identified here.

Housing Requirements of BME Households:
Summary of Key Points

- In 2001, 49.3% of the total population and 43.2% of household representatives came from BME groups;
- The largest ethnic groups in West London at the time of the Census were Indian (13.5%), White Other (9.5%) Black Caribbean (4.3%) and Black African (4.8%)
- Evidence from school rolls indicates that children from BME groups have increased their share of all primary school aged children from 65.5% to 72.4% since 2004, with much of the rise coming from the Other ethnic group children;
- Black and Bangladeshi households typically have lower than average household incomes, while Indian households are more likely to have average incomes;
- Tenure varies by ethnic group, with Black, Bangladeshi and Mixed households being more likely to be found in social rent while Indian, Pakistani, Mixed White and Asian, Chinese and White British households are more likely to be owner occupiers;
- Since 2006, the share of lets to many BME groups has been above their population share, most notably for the Black African and Black Caribbean groups indicating that housing needs are higher for these ethnic groups.

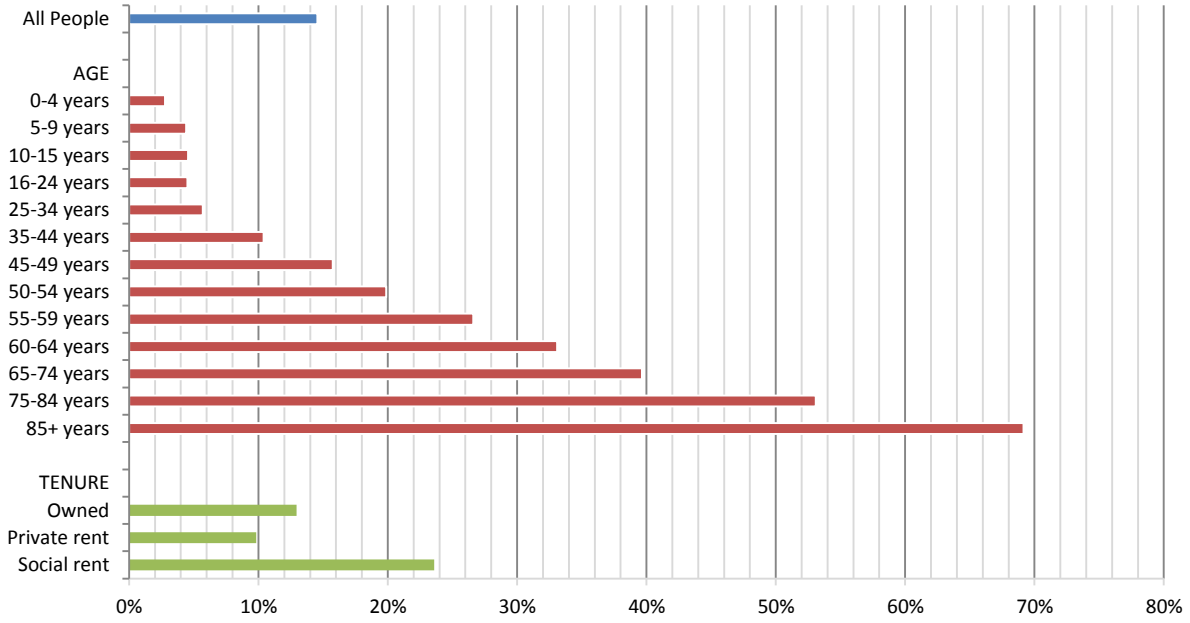
Overall

- In terms of housing tenure specific ethnic groups tend to be either more likely to owner occupy and live in houses or are more likely to social rent and live in flats. A key factor is the income variation between groups. The household size of most of the minority ethnic groups is more likely to be larger than the West London average and this can result in severe overcrowding amongst lower income groups.

Understanding the Housing Requirements of Disabled People

7.71 Information from the 2001 Census indicates that 14.6% of the population of West London had a limiting long-term illness or disability, which amounts to a total of 223,200 people across the sub-region. Figure 126 shows how the proportion of people with limiting long-term illness varies by age and tenure. This highlights that 23.6% of people living in social rent in West London were considered to have a limiting long-term illness. It is also evident that the proportion of those with a limiting long term illness increases significantly with age.

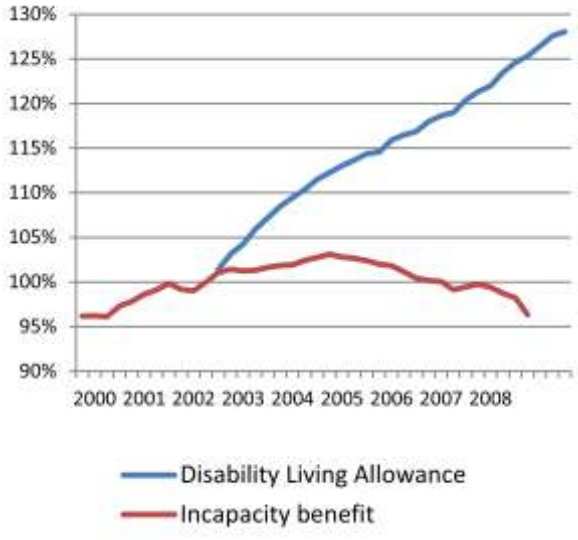
Figure 126
Limiting Long-term Illness by Age and Tenure 2001 (Source: UK Census of Population 2001)



7.72 More recent evidence from the Annual Population Survey April 2008 to March 2009 indicates that there are 172,100 (15.7%) working age people in West London who have a disability.

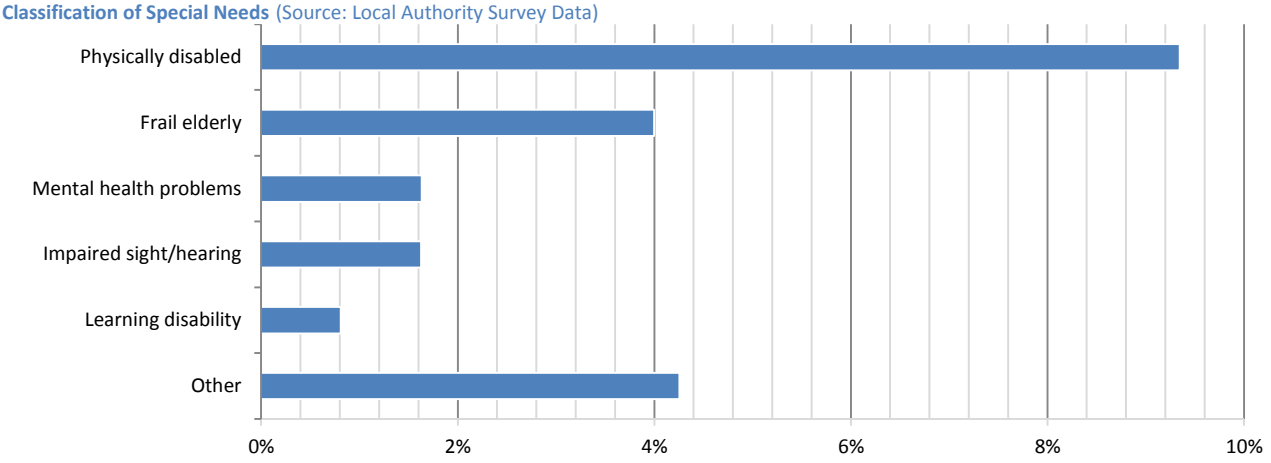
7.73 Figure 127 shows how benefit receipt related to health problems has varied in West London in recent years with May 2002 being treated as a base for the comparisons. This shows that the number of people claiming incapacity benefit rose from 1999 until 2004, but has been declining since this time and currently stands at 56,600 recipients in West London. Meanwhile, the number of people claiming disability living allowance has risen steadily since 2002 and now stands at 61,400 recipients in West London.

Figure 127
Incapacity Benefit and Disability Living Allowance Claimants 1999-2007 (Source: Department of Work and Pensions)



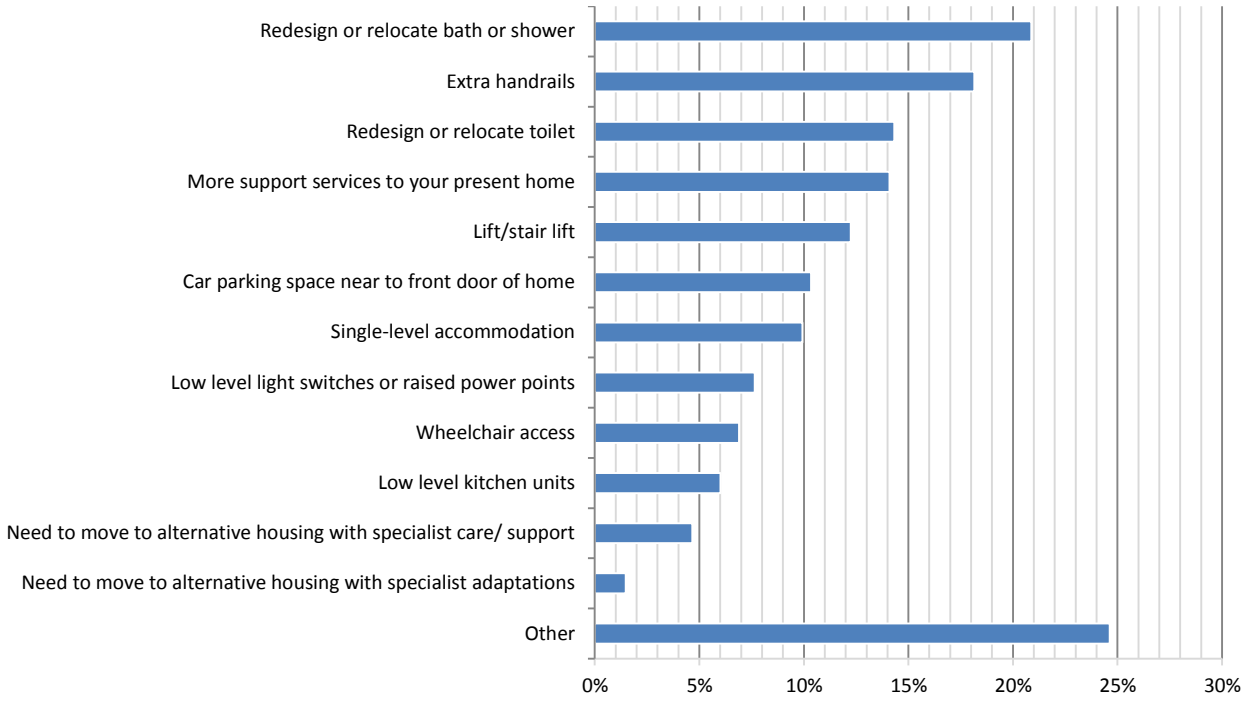
7.74 Evidence from recent survey data in West London indicates that 14% of all households contain someone who has a special need, including 9.3% of households which contained at least one member with a physical disability.

Figure 128
Classification of Special Needs (Source: Local Authority Survey Data)



7.75 Figure 129 highlights the improvements which are required to the homes of households which contain at least one member with special needs. Most prominent among these are for a redesign of their household's bath or shower or for extra handrails to be fitted to the property.

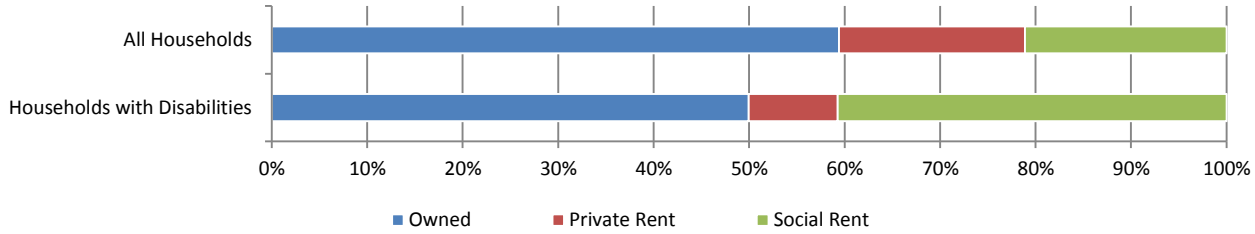
Figure 129
Improvement Required by those with Special Needs (Source: Local Authority Survey Data)



7.76 Of those households which contain at least one member with special needs, 48% have an income of less than £10,000 per annum and 72% have an income of less than £20,000. Across all households in West London, 25% have an income of less than £10,000 and 43% have an income of less than £20,000. Therefore, those households which contain at least one member with a disability typically have much lower household incomes compared with all households.

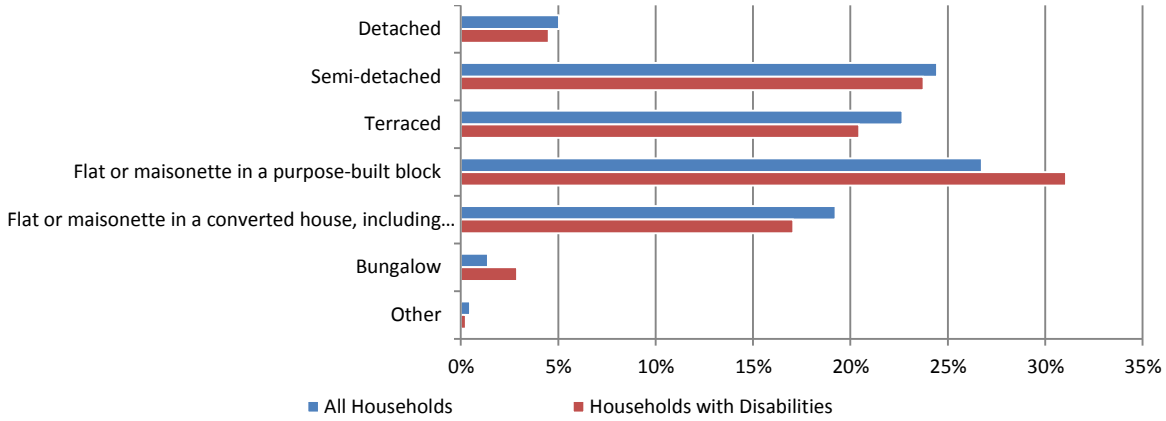
7.77 Over 40% of all households with disabilities currently rent their home from a social landlord, compared to just over 20% of all households. Far fewer households with disabilities rent from a private landlord (9% compared to 20% of all households) with 50% owning their own home (compared to 59% of all households).

Figure 130
Tenure by Household Type (Source: Local Authority Survey Data)



7.78 Households with disabilities are less likely to live in houses (including those converted into flats) than all households in West London, but are more likely to live in bungalows and purpose built flats. This is consistent with the large proportion of such households that rent from social landlords.

Figure 131
Dwelling Type by Household Type (Source: Local Authority Survey Data)



7.79 The proportion of households with disabilities that are overcrowded is the same as the average for all households (6%) but as many as 40% have only the correct number of rooms for their household, without any spare rooms (implying that there is no room for carers to stay overnight unless they are usually resident in the household).

7.80 Over the last year, 13% of all households had moved address compared to 6% of physical disability households. Therefore, physical disability households are less likely to move home than the whole population.

Figure 132
Overcrowding by Household Type (Source: Local Authority Survey Data)

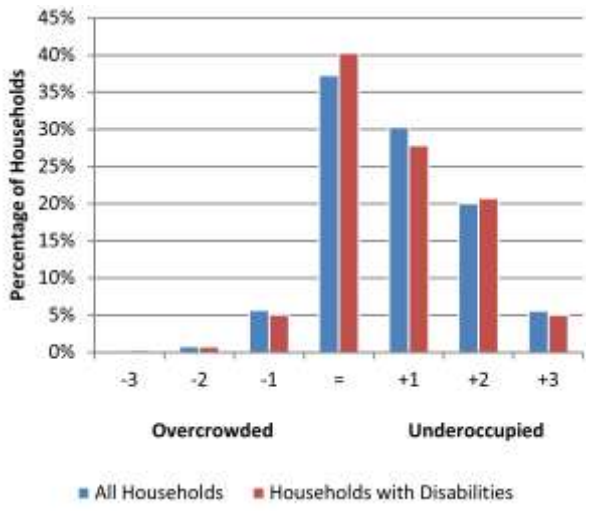
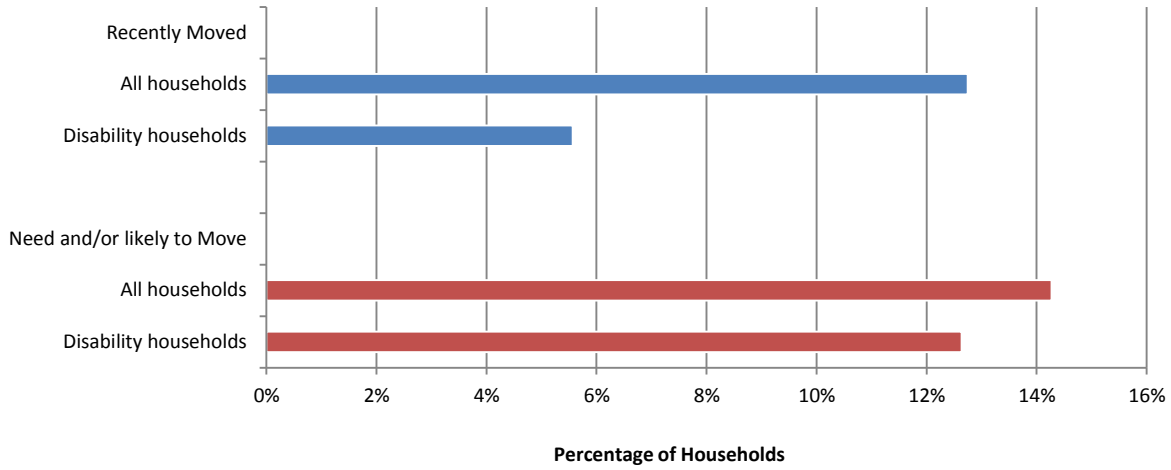


Figure 133
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source: Local Authority Survey Data.)



7.81 When this is compared to future expectations, considerably higher proportions of physical disability households need and/or consider it likely that they will move in the next 12-months than recent trends would suggest was likely.

7.82 In relation to housing people with disabilities it is also interesting to note the potential role played by supported housing. Figure 134 shows the share of RSL lets of supported housing between April 2006 and March 2009 which were made to households with at least one member with a disability. Figure 135 shows the same figure for general needs lets by RSLs. These highlight that a higher share of general needs lets are made to households with at least one member with a disability than is the case for supported housing lets.

Figure 134
Disabled Household Member for RSL Supported Housing Lets April 2006 to March 2009 (Source: CORE project for the Joint Centre for Scottish Housing Research)

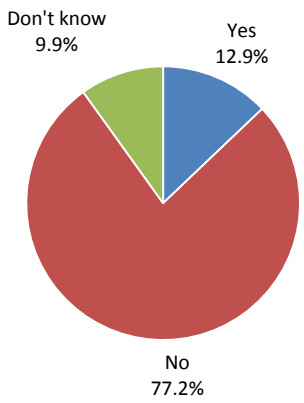
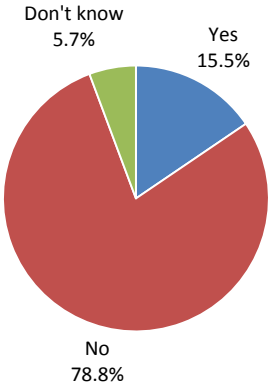
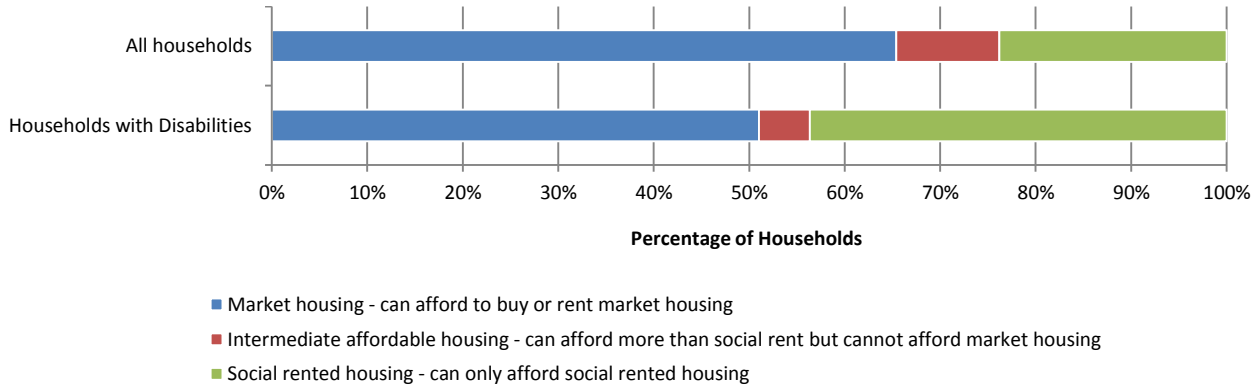


Figure 135
Disabled Household Member for RSL General Needs Housing Lets April 2006 to March 2009 (Source: CORE project for the Joint Centre for Scottish Housing Research)



7.83 Finally, Figure 136 compares the affordability of households with disabilities with the affordability of all households in the sub-region. This shows that, on the basis of affordability, households with disabilities are much more likely to require social rented housing than all households in the sub-region, with fewer able to afford market housing.

Figure 136
Affordability (Source: Local Authority Survey Data. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test is based on analysis comparable to that used within the ORS Housing Market Model)



Housing Requirements of People with Disabilities:
Summary of Key Points

- In 2001, 14.6% of the total population were reported as having a limiting long-term illness;
- 23.6% of all social rent tenants had limiting long-term illnesses in 2001;
- Incapacity benefit claimants rose between 1999 and 2004, but have been falling since this time. Disability Living Allowance claimants numbers have climbed steadily since 2002;
- Households with at least one physically disabled member typically have lower than average household incomes;
- Many households with a physically disabled member require adaptations to their bath or shower or they require extra handrails to be fitted to their homes;
- Only 12.9% of RSL supported housing lets between April 2006 and March 2009 were confirmed as being to households with at least one member with a disability.

Overall

- Households with at least one member with special needs are more likely to be on low incomes and households with disabilities are more likely to social rent and flats/bungalows.

Understanding the Housing Requirements of Young People

7.84 There were 209,400 people aged 15-24 years identified in the West London sub-region by the 2001 Census. Of these 90,200 were aged 15-19 years and 119,100 were aged 20-24 years.

7.85 The 2008 round population forecasts from the GLA provide high and low growth scenarios for the region for the period to 2026, as illustrated in Figure 137 and Figure 138. These figures suggest that the number of young people in the sub-region will fall from 209,400 in 2001 to 195,200 (6.8%) by 2026. This is in the context of an overall projected increase (for people of all ages) of 5.9%, so the projected fall in the young population is a distinctive trend.

Figure 137
Number of Young Persons (Source: GLA projections - 2008 round, PLP Low scenarios)

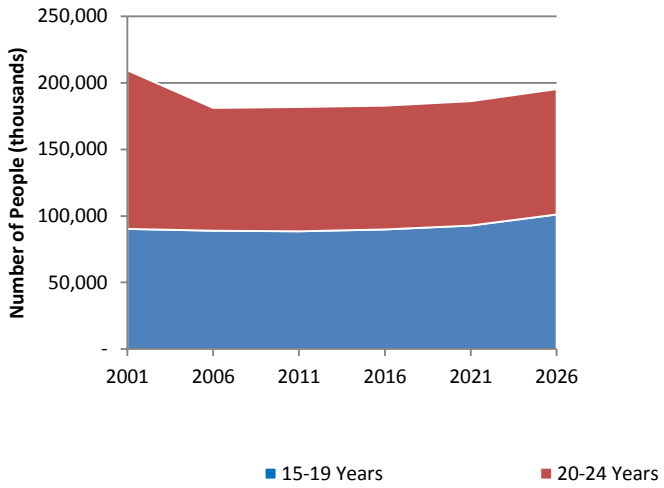
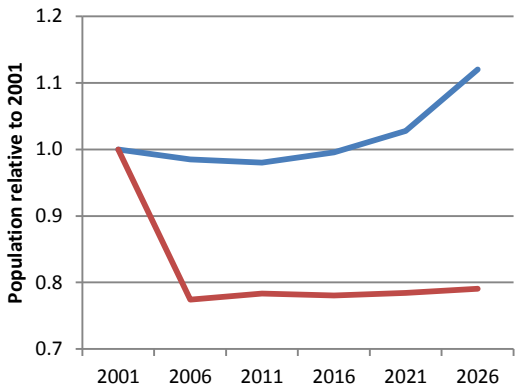


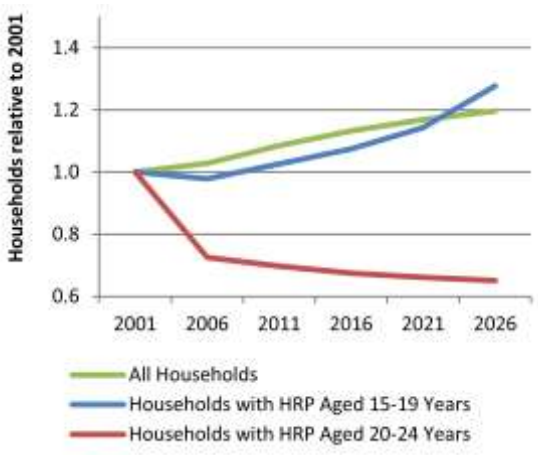
Figure 138
Change in Proportion of Young Person Population (Source: GLA projections - 2008 round PLP Low scenarios)



7.86 When we consider the age breakdown, it is apparent that the population aged 15-19 years is predicted to increase in the period 2011-26 (12%) whereas the population aged 20-24 years is estimated to have fallen sharply in the period 2001-06 and is projected to vary only marginally in the period to 2026.

7.87 When we consider households headed by a young person (aged under 25), there were a total of 22,900 recorded in West London by the 2001 Census (3.6% of all households in the sub-region), of which 5,900 were single person households (25.6% of all young person households identified).

Figure 139
Household projections 2001-26 (Source: GLA projections - 2008 round, Low scenarios)



7.88 The 2008 round household projections from the GLA identify that the total number of young person households will decrease to 16,600 by 2026, a reduction of 27.5% from the 2001 base(although households headed by a person aged 15-19 years is expected to increase). Overall households are projected to increase by 20% over the same period.

7.89 Perhaps not surprisingly, the average income of households headed by young people is considerably less than the overall average household income in West London. 41% have a household income of less than £10,000 per annum and 80% have an income of less than £30,000 per annum.

7.90 When considering the tenure of households at the time of the Census, it is apparent that the proportion of all young households that owned was significantly lower from the population as a whole (20% cf. 60%), but a larger proportion of young person households rented their home privately or from a social landlord. More recent survey data indicates that the share of young person households in the private rented sector has grown considerably since 2001, at the expense of both the owner occupied sector and social rented sector.

Figure 140
Household income by Household Type (Source: Local Authority Survey Data)

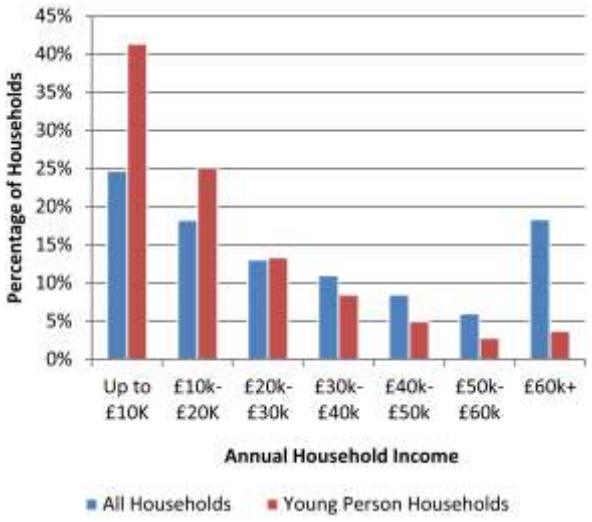
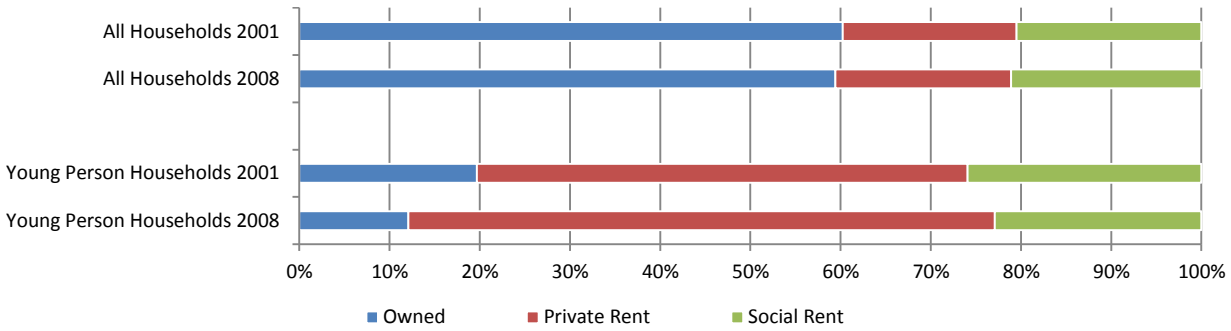
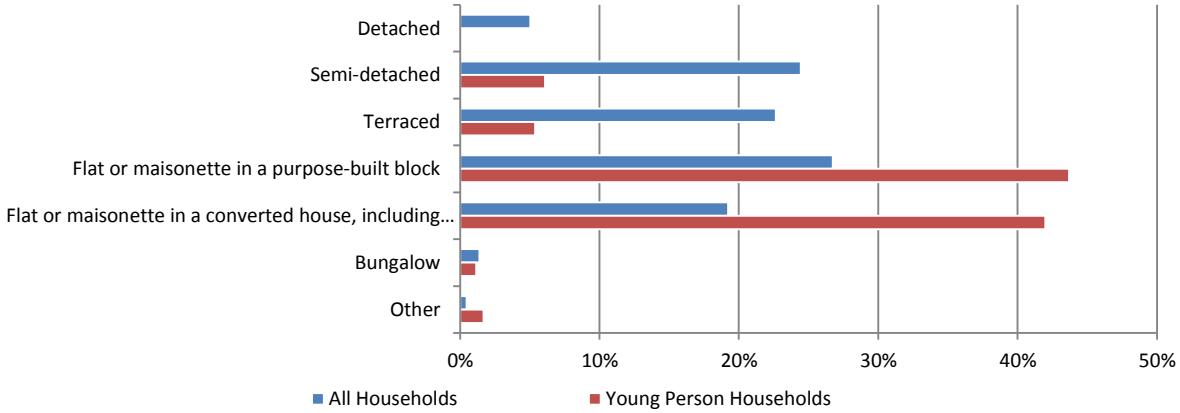


Figure 141
Tenure by Household Type (Source: UK Census of Population 2001 and Local Authority Survey Data)



7.91 Young person households are more likely to live in purpose built or converted flats than all households in West London. Including bedsits and studio flats, 86% of all young person households occupy a flat.

Figure 142
Dwelling Type by Household Type (Source: Local Authority Survey Data)



7.92 A total of 8.7% of young person households are currently living in overcrowded circumstances, with most (6.4%) having one room fewer than required. A further 67% have only the correct number of rooms for their household, without any spare rooms. Less than a quarter of young person households have more rooms than they technically need, compared to 56% of all households.

7.93 Over the last year, 12.7% of all households had moved address compared to 54% of young person households. Therefore, young person households are more than four times more likely to move home than the whole population.

Figure 143
Overcrowding by Household Type (Source: Local Authority Survey Data)

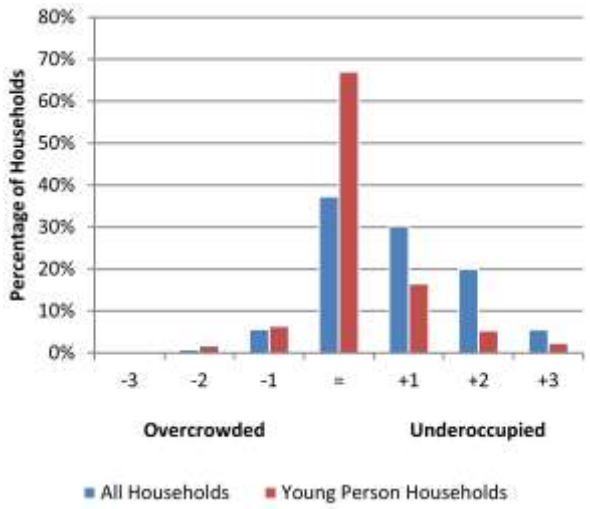
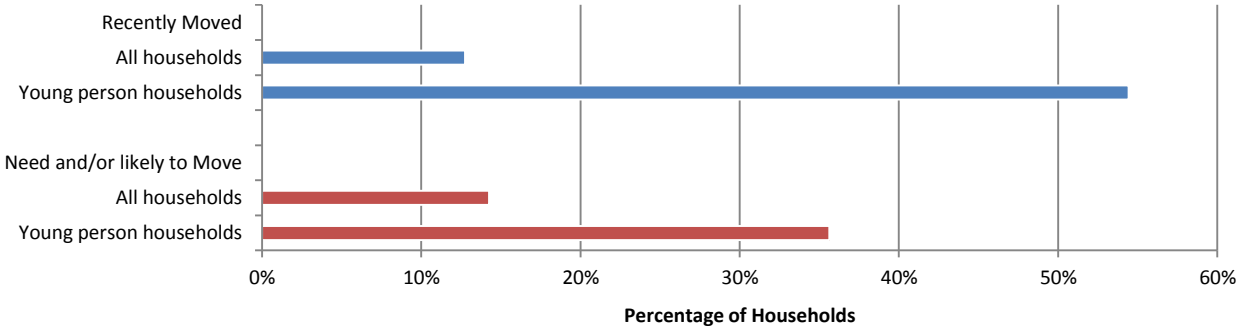


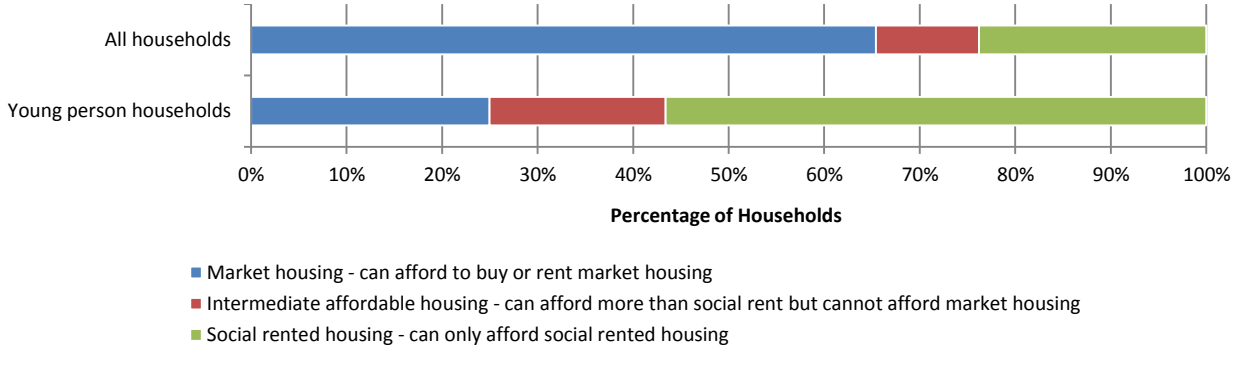
Figure 144
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source: Local Authority Survey Data)



7.94 When this is compared to future expectations, considerably lower proportions of young person households need and/or consider it likely that they will move in the next 12 months than recent trends would suggest was likely, indicating that many young person households will move at relatively short notice.

7.95 Finally, Figure 145 compares the affordability of young person households with the affordability of all households in the sub-region. This shows that, young person households are significantly more likely to be able to afford housing at social rent levels than all households in the sub-region, with considerably fewer able to afford market housing.

Figure 145
Affordability (Source: Local Authority Survey Data. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test based on analysis comparable to that used within the ORS Housing Market Model)



Housing Requirements of Young Persons:
Summary of Key Points

- In 2001, there were 209,400 people aged 15-24 years living in the West London region. There were a total of 22,900 young person households, with over a quarter of these single person households;
- This population is projected to fall by up to 7% by 2026 – with the population aged 20-24 years projected to be considerably below its 2001 level;
- 41% of young person households have household incomes of less than £10,000 per annum, and 80% have household incomes of less than £30,000;
- The proportion of young person households that own is significantly lower than the population as a whole, but a larger proportion rent their home from social or private landlords and the number renting from private landlords has grown considerably since 2001. Young person households are also more likely to live in flats;
- Young person households are nearly than four times more likely to move than all households in London;
- Less young person households are expected to move in the next year than trends suggest will actually move – so young person households are likely to move at short notice.

Overall

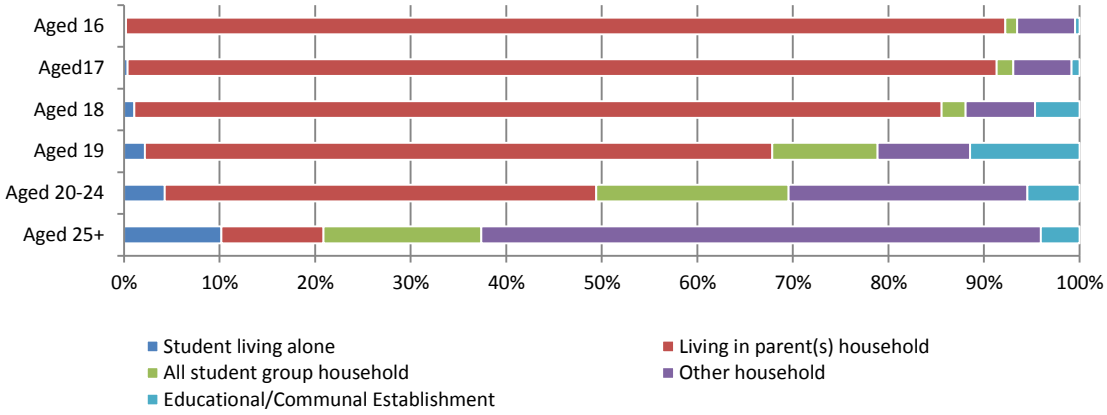
- Young person households are more likely to have a low income and more likely to rent in the private sector, in flats, bedsits and studio flats, but are also more likely to be transient. In terms of affordability this group is more likely to require social rented housing.

Understanding the Housing Requirements of Students

7.96 Students are a particular group who can often have specific characteristics. This is recognised in PPS3 where they are considered to be a distinct group who are likely to have their own housing requirements. Many students in West London have travelled from overseas or other parts of the UK specifically to study in the sub-region which gives them distinct characteristics from young people who have grown up in West London.

7.97 The 2001 Census identified a total of 106,400 full time students aged 16 or over resident in the West London sub-region. Of those "full-time" students, as many as 34,200 were economically active with the remaining 72,200 being economically inactive.

Figure 146
Student Housing Circumstances by Age of Student (Source: 2001 Census of Population)



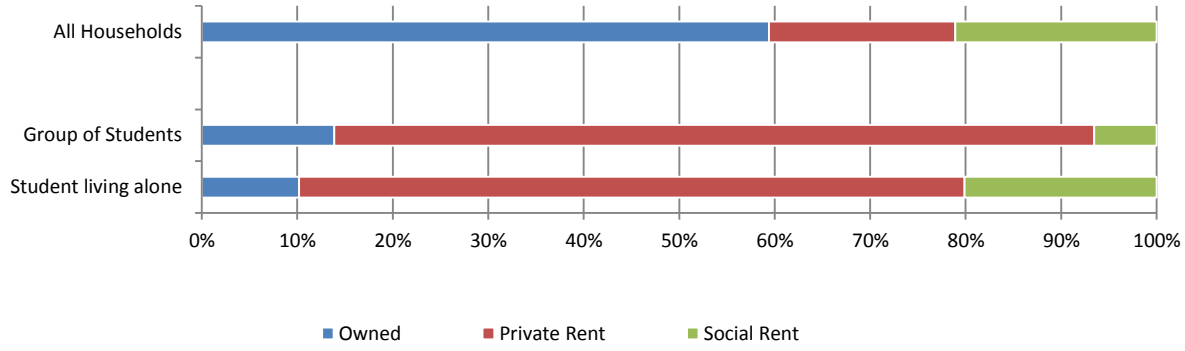
7.98 Students are a diverse group and their housing circumstances vary considerably by age. The majority of those aged 16 and 17 were living with their parents (92% and 91% respectively). There were more 19 year old students than other age groups living in communal establishments (either educational establishments or other communal establishments). However, living with parents still formed the majority (66%) for this group, and almost half (45%) of those aged 20-24 remained in the parental home.

7.99 When we consider those students registered at Higher Education Institutes (HEIs) in the sub-region, there were a total of 42,600 in the 2000/01 academic year, of which just over 27,600 were full-time students (based on HESA statistics). By 2004/05, the number of full-time students in the sub-region had increased to over 31,300.

7.100 Over the same period, HESA data indicates that the number of HEI provided bed spaces in student accommodation decreased from 7,500 to 6,100 and the number of HEI students living with parents has increased from 5,700 in 2000/01 to around 7,500 by 2004/05 (including around a quarter whose parental home is outside the London region). Some boroughs have reported an increase in the number of planning consents requests from private sector providers.

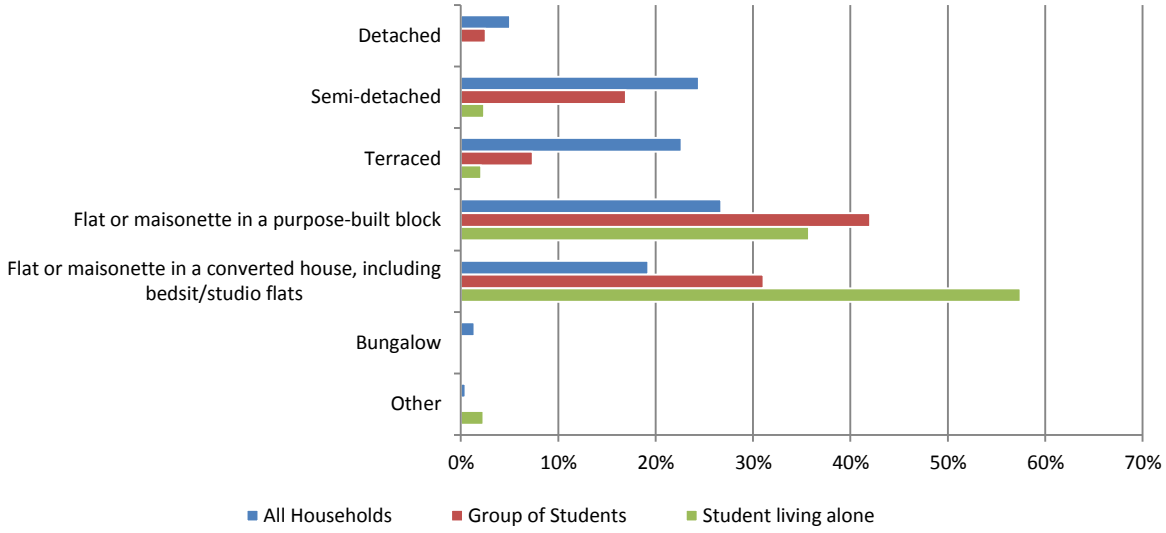
7.101 When we consider the number of student households living in West London, the Census identified 2,800 households comprised entirely of students and a further 3,700 students living alone. Survey data about students shows that the vast majority (80%) of multi-student households live in the private rented sector with 70% of single students living alone also renting privately.

Figure 147
Tenure by Household Type (Source: Local Authority Survey Data)



7.102 Student households are less likely to live in houses than all households in West London, with students living alone living mainly in converted flats or bedsits (48%) and purpose built flats (57%) whereas 42% of student groups live in purpose built flats with around a third (30%) living in converted properties.

Figure 148
Dwelling Type by Household Type (Source: Local Authority Survey Data)



7.103 7% of student households are overcrowded, which is the same as the proportion of all households. Nevertheless, whilst 56% of all households under-occupy their housing, only 18% of student households have more rooms than they technically require.

7.104 Over the last year, 13% of all households had moved address compared to 53% of all student households. Therefore, student households are four times more likely to move home than the general population.

Figure 149
Overcrowding by Household Type (Source: Local Authority Survey Data)

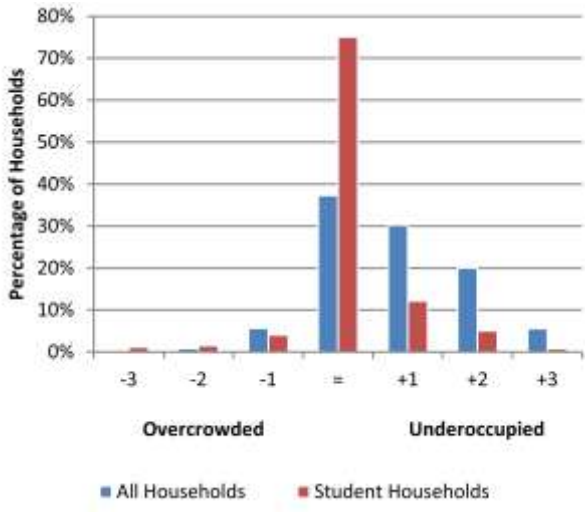
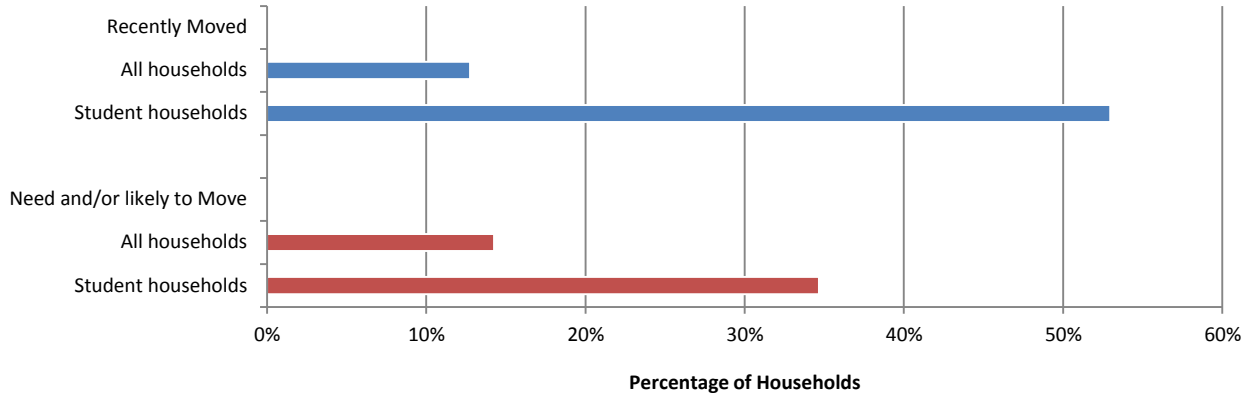


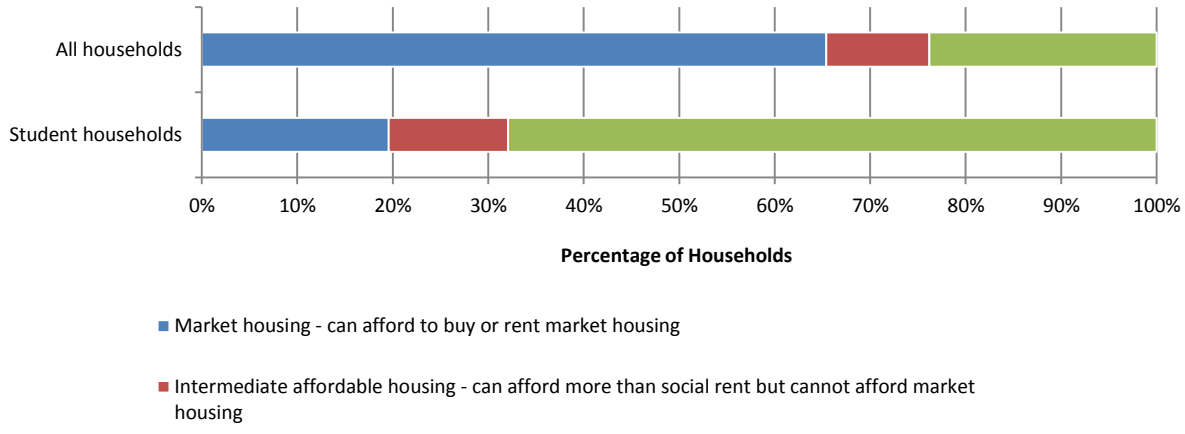
Figure 150
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source: Local Authority Survey Data.)



7.105 When this is compared to future expectations, considerably lower proportions of student person households need and/or consider it likely that they will move in the next 12-months than recent trends would suggest was likely, indicating that many student person households will move at relatively short notice.

7.106 Finally, Figure151 overleaf compares the affordability of student households with the affordability of all households in the region. This shows that, on the basis of affordability, the majority of student households (68%) are only able to afford social rented housing. However in reality, many will access housing in the private rented sector by renting individual rooms, possibly spending more than 25% of their income on housing costs and supplementing their weekly or monthly income with lump sum payments from student grants, student loans or financial contributions from family.

Figure151
Affordability (Source: Local Authority Survey Data. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test based on analysis comparable to that used within the ORS Housing Market Model)



Housing Requirements of Students:
Summary of Key Points

- The 2001 Census identified a total of 106,400 full time students aged 16 or over resident in the West London region, of which 34,200 were economically active with 72,200 being economically active;
- In the 2001 Census the highest proportion of those living in communal establishments (either educational establishments or other communal establishments) were aged 19 – but living with parents still formed the majority (66%) for this group, and almost half (45%) of those aged 20-24 remained in the parental home;
- Of students registered at Higher Education Institutes in the 2000/01 academic year there were 27,600 full-time students. By 2005/06, the number of full-time students registered at Higher Education Institutes in the region had increased to over 31,300;
- Over the same period, the number of bed-spaces in student accommodation decreased from 7,500 to 6,100, and the number of HEI students living with parents has increased from 5,700 in 2000/01 to around 7,500 by 2004/05 (including around a quarter whose parental home is outside the London region);
- Survey data about students shows that the vast majority (80%) of groups of students live in the private rented sector, with 70% of single students living alone also renting privately.

Understanding the Housing Requirements of Key Workers

Applicants for Key Worker Housing

7.107 This section focuses upon Key Worker groups. The definition of a Key Worker varies widely depending upon the circumstances it is being used in, but for the purposes of this study we will use those workers who qualify for Key Worker housing schemes.

7.108 The London Home Ownership Housing Group (LHOG) has identified that over 3,800 Key Workers have had their applications to be on the waiting list for dedicated schemes approved in the period April 2006 – May 2008 in West London. The occupations of these Key Workers are shown in Figure 152 with education and health sector workers forming three quarters of all approved applications for Key Workers housing schemes.

7.109 Figure 153 and Figure 154 show that almost half of all Key Worker housing applicants currently live in the private rent sector while another 29% are currently living with families or friends.

Figure 152
Occupation of Approved Key Worker Applicants in West London
(Source: London Home Ownership Group 2006-2008)

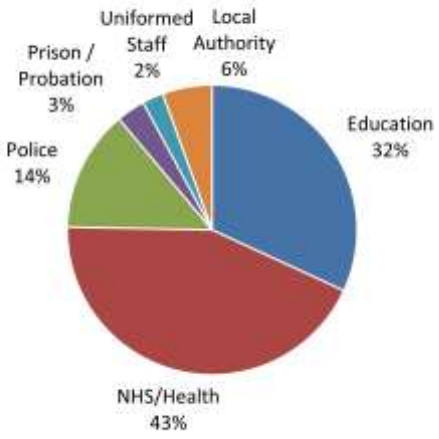


Figure 153
Previous Home of Applicants for Key Workers in West London(Source: London Home Ownership Group 2006-2008)

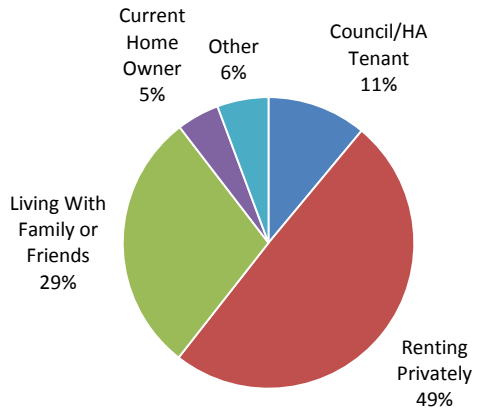
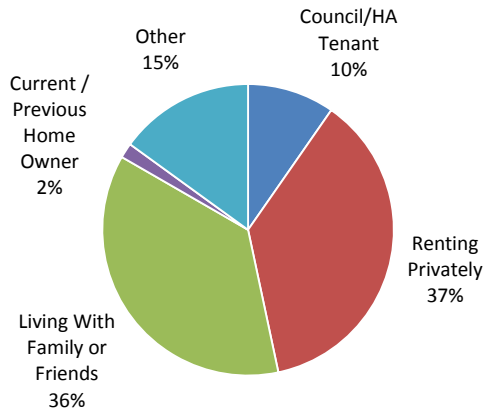


Figure 154
Previous Home of Applicants for Non Key Workers in West London
(Source: London Home Ownership Group 2006-2008)



7.110 Almost half of all Key Worker households seeking low cost housing have household incomes of £20,000-£30,000. It is also the case that 21% have household income of over £40,000. Non Key Worker households who are seeking low cost housing have on average lower household incomes than the Key Worker households seeking this type of housing.

Figure 155
Household Income of Applicants for Key Workers in West London
(Source: London Home Ownership Group 2006-2008)

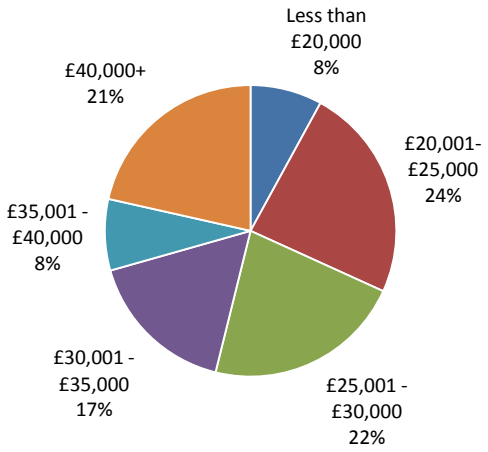
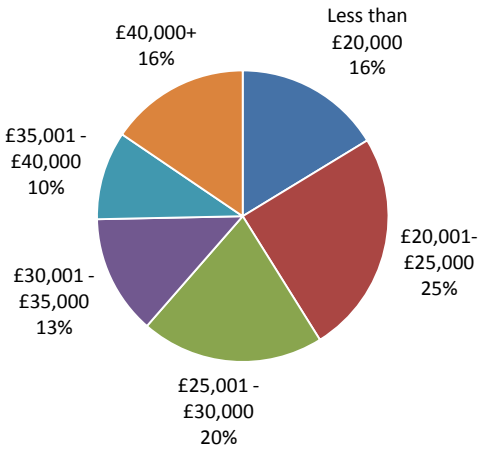


Figure 156
Household Income of Applicants for Non Key Workers in West London
(Source: London Home Ownership Group 2006-2008)



Recent Shared Ownership Movers

7.111 Alongside records of applicants for low cost housing schemes, detailed individual records of shared ownership sales in West London are available from the Continuous Recording (CORE) system maintained by the University of St. Andrews. All figures relate to sales made between April 2006 and March 2009 and include both new and re-sales of shared ownership properties. The list does not include any household who moved into intermediate or social rent dwellings.

7.112 In total around 300 Key Worker households moved in the shared ownership sector in West London while nearly 1,800 non Key Worker household also moved in this sector. Figure 157 overleaf shows that a third of all Key Workers who moved in shared ownership were aged 25-29 years with over a quarter more being aged 30-34 years. When this is compared with non Key Worker households (Figure 158 overleaf) it can be seen that Key Workers moving in shared ownership are on average younger.

Figure 157
Age for Key Workers Moving in Shared Ownership Sector (Source: University of St Andrews CORE Records 2005-2008)

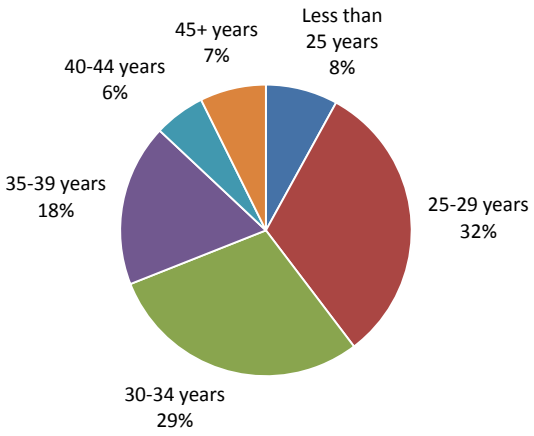
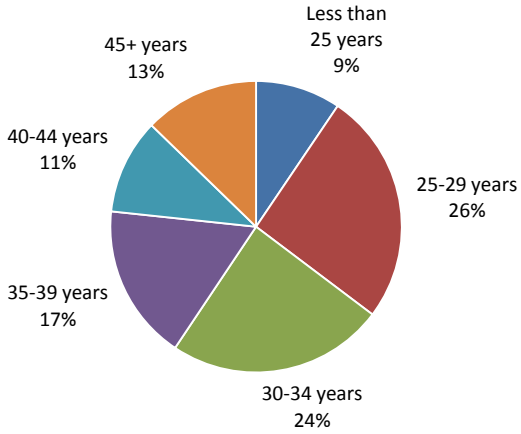


Figure 158
Age for Non Key Workers Moving in Shared Ownership Sector (Source: University of St Andrews CORE Records 2005-2008



7.113 Figure 159 shows that some of Key Worker households moving in the shared ownership sector had at some stage been owner occupiers previously. This group are likely to include;

- those who retained some equity from an old property following separation from a partner;
- those who were owner occupiers in other parts of the country, but can only afford shared ownership in West London; and
- those who previously bought small flats, but now require family housing which is unaffordable to them.

Figure 159
First-time Buyer for Key Workers (Source: University of St Andrews CORE Records 2005-2008)

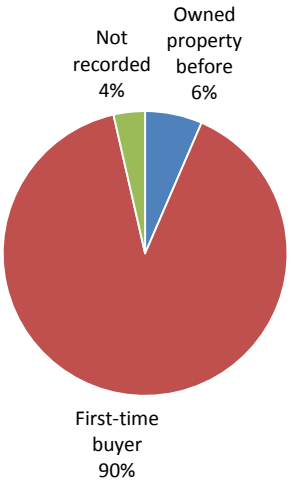
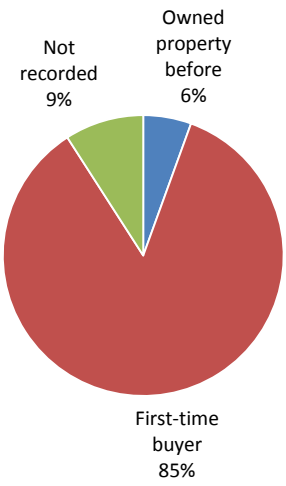


Figure 160
First-time Buyer for Non Key Workers (Source: University of St Andrews CORE Records 2005-2008



7.114 It is also noteworthy that the level of mortgages taken out by Key Worker households for shared ownership dwellings were on average higher than those taken out by non Key Worker households. Almost half of all Key Worker households had mortgages in excess of £100,000 for their shared ownership dwellings while this was the case for less than 25% of non Key Worker households.

Figure 161
Mortgage for Key Workers (Source: University of St Andrews CORE Records 2005-2008)

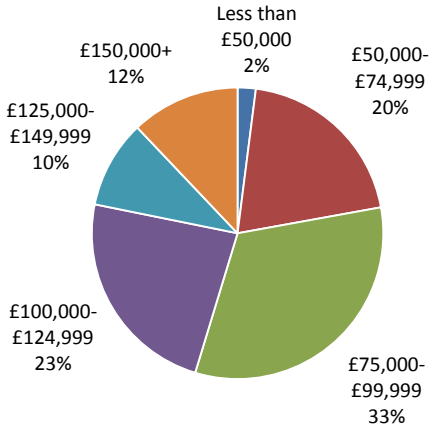
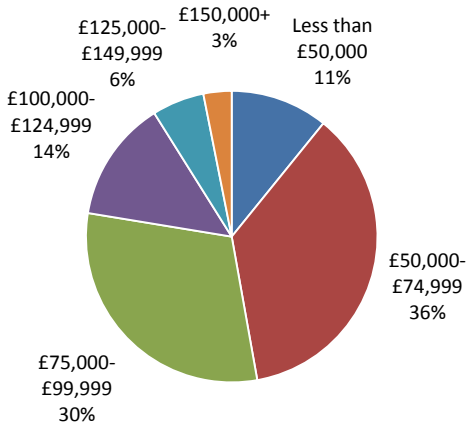


Figure 162
Mortgage for Non Key Workers (Source: University of St Andrews CORE Records 2005-2008



Housing Requirements of Key Workers:
Summary of Key Points

- Over 3,800 Key Workers have had their applications to be on the waiting list for dedicated schemes approved in the period April 2006 – May 2008;
- Education and health sector workers formed three quarters of all approved applications for Key Workers housing schemes;
- Almost half of all Key Worker housing applicants currently live in the private rent sector while another 29% are currently living with families or friends;
- Almost half of all Key Worker households seeking low cost housing have household incomes of £20,000-£30,000. It is also the case the 21% have household income of over £40,000;
- In total, around 300 Key Worker households moved in the shared ownership sector in West London between April 2005 and March 2008;
- Around 6% of Key Worker households moving in the shared ownership sector had at some stage been owner occupiers in the past;
- Almost half of all Key Worker households had mortgages in excess of £100,000 for their shared ownership dwellings.

Section 8: Conclusion and Main Policy Issues

8.1 In this section we provide concluding remarks and further examine the main policy issues that arise from the SHMA at the sub regional level. Remarks are mostly confined to policy issues relating to future housing requirements.

8.2 Following a general summary of the story of the sub-region presented by the detailed SHMA evidence base a number of key policy issues are considered:

- implications of the failure to deliver the housing requirement;
- implications of policy change regarding Housing Benefit support for private rented sector tenants;
- intermediate affordable housing policy issues;
- unsuitable housing and overcrowding policy issues;
- policy issues arising from the housing requirements of specific groups.

The story of the sub-regional housing market

8.3 The evidence in the SHMA report supports the 'story' as;

- Greater London is the engine of the UK economy and as such it attracts many young people to the inner city for education, work, lifestyle and cultural reasons. West London has a different economic role than that of the Cities of London and Westminster. This is typified by the exceptional residential property on offer to wealthy people of parts of and Chelsea and to a lesser extent Hammersmith and Fulham which gives way to the premium commercial sector in a westerly direction known locally as the Golden Mile. Notable enterprises are broadcasters such as the BBC and Sky TV, the pharmaceutical industry, Heathrow airport and the leisure sector, for example, the recently completed Wembley Stadium and Westfield shopping centre;.
- like the rest of Greater London, West London relies upon a great many low paid jobs to sustain its retail and service sector many of which are filled by international migrant workers. In inner London Boroughs this leads to extremes of wealth and poverty co-existing in a high density inner city setting with contrasting neighbourhoods and communities in close proximity. The outer Boroughs are more suburban in nature and have fewer residents that are extremely wealthy. The size type and density of the housing reflects this;
- due to shortages of housing, purchase prices have been driven up and this is set to continue in the long term as the growth in the number of households is estimated to outstrip the growth in the number of dwellings due to new construction;
- the characteristics of housing in the sub-region (section 4 of the report) are an important part of the SHMA. It must be recognized that the housing stock has developed over 100s of years and the impact of new build has a very small influence over the character of the total stock in the short term. The character of the housing stock is described in terms of size, type and tenure and over time has evolved to support the local economy. The labour market has evolved in step with changes in the London and the Global economy and London's transport system is a key enabler. It has enabled the workforce to live further away from the place of work. So a key

feature of west London's housing market is the growth of suburban housing for families in the outer boroughs notably for owner occupation and social rent. One of the main aims of the SHMA is to understand the suitability of the existing stock to the requirements of households in future if key trends are maintained. The key trends are those of household size and type and what housing they can reasonably afford.

- in the short term, the housing market stalled due to the credit crunch. However, the premium housing market in Kensington and Chelsea and to a lesser extent Hammersmith and Fulham has bounced back although recovery in the outer boroughs is less dramatic;
- shortages have led to a response from entrepreneurs to provide cheaper housing for sale and particularly for rent by subdividing dwellings. Many single person households choose to flat share in order to make living in higher quality housing and neighbourhoods more affordable. There has also been a public policy response of prioritising family housing within new build and regeneration schemes.
- due to demographic trends, households tend to be small and flows of older households and those who have children to outer London and the commuter belts;
- the economics of the development of new dwellings and regeneration in the inner London Boroughs means that most development will be of high density 1 and 2 bedroom apartments. In outer London and the commuter belts lower density and more diverse housing sizes and types are possible reinforcing the flows of households with children;
- the general direction of travel of public policy is to ensure that housing development is sustainable and that there is minimum harm to the environment. This means that policy aims are about more than meeting housing requirements identified by the SHMA, for example, achieving mixed tenure developments and incentives such as generous intermediate housing policies to contain 'city flight';
- this in turn means that a serious gap exists in London's housing, housing for lower paid workers vital to the local economy who cannot access social housing and who cannot afford decent market housing. The private rented sector is partially filling this role however city flight is likely to be the only possible option for households receiving housing benefit support in the private rented sector who will be affected by the proposed cap on the local housing allowance.
- whilst all Boroughs have linked housing growth with regeneration opportunities, the major housing growth will occur in East London rather than West London or any of the other sub-regions. This is largely driven by the 2012 Olympic Games which affect the east of the sub-region;
- the SHMA has demonstrated that in whole housing market terms the sub region is mostly cohesive and that failure to meet estimated affordable housing requirements will impact upon market housing. This, coupled with the potential reduction in housing benefit support for private rented sector housing, may free up housing supply for the identified gap, although the impact on households that can only afford social housing living in the private rented sector may be severe, especially if they are large families on low income;
- evidence in the SHMA points to Kensington and Chelsea, and to a lesser extent Hammersmith and Fulham, being different to the rest of the sub-region due to marked differences in average house prices, the presence of some residents who are extremely wealthy and a very different housing mix in terms of tenure and size.

Implications of not delivering the housing requirement

8.4 In section 6 of the report the size and tenure mix of the 5 year housing requirement was estimated using a number of scenarios and assumptions about future supply. The standard ORS approach to estimating these requirements is arguably the approach that most accurately takes account of the varying role and interactions of tenures across the whole housing market. This is achieved by applying affordability tests and standard ORS assumptions regarding supply of affordable and intermediate housing (from dedicated products, private rented sector housing benefit tenancies and lower quartile private rented sector supply);

8.5 There are significant implications for the whole housing market if the estimated 16,132 units of social rented dwellings required are not provided. The households who are identified as requiring these homes will have to find alternative accommodation. The number of households who have been claiming housing benefit support in the private rented sector in London has been rising by around 25,000 per annum over recent years. The most obvious conclusion from not being able to deliver the 16,132 units of social rent is that housing benefit claims in the private rented sector will continue to rise and also that some households will be forced to spend very high shares of their income to find accommodation in the private rented sector. If housing benefit payment levels reduce there are several possibilities. The impact of housing benefit reform is considered in more detail in the next section.

8.6 The intermediate affordable housing requirement represents the shortfall which is likely to exist between households requiring intermediate affordable housing and the supply of intermediate affordable housing products. It should be recalled that the intermediate affordable housing requirement is based upon affordability criteria (using sub regional rents and incomes) rather than an assessment of active demand. The intermediate affordable housing supply is that of RSL provided homes and dwellings within the lower quartile prices of the private rented sector. If the dwellings cannot be provided, or supply otherwise reduces, households will again be forced to seek alternative accommodation. This could include paying more than they can afford for market rented dwellings.

8.7 Note that the market housing requirement does not represent the requirement for newbuild market housing. Instead, it represents the number of units which market housing could potentially increase by in the next 5 years in West London driven by the growth in the number of households that could afford it. The distinction between these two points can be illustrated by a simple example.

8.8 Taking a scenario where a newbuild market dwelling is bought by a household who is currently occupying an existing owner occupied property in West London, the key question is what happens to the dwelling they vacate. If it is bought by another household who occupy the dwelling the total market housing stock has been increased by one unit (the newbuild market dwelling). However, if the dwelling is bought by a landlord who subsequently rents the property to a household receiving housing benefit this effectively becomes part of the supply meeting housing need. Therefore, completing one newbuild market dwelling can see the market housing supply remain unchanged, but the effective affordable housing supply rise as part of the second hand stock finds its way into the affordable housing sector.

8.9 This situation has been common in London as newbuild market dwellings are occupied as market housing, but parts of the second hand stock have been turned over to housing benefit supported private rent or sub-divided and let as lower quartile private rent. The implication is that while the market housing requirement is identified as being 16,147 this does not necessarily equate to the

newbuild market requirement. If more of the second hand stock becomes part of the effective affordable supply then potentially more units of newbuild could be required. However, if sufficient genuine affordable housing can be provided, units of current effective affordable supply can be returned to the market sector, i.e. households could vacate the lower quartile or housing benefit supported private rent and these dwelling could return to being part of the market supply. However, this would require a provision of social and intermediate housing of at least the levels identified in Figure 83.

Implications of policy change regarding housing benefit support for private rented sector tenants

8.10 In Section 6 we have demonstrated the important role that the private rented sector plays in meeting the housing requirements of households who need subsidy to help them afford housing in this sector. We have also explained the balance that exists between the tenures based upon the housing benefit regime that existed up until the 2010 UK Government budget takes effect. The full impact of this reform will be apparent over time but it is worth considering the possible implications.

8.11 One of the scenarios is that landlords will not relet vacancies to another benefit dependant tenant on a large scale. If we were to assume that any dwelling vacated in the housing benefit (HB) supported private rented sector is relet to the open market private rented sector, this will have major consequences for the market, intermediate and social housing requirements.

8.12 The consequence of these changes for the modelling results is that if we exclude vacated housing benefit private rented properties from the potential social rented housing supply, the requirement for social housing rises to 21,405 dwellings over 5 years. The return of the housing benefit supported properties to the open private rented sector would leave a potential surplus of intermediate affordable housing if it is assumed that such housing was priced within the lower quartile of rents in the private rented sector. This could mean that there would be a greater number of lower quartile private rented housing available than would be required by households requiring intermediate affordable housing.

8.13 The unknown factor is how landlords/entrepreneurs will respond to the changing market;

- the extent to which less generous HB funding would have on cheaper market rents;
- the degree to which landlords will retain their sitting tenants in preference to rent losses and fees associated with re-letting; and
- the extent to which households in the intermediate affordable housing income band would consider the extra supply attractive and affordable.

8.14 The policy implications are wider than changes in affordable housing requirements. If vulnerable households are faced with effectively higher rents there will be calls upon other services;

- hardship funds;
- debt advice;
- further pressure on the limited supply social housing;
- homelessness applications are likely to rise, with an increase use of B&B accommodation and long term temporary accommodation;
- backing up of cases requiring hostel accommodation as move-on accommodation dries up;
- increased poverty for households making up rent shortfalls;

- increased poverty for working families having to move away from support networks, or paying for transport to work;
- increased overcrowding in the private rented sector as families are forced to live in smaller accommodation;
- significant pressure on out London boroughs, for family support services and school places; and
- cost shunting onto temporary accommodation budgets and support services.

Intermediate affordable housing issues

8.15 The aim of this section is to relate SHMA findings using some of the scenarios tested in Section 6, to policy and delivery of intermediate affordable housing. A concern for policy is the extent to which the additional supply of intermediate affordable housing products are likely to be affordable to local people within the meaning of PPS3.

Abstract from PPS 3 Annex B definitions relating to affordable housing

Affordable housing

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.

Intermediate affordable housing is:

Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.' These definitions replace guidance given in Planning Policy Guidance Note 3: Housing (PPG3) and DETR Circular 6/98 Planning and Affordable Housing.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, *those homes that do not meet the definition, for example, 'low cost market' housing, may not be considered, for planning purposes, as affordable housing*.

Intermediate affordable housing and PPS3

8.16 The SHMA has investigated affordability based upon local market prices and social rents. It has concluded that 1 bedroom intermediate affordable housing is affordable to households in the income band of £17,600 to £38,500 gross income p.a. This is based upon the PPS3 definition of intermediate affordable housing and income to loan and rent ratios defined by the CLG (SHMA practice guidance). Therefore social rent and private sector rent levels affecting West London have been used to support a local definition in accordance with PPS3 Annex B definitions.

8.17 The SHMA estimates that based upon this criteria that the 5 year requirement for intermediate affordable housing is for 3,646 dwellings. This is 10% of total requirements or 17% of target delivery (Figure 83).

Intermediate housing and the Replacement London Plan Consultation Draft 2009

8.18 This policy document describes the vision of how intermediate housing products can be targeted in the future to enable communities to be more mixed and sustainable over time. The following proposals in relation to household income and targets are central to some of the scenarios tested in section 6 of this report and the policy issues that arise below;

- Intermediate housing should meet the criteria outlined in Policy 3.11 and be available at prices and rents above those of social rent, but below market prices or rents. New intermediate homes should be affordable to households whose annual income is in the range £18,100 – £61,400;
- for homes with more than two bedrooms, which are particularly suitable for families, the upper end of this range will be extended to £74,000. These figures will be updated annually in the London Plan Annual Monitoring Report (3.55);
- the Mayor will seek an average of at least 13,200 more affordable homes per year in London over the term of this Plan, and within this seek to ensure that 60 per cent is social housing and 40 per cent is intermediate housing. That priority should be accorded to provision of affordable family housing;

Conclusions for Policy Consideration

8.19 The political direction of travel is to enable as many households as possible into home ownership in order to achieve wider policy objectives. The Mayor makes a very powerful argument for the role of intermediate housing and increasing the supply of it. The aim of the SHMA has been to use scenario testing in Section 6 to understand the impact of the Mayor's proposals to have higher income limits than those defined in PPS3 and in this section to understand the extent to which recent sales can be said to be affordable to households using CLG affordability benchmarks. The policy gap is that sales are skewed toward higher earners and that generally no dedicated products are affordable to lower earners within the intermediate income band. Lower earners have no realistic prospect of becoming home owners (or affording open market rents) so the only choice they have is to wait for social housing or rent cheaper private rented sector housing.

8.20 Further, based upon recent sales, a number of households are clearly paying more than they can afford when assessed against affordability tests set out in SHMA Practice Guidance. However the main picture that emerges from the sales data is that a high proportion of sales are being achieved at the higher end of the SHMA intermediate income band and none outside the Draft Replacement London Plan upper earnings limit.

8.21 The Mayor's Draft London Plan contains evidence of factors that suppress demand for HomeBuy products and results in a small proportion of enquiries resulting in sales. In addition we would also point to evidence in the SHMA that many households choose to migrate to areas outside London because there is a shortage of dedicated intermediate housing in London.

8.22 The SHMA points to a smaller requirement for intermediate housing than the Draft London Plan aspires to. This is because the SHMA estimates are based upon affordability considerations. Factors such as understanding household aspirations that affect demand and the perceived value of shared ownership need further study. Nevertheless, based upon evidence from the HomeBuy agent it is apparent that

there is some disconnection between affordability and demand for HomeBuy in that some of the sales have been to households that could afford housing at market prices.

8.23 The policy gap that is created by current delivery models for intermediate housing is emphasised. In particular we highlight the large number of households with income at the lower end of the intermediate income band. The evidence from the HomeBuy agent suggests there has been no intermediate product affordable to this group. At the same time those without children and in good health will have little opportunity to access social housing. Typically they rent in the cheaper end of the private rented sector/flat share or continue to live in the parental home. Those with large families have few options in the market or intermediate sectors. They can only realistically afford social rented housing which is in short supply due to right to buy sales and insufficient new build to replace it.

8.24 The overall conclusion is that based upon the evidence of recent sales, intermediate affordable housing is generally sold to households within the broad income band defined by the SHMA however when looking at individual transactions it is clear that:

- few individual sales are considered affordable to households using practice guidance affordability benchmarks; and
- sales that can be considered affordable to the household tend to be to households with higher income levels.

Unsuitable housing and overcrowding

8.25 A major cross-cutting issue at the sub-regional level is overcrowding. This issue is highlighted because the evidence suggests that;

- overcrowding is the most frequently cited reason by a household that considers itself to be living in unsuitable housing;
- overcrowded households are often in the most acute housing need;
- some BME groups are disproportionately affected;
- overcrowding has important implications for health and child development;
- large households on low income have few options to secure decent housing that is affordable to them; and
- larger social rented homes are in short supply.

8.26 Specifically, the SHMA evidence tells us that from household survey information;

- 53,500 households across the sub-region cite overcrowding as a factor in considering they live in unsuitable housing (Figure 69). This is nearly half of all households in unsuitable housing;
- around 12.6% of social tenant, 11.5% households in private rent and 3.6% of owner occupiers were assessed as being overcrowded;
- around 7% of all households in the sub region are overcrowded but some BME groups are disproportionally likely to suffer from overcrowding;
- around a fifth (20%) of Black African households have at least one room too few for the household's needs, with 4% lacking two or more rooms than the household needs; and

- around 15% of Pakistani, Other Asian, Mixed White and Black Caribbean, Other Mixed and Other Black households have one room too few for their needs.

8.27 The Mayor's policy aspiration is to provide a greater supply of family housing across London. However mixed tenure housing for larger families will be difficult to achieve due to the higher cost of market family housing (Figure 74) and the fact that most large households on low income can only afford social rented housing.

The housing requirements of specific groups

8.28 The SHMA housing model has drawn attention to the imbalance between existing stock and future household trends and the effect of housing costs on the ability of households to find suitable market solutions to their requirements. So what further conclusions can we draw about some of the individual groups described in Section 7?

Families

8.29 Families experience different constraints to other households in that the additional cost of supporting children reduces the amount of income potentially available for housing costs.

8.30 This group will tend to re-locate from inner London boroughs to suburban Boroughs and the commuter belts where the existing supply of family housing is greater and more affordable. Boroughs have bought into the London Mayor's policy aim of seeking to retain family households. However if recent trends continue this aim will be frustrated by market supply, newbuild being mostly smaller apartments and the sub-division conversion or multiple occupancy of family homes. There is a significant gap in the supply of housing that is suitable and affordable to families and this is reflected in the SHMA modeling which places most of the requirement for 3 bedroom homes into the affordable tenures. Whilst key worker families appear to have marginally higher income it is not enough to enable them be have significantly different choices than non-key worker households.

8.31 It is hard to see how newbuild market housing can directly influence this situation as in normal market conditions it will attract a premium price. Therefore first time buyer families will find more affordable solutions in the secondhand market.

Young People and Students

8.32 The newbuild market and the private rented sector have responded to meeting the housing requirements of this group. This is provided that it is accepted that self contained housing is not the norm or the expectation of young people on relatively low income. Essentially the private rented sector has stretched the student housing model to young people who are not students. Estimated housing requirements reflect the lack of affordable self contained homes and this is why the numbers are so large for 1 and 2 bedroom homes in the affordable sector. The scale of this requirement could be reduced if there is an acceptance in policy that the provision for young people need not be self contained. However there are groups of small and single person households who will be in severe housing need and these are considered next.

Vulnerable households (older persons and other households experiencing illness or disability)

8.33 Most older person households live in suitable accommodation and do not have a housing requirement however the sub-region will need to plan for supporting a growing number of older people some of

whom will become frail and require increasing levels of support. This is particularly the case if they live alone. Younger households living in accommodation that is too large that are receiving housing benefit support will come under increasing financial pressure to downsize leading to additional pressure on the supply of suitable social rented housing. This is at odds with the widely accepted policy of supporting people to remain in their existing home. That said, if new build market housing was designed, built and marketed to meet the needs of older people there would be a beneficial consequence for the supply of housing for other groups. The dwelling vacated by an older person would become available for another household.

8.34 Other vulnerable household groups tend to have lower income and this severely limits their ability to secure suitable affordable housing. Some will require specially designed or adapted housing. These will occur on a relatively small scale and whilst their housing requirements are very important it is an issue for a local bespoke response for which all local authorities will have mechanisms in place.

8.35 The impact of initiatives such as lifetime homes and part 'M' of the building regulations will only be apparent over time.

Overall conclusions

8.36 Finally we seek to draw together a number of high level conclusions based upon all of the evidence presented in the SHMA.

- Demographic trends:
- Fewer people in each household
- People living longer
- Disproportionate growth in the number of single person households (both younger and older people)
- Projected long term structural change:
- Fewer people able to afford home ownership especially in London
- Changing employment patterns leading to more frequent job changes
- Traditional occupational pensions being replaced by personal pensions
- The burden of higher education costs falling upon the student
- A prolonged period of restraint in public spending due to the credit crunch
- Reforms to the benefit system especially housing benefit and pensions

8.37 Within 'big picture' of the regional and sub-regional housing market a number of barriers exist to households whose particular circumstances prevent them achieving the housing they either need or aspire to:

- the affordability of housing to individual households;
- insufficient new build housing;
- an existing dwelling stock that was built to serve a different household profile (when households were less mobile); and
- a severe shortage of affordable housing.