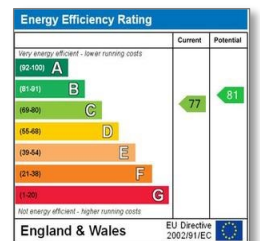




## Ealing Local Housing Needs Assessment Update

Report of Findings  
November 2022





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# Contents

<b>Executive Summary .....</b>	<b>5</b>
Introduction.....	5
Government Policy .....	5
Assessing Housing Needs in London .....	5
Establishing Current Unmet Need for Affordable Housing .....	6
Overall Need for Affordable Housing .....	6
Needs of Households Aspiring to Homeownership .....	7
Establishing the Housing Target .....	8
Size and Tenure Mix based Upon Overall Housing Needs .....	9
Size and Tenure Mix based Upon GLA Capacity Target .....	9
Policy Implications for Affordable Housing Need .....	10
Housing for Older People .....	11
Studio Apartments and Co-Housing .....	11
<b>1. Introducing the Study .....</b>	<b>13</b>
Introduction.....	13
Government Policy .....	13
The Standard Method for Local Housing Need Assessment .....	14
Assessing Housing Needs in London .....	16
Duty to Co-operate.....	19
Jobs and Housing.....	21
Overview of the LHNA .....	22
Summary of the ORS Approach to Modelling Housing Need.....	22
The Effects of COVID 19 .....	23
The Effects of Brexit .....	24
UK Census of Population 2021 .....	25
<b>2. Demographic Projections .....</b>	<b>27</b>
Introduction.....	27
Official Household Projections .....	27
Projected Household Size.....	28
Population and Household Projections for Affordable Housing Need.....	29
Projected Population Age Profile .....	29
Household Projections by Age .....	31
Projected Household Types.....	32
<b>3. Local Housing Market .....</b>	<b>33</b>
Introduction.....	33
Housing Tenure Trends .....	33
Cost of Renting .....	37
Cost of Home Ownership .....	40
Identifying the Gap for Affordable Home Ownership.....	43
Summary of Housing Costs.....	46

Income Required for Housing Costs .....	47
<b>4. Affordable Housing Need .....</b>	<b>49</b>
Introduction.....	49
Assessing Affordable Housing Needs .....	50
Current Unmet Needs of Households Unable to Afford .....	50
Projected Future Need of Households Unable to Afford.....	53
Needs of Households Aspiring to Homeownership .....	56
Identifying the Overall Affordable Housing Need .....	59
Affordable Mix .....	64
Future Policy on Housing Benefit in the Private Rented Sector.....	65
<b>5. Overall Housing Need .....</b>	<b>66</b>
Establishing the Housing Target.....	66
Disaggregating the minimum Local Housing Need figure .....	66
Size and Tenure Mix based Upon Overall Housing Needs .....	68
Size and Tenure Mix based Upon GLA Capacity Target .....	69
Policy Implications for Affordable Housing Need .....	71
Housing for Older People .....	72
Studio Apartments and Co-Housing.....	74
Student Housing .....	76
Service Families .....	77
People Wishing to Build their Own Homes .....	77
February 2021 Policy Update .....	79
April 2021 Self and Custom Build Action Plan.....	81
Evidence for Ealing .....	82
Future Need for Self-build and Custom Housebuilding .....	83
Essential Local Workers.....	83
<b>Appendix A: Glossary .....</b>	<b>84</b>
<b>Appendix B: Table of Figures.....</b>	<b>88</b>

# Executive Summary

## Summary of key findings and conclusions

### Introduction

1. Opinion Research Services (ORS) was commissioned by London Borough of Ealing to prepare a Local Housing Needs Assessment. In 2018, ORS produced the West London Strategic Housing Market Assessment, which covered 7 local authorities across West London, including Ealing. The study also covered the Old Oak and Park Royal Development Corporation, which is partly located within the London Borough of Ealing.
2. This current study represents an update to the evidence base in Ealing in relation to housing needs. In particular, it considers the need for affordable housing in light of the new London Plan being adopted in 2021. It also considers the potential role of the new First Homes housing product to address affordable housing need and what can be deemed to constitute affordable housing in Ealing.

### Government Policy

3. The Government published the original National Policy Planning Framework (the Original NPPF) in 2012. A revised version of the National Policy Planning Framework (the Revised NPPF) was published in July 2018 and was updated in February 2019 and July 2021 to incorporate a number of detailed changes. The Revised NPPF introduced a new definition for affordable housing. Whilst the Original NPPF identified that affordable housing should be provided for households *“whose needs are not met by the market”*, the Revised NPPF adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. On this basis, the needs of households able to afford market rent who aspire to but are unable to afford homeownership must now be counted.

### Assessing Housing Needs in London

4. The Strategic Planning Authority for London is the Greater London Authority, and the London Plan is the statutory spatial development strategy for London. The London Plan (2021) sets out a need for 66,000 additional homes per year in London from 2016 to 2041. This is based on the 2017 London Strategic Housing Market Assessment (SHMA). In terms of size and tenure mix, the 2017 London SHMA shows that around one third of the total need is for 1-bedroom low cost rent housing. This is because the model used in the 2017 London SHMA assumes that any single person or couple aged over 25 years who wish to occupy their own property will do so, irrespective of whether they can afford to do so or not.
5. The housing targets for London Boroughs in the London Plan sum to 52,287 dwellings per annum across London, not the nearly 66,000 housing need. The London Plan sets a 10-year housing target for net housing completions (2019/20 -2028/29). In the case of Ealing, this is 21,570 dwellings, or 2,157 dwellings per annum for the planning area outside of OPDC, with a further capacity target of 6,120 or 612 per annum in the area covered by OPDC in Ealing. This gives a total capacity based target in the Borough of Ealing of 2,769 dwellings per annum. This figure, rather than the standard method figure of 4,709 dwellings per annum forms the basis for part of the analysis in this study. However, we also consider the total need for housing in Ealing based upon local trends in the borough.

## Establishing Current Unmet Need for Affordable Housing

6. To assess the current need for affordable housing, we initially calculated the number of households in Ealing who are not suitably housed and who are unable to afford market housing. These include: all households that are currently homeless, those who are currently housed in temporary accommodation, concealed families living as part of another household, households overcrowded in the social or private rented sector, and people otherwise not counted who are in a reasonable preference category on the housing register. Given these categories for current need, there is a high correlation between those who are included on the housing register in Ealing and those considered to be in current need.
7. Based on a detailed review of both the past trends and current estimates our analysis has concluded that 11,187 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible. Of these households, 3,822 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
8. There is, therefore, a net affordable housing need of 7,365 households (11,167 less 3,822 = 7,365). Providing the net affordable housing need for 7,365 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 5,095 households (7,365 less the 2,270 households which are housed outside the borough in temporary accommodation, are homeless or concealed and thus do not release dwellings).

## Overall Need for Affordable Housing

9. In addition to those who cannot currently afford market housing, it is also necessary to consider those households who will arise in the future and also those who can afford market rents but aspire to home ownership. The following table (Figure 1) summarises the overall impact for those who cannot afford market rents of:
  - » new households adding to housing need,
  - » the households no longer present reducing housing need and
  - » the changes in circumstances impacting existing households.

**Figure 1: Annual components of Household Growth 2021-38 (Source: ORS Housing Model)**

EALING 2021-41	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	11,581	7,999	3,581
All households no longer present	10,598	7,294	3,304
Change in existing households	-	24	-24
<b>Future affordable housing need 2021-41 (Annual average)</b>	<b>982</b>	<b>729</b>	<b>253</b>
<b>Future affordable housing need 2021-41 (20 Year change)</b>	<b>19,648</b>	<b>14,586</b>	<b>5,062</b>

10. Overall reviewing the contribution of each element amounts to an additional 5,062 households needing affordable housing over the 20-year period 2021, or a rate of 253 per annum. These represent the ongoing need for Ealing.

## Needs of Households Aspiring to Homeownership

11. In London, the need for home affordable home ownership products is widely recognised due to the very high costs of outright home ownership. The Mayor of London has developed the London Living Rent scheme as one which initially sees households renting their property, but with the option to eventually start buying it in the future. This type of scheme is compatible with the need for affordable housing to own and many households who cannot afford to rent privately can afford London Living Rents.
12. Based on an analysis of English Housing Survey and Ealing level household data, we can estimate that there is a total of around 8,041 households currently resident in Ealing who cannot afford to own their own home but would aspire to do so.
13. In addition to the current need, it is also important to consider new households that are projected to form over the period 2021-2041. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 12,173 households that form over the 20-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 20,214 households who aspire to homeownership but who cannot afford to buy their own home over the period 2021-41, a net annual need of 1,010 per year.**
14. Figure 2 brings together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2021-41. This assessment has no regard for whether those aspiring can access affordable home ownership options such as First Homes, but it should be noted that all can afford London Living Rents as these

**Figure 2: Assessing total need for affordable housing 2021-41 (Source: ORS Housing Model)**

EALING 2021-41	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	7,365	8,041	15,406
Future housing need 2021-41	5,061	12,173	17,234
<b>TOTAL HOUSING NEED</b>	<b>12,426</b>	<b>20,214</b>	<b>32,640</b>

15. Neither the NPPF or PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products such as First Homes if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, it is unlikely that housing would be delivered at values below 60% of newbuild prices. While 70% of market house prices is the maximum price suggested for a First Home in the consultation, a larger discount can be applied. However, if too large a discount is applied then this will significantly affect the viability of many schemes and lead to a reduction in the level of affordable housing which can be provided. We have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme.

16. Given this context, Figure 3 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile, and those households with savings of less than £5,000. Of the 20,214 households who can afford to rent but who aspire to homeownership, there would be 1,552 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 7,432 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values (Figure 43). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 7,840 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

**Figure 3: Affordable homeownership housing mix by household affordability to 2021-38 (Source: ORS Housing Model)**

	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	5,859	543	5,316	2,316	3,000	1,765	1,236
2 bedrooms	8,761	710	8,051	3,114	4,937	3,707	1,230
3 bedrooms	4,353	215	4,139	1,478	2,661	2,010	651
4+ bedrooms	1,241	65	1,177	525	652	359	293
<b>TOTAL</b>	<b>20,214</b>	<b>1,532</b>	<b>18,682</b>	<b>7,432</b>	<b>11,250</b>	<b>7,840</b>	<b>3,410</b>

17. On this basis, only 3,410 properties are needed for households who aspire to homeownership who have at least £5,000 in savings and incomes above the relevant threshold. It should be remembered that the 12,427 households cannot afford market rents.

## Establishing the Housing Target

18. We have firstly considered the appropriate local housing needs figure for Ealing and then considered the housing needs of Ealing in the context of delivering the London capacity target figure of 2,769 dwellings per annum. Whilst recent trends provide the starting point to understand housing need in Ealing, average household sizes have been growing in the area. This in turn is reflected in fewer younger households forming, which suggests that not all housing needs are being met in Ealing in the current demographic trends. To address this issue ORS's model aligns household growth with the wider need for housing through varying a key assumption:
- » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001, a time when the housing market was experiencing much lower levels of pressure.
  - This then leaves a total need for 31,837 dwellings, which can be said to represent the overall housing needs for Ealing based upon recent demographic trends and allowing all pent-up demand to form as separate households.



## Size and Tenure Mix based Upon Overall Housing Needs

19. Figure 4 provides a breakdown of the need for 31,837 dwellings between market and affordable housing on this basis. An allowance for C2 provision has been made within the total housing need of 31,837 equivalent to 573 dwellings that would be counted against the minimum housing target; which represents 1,147 bedspaces. The London Plan contains targets for Class C2 units, but this is a build target, not a modelled need for the area. These are all considered to be market housing need because they are typically not provided as affordable housing.

**Figure 4: Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Unable to afford market social rents	Unable to afford London Living rents	Aspiring to Home Ownership and Affordable Home Ownership	Total Affordable Housing	Total Market Housing	Total
1 bedroom	2,724	149	1,510	4,382	1,534	<b>5,916</b>
2 bedrooms	3,202	0	1,503	4,704	3,400	<b>8,104</b>
3 bedrooms	3,861	107	796	4,764	8,957	<b>13,722</b>
4+ bedrooms	2,485	58	358	2,901	622	<b>3,523</b>
C2 Dwellings	-	-	-	-	573	<b>573</b>
<b>TOTAL</b>	<b>12,271</b>	<b>314</b>	<b>4,166</b>	<b>16,751</b>	<b>15,086</b>	<b>31,837</b>
1 bedroom	22.2%	47.4%	36.2%	26.2%	10.2%	18.6%
2 bedrooms	26.1%	0.0%	36.1%	28.1%	22.5%	25.5%
3 bedrooms	31.5%	34.2%	19.1%	28.4%	59.4%	43.1%
4+ bedrooms	20.2%	18.4%	8.6%	17.3%	4.1%	11.1%
C2 Dwellings	-	-	-	-	3.8%	1.8%

## Size and Tenure Mix based Upon GLA Capacity Target

20. The data to this point in the report relate to the trend population and household projections in Ealing. However, it is also possible to consider the housing needs of Ealing in the wider context of the overall need for London.
21. The GLA Capacity Target for Ealing is 2,769 dwellings per annum and in 2021 the GLA produced a series of housing led population projections for each London Borough<sup>1</sup>. These include projections linked to the capacity targets for each London Borough. The projections are provided by the GLA and are therefore completely separate from those provided by the ONS used in this report up to this point.
22. We have used the 2020 based Identified Capacity Scenario for Ealing to consider the housing needs of Ealing in the wider context of London. This set of projections assumes that Ealing will deliver 2,769 dwelling per annum and therefore will see a much higher population than the figures set out earlier in this report with a different age profile. Therefore, the types of households present in Ealing will also be different, so the numbers who require affordable housing will also vary.

<sup>1</sup> [Housing-led population projections - London Datastore](#)

23. For Figure 5, the backlog of housing need as of 2021 remains at 7,365 households, but future need is based upon a larger overall population which also has a different age profile. This consequences of these changes are that in the context of delivering 2,769 dwellings in Ealing which includes helping to meet the wider needs of London is that the overall need for affordable housing rises.

**Figure 5: Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size based upon the GLA Capacity Target of 2,769 dpa (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Unable to afford market social rents	Unable to afford London Living rents	Aspiring to Home Ownership and Affordable Home Ownership	Total Affordable Housing	Total Market Housing	Total
1 bedroom	4,521	455	1,726	6,703	1,224	<b>7,927</b>
2 bedrooms	6,074	1,145	1,718	8,938	2,148	<b>11,086</b>
3 bedrooms	6,099	1,408	910	8,418	9,089	<b>17,506</b>
4+ bedrooms	2,707	559	410	3,675	960	<b>4,635</b>
<b>DWELLINGS</b>	<b>19,401</b>	<b>3,568</b>	<b>4,764</b>	<b>27,733</b>	<b>13,421</b>	<b>41,154</b>
C2 Dwellings	-	-	-	-	573	<b>573</b>
<b>LHN</b>	<b>19,401</b>	<b>3,568</b>	<b>4,764</b>	<b>27,733</b>	<b>13,993</b>	<b>41,727</b>

24. The outputs in Figure 5 can best be considered as the consequences for Ealing of London seeking to meet its overall needs. It includes all of the locally generated need for Ealing, but also wider needs which cover the whole of London.
25. The most significant finding in Figure 48 is that the need for affordable to rent housing is 19,401 dwellings and the need for affordable to own is 8,332 (London Living Rent + Aspiring to Affordable Home Ownership). This gives an exact 70:30 split between affordable to rent and affordable to own housing products on the basis that London Living Rent is counted as an affordable to own product in the London Plan. The 70:30 split is directly in line with the London requirements for Boroughs.

## Policy Implications for Affordable Housing Need

26. This document represents a technical analysis for the housing needs of Ealing. As noted in the introduction, we do not consider that it should set firm policies for the Council, but should instead be seen as underwriting the evidence of policies which will be developed. However, we are able to make a series of recommendations.
27. We recommend that the GLA Capacity based targets be preferred for policy purposes rather than those which reflect local housing needs. Therefore, we suggest that Ealing focus upon the outputs of Figure 4 not Figure 5. The extant London Plan sets capacity based housing targets for Ealing which it is expected to seek to deliver. Therefore, while local needs are important, Ealing has a crucial role in seeking to meet the wider needs of London.
28. In terms of affordable housing need, Figure 5 shows a need for 66% of all dwelling requiring to be affordable if First Homes are counted, or 55% if only London Affordable Rent and London Living Rent are counted. Both of these figures are likely to be undeliverable. This is typical for London where affordable housing need is

very high, but that should not rule out seeking to put policies in place to meet as much need as possible. The affordable housing needs figures calculated in this study would address all current and potential future affordable housing needs in Ealing, including the needs of those who are currently housed outside of the borough. Therefore, a 55% or 66% target represents an aspirational goal which will then require to be tested against borough and site viability for each scheme.

29. The Mayor of London is not currently seeking to progress First Homes as a policy in London for the foreseeable future. The needs for those who are potentially seeking First Homes overlaps with the need for Shared Ownership, so their needs could be met within existing policies in London. First Homes would not meet needs which are not already addressed in policy in London and in general they are slightly reduce viability when compared with the delivery of Shared Ownership properties.
30. The overall need for housing also requires to be set in the context of other policy objectives. For example there is the need to meet the needs of older persons, those seeking shared accommodation, students, and those seeking to build their own homes. All of these would contribute to the overall delivery of dwellings in Ealing.

## Housing for Older People

31. The London Plan uses figures from the GLA Older Persons Housing Needs Assessment Report 2017. The GLA annual benchmark for Ealing 2017-2029 is a total of 2000 homes. The annual total of 200 equates to 4,000 over 20 years.

## Studio Apartments and Co-Housing

32. One type of dwelling which may be seen as addressing the housing needs of younger households is shared housing-with small purpose-built units with shared amenity spaces such as high-quality purpose-built co-housing rather than traditional HMOs. More specifically, the definition of co-housing that we are using here is:

*“the practice of living with other people in a group of homes that include some shared facilities<sup>2</sup>*

33. However, the London Plan Guidance on Large-scale Purpose-built Shared Living (LSPBSL), January 2022 notes that purpose built shared living is not considered a long term option for most people:

*“LSPBSL provides accommodation for single person households who choose not to live in self-contained houses, flat shares, or HMOs and may use this product on a transition basis until they find suitable long-term housing. Whilst LSPBSL provides an additional housing option for some people, due to the unique offer of this type of accommodation, it does not meet minimum housing standards and is not therefore considered to meet the ongoing needs of most single person households in London.”<sup>3</sup>*

34. Ealing is projected to see a decline in single young person households, then the household projections would envisage little role for this type of dwelling, and this is reflected in our modelled size and tenure mix. However, as a policy led response to the increasing lack of housing for younger people in the area the

<sup>2</sup> <https://dictionary.cambridge.org/dictionary/english/co-living>

<sup>3</sup> [Large-scale Purpose-built Shared Living LPG | London City Hall](#)

schemes could have a role in short term housing for groups such as recent graduates looking to establish themselves in Ealing as an alternative to living in HMOs.

35. At the same time, the PRS is an important tenure that has grown since 1991 to house a significant proportion of other households. It may be that dwellings are currently being built as family housing but are being occupied by sharing young households. However, Article 4 policies limit the conversion of family housing to HMOs<sup>4</sup>. In the future these properties could be re-used as family housing if high quality housing for single people or couples could be built. This raises the question of whether purpose built co-living schemes would have a place in a market where there was sufficient alternative single person or couple accommodation that meet minimum housing standards. Purpose built co-living could meet the needs of some single people and couples as a short-term lifestyle choice, but these individual people and couples will be looking to move to permanent accommodation of one form or another.
36. In conclusion, it is difficult to project a need for studio apartments or co-housing schemes because it may be that many young people prefer to share and save for their own property rather than have their own more expensive separate unit. The scale of the student numbers in Ealing would suggest that there may be a market for post-student self-contained units which could run in to hundreds of units and that this is likely in turn to reduce the need for larger market properties to be converted to HMOs, but LSPBSL provides short term rather than permanent housing. Therefore, as with any active policy, there is a risk of an over-supply of LSPBSL.

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<sup>4</sup> Article 4 of the Town and Country Planning (General Permitted Development) Order 2015

# 1. Introducing the Study

## Background to the project

### Introduction

- 1.1 Opinion Research Services (ORS) was commissioned by London Borough of Ealing to prepare a Local Housing Needs Assessment. In 2018, ORS produced the West London Strategic Housing Market Assessment, which covered 7 local authorities across West London, including Ealing. The study also covered the Old Oak and Park Royal Development Corporation, which is partly located within the London Borough of Ealing.
- 1.2 This current study represents an update to the evidence base in Ealing in relation to housing needs. In particular, it considers the need for affordable housing in light of the new London Plan being adopted in 2021. It also considers the potential role of the new First Homes housing product to address affordable housing need and what can be deemed to constitute affordable housing in Ealing.

### Government Policy

- 1.3 The Government published the National Planning Policy Framework (the Original NPPF) in 2012. This set out the planning policies for England and how these were expected to be applied.
- 1.4 The Original NPPF had a presumption in favour of sustainable development, and paragraph 47 stated that Local Plans should meet *“the full, objectively assessed needs for market and affordable housing in the housing market area”*. The responsibility for establishing housing need rested with the local planning authority and Paragraph 159 of the Original NPPF set out that they *“should prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries”*.
- 1.5 A revised version of the National Planning Policy Framework (the Revised NPPF) was published in July 2018. Whilst the Revised NPPF maintains the underlying theme of sustainable development, several significant changes have been introduced in relation to identifying and meeting housing needs. The Revised NPPF was updated in February 2019 to incorporate a number of detailed changes following a technical consultation. Whilst most of the changes appear relatively minor, they may have a substantial impact on identifying and meeting housing needs in some areas. The results of the consultation were summarised in the document *“Government response to the technical consultation on updates to national planning policy and guidance”*.
- 1.6 Under the Revised NPPF, local planning authorities are still responsible for assessing their local housing needs; however, Paragraph 61 identifies that *“strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach”*. This represents a significant change, as the standard method sets out a formulaic approach to determine the minimum Local Housing Need (LHN) figure and prescribes the use of specific data for the calculation. Therefore, whilst the responsibility for establishing housing need continues to rest with the local planning authority, this is now constrained to a minimum figure that is determined centrally by the Government.
- 1.7 This focus on local area has led to a change in the Duty to Cooperate, where neighbouring authorities now have to produce Statements of Common Ground. Whilst HMAs are no longer mentioned explicitly in the

Revised NPPF, Paragraph 61 identifies that *“any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for”*; and PPG identifies that HMAs are still one of the factors which must be considered when determining the relevant cross-boundary areas for plan-making [ID 61-010-20180913].

- 1.8 The Revised NPPF has also introduced a new definition for affordable housing. Whilst the Original NPPF identified (in the Glossary at Annex 2) that affordable housing should be provided for households *“whose needs are not met by the market”*, the Revised NPPF adds that this includes *“housing that provides a subsidised route to home ownership and/or is for essential local workers”*. This has led to a specific change in the Planning Practice Guidance (PPG) for assessing affordable housing need.
- 1.9 Under the Original NPPF, affordable housing need was based on those who could not afford to buy or rent in the market. Households who could afford market rent were not counted as in affordable housing need even if they would have preferred to buy and couldn't afford to do so. However, the latest PPG states that assessments must now include the needs of *“those that cannot afford their own homes, either to rent, or to own, where that is their aspiration”* [ID 2a-020-20190220]. On this basis, households able to afford market rent who aspire to but are unable to afford homeownership must now be counted as being in affordable housing need.

## The Standard Method for Local Housing Need Assessment

- 1.10 The Original NPPF and associated PPG set out a methodology for establishing an Objectively Assessed Need for housing in a defined HMA. This methodology required that *“Household projections published by the Department for Communities and Local Government should provide the starting point estimate of overall housing need”*, but allowed for adjustment based on local factors: *“The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends.”* Adjustments could therefore be made if there were concerns around the quality of local data (e.g. inaccurate migration estimates), along with evidence-based judgements on other need elements such as market signals uplift and alignment of jobs and workers based on local circumstances.
- 1.11 On 14 September 2017, the Ministry of Housing, Communities and Local Government (CLG) published a consultation on potential revisions to the NPPF, including a standardised methodology for calculating the Local Housing Needs (LHN). This included a number of key proposals:

- » The starting point for calculating the LHN for any area should be the most up to date household projections published by CLG;
- » While, deviation from this starting point can be considered, the consultation proposals note that; There should be very limited grounds for adopting an alternative method which results in a lower need; and
- » The household projections published by CLG should be uplifted by a fixed affordability relationship based upon the ratio of house prices to earnings. The maximum uplift for a local authority area will be 40% above its CLG household projections or current Local plan housing target.

- 1.12 CLG produced a spreadsheet of indicative housing needs figures which covered every local authority area in England based on the most up to date data at the time, the 2014 based household projections.

- <sup>1.13</sup> The Revised NPPF confirms that planning authorities should use the standard methodology for plan-making, though alternative methodologies which result in a higher housing need figure may still be deemed appropriate. Therefore, the standard method identifies the minimum number of homes expected to be planned for. It does not produce a housing requirement figure. The LHN figure represents a minimum overall housing need, but local authorities can consider a higher figure for plan making if, for example, this reflects growth potential, or unmet need from elsewhere. This is confirmed by PPG, which states:

***When might it be appropriate to plan for a higher housing need figure than the standard method?***

*The government is committed to ensuring that more homes are built and supports ambitious authorities who want to plan for growth. The standard method for assessing local housing need provides a minimum starting point in determining the number of homes needed in an area. It does not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour. Therefore there will be circumstances where it is appropriate to consider whether actual housing need is higher than the standard method indicates.*

*This will need to be assessed prior to, and separate from, considering how much of the overall need can be accommodated (and then translated into a housing requirement figure for the strategic policies in the plan). Circumstances where this may be appropriate include, but are not limited to, situations where increases in housing need are likely to exceed past trends because of:*

- » *growth strategies for the area that are likely to be deliverable, for example where funding is in place to promote and facilitate additional growth (e.g. Housing Deals);*
- » *strategic infrastructure improvements that are likely to drive an increase in the homes needed locally; or*
- » *an authority agreeing to take on unmet need from neighbouring authorities, as set out in a statement of common ground;*

*There may, occasionally, also be situations where previous levels of housing delivery in an area, or previous assessments of need (such as a recently produced Strategic Housing Market Assessment) are significantly greater than the outcome from the standard method. Authorities will need to take this into account when considering whether it is appropriate to plan for a higher level of need than the standard model suggests.*

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- <sup>1.14</sup> PPG also suggests that local planning authorities will need to calculate their local housing need figure at the start of the plan-making process but that this number should be kept under review and revised where appropriate. Following a review of standard method in December 2020, the current standard method figure for Ealing is 3,129 dwellings per annum uncapped. This figure relates to the whole of London Borough of Ealing, including the planning area covered by the Old Oak and Park Royal Development Corporation (OPDC). No separate figure is produced for areas such as OPDC which do not follow local authority boundaries. However, this figure is less significant in London than it would be other parts of England because London Boroughs must also be in conformity with the London Plan. The figure of 3,129 is the borough figure which arises from initially taking the household growth for Ealing for 2022-32 from the 2014 based CLG household projections which amount to 16,550 households, or 1,655 per annum. This figure is then uplifted by a capped uplift of 40% to reflect affordability and then a further uplift of 35% set out in the cities and urban uplift. In practice, the 35% uplift will not be given effect until the next London Plan is being developed because it



covers the whole London area. This being the case the standard method figure largely redundant at present and the figure of 3,129 dwellings per annum is not used at any point to assess housing needs in this report.

## Assessing Housing Needs in London

- <sup>1.15</sup> Paragraph 61 of the National Planning Policy Framework expects strategic policy-making authorities to follow the standard method in the Planning Practice Guidance for assessing local housing need. PPG on Housing and Economic Needs Assessment (paragraph 013) sets out that local housing need assessments may cover more than one area, in particular where strategic policies are being produced jointly, or where spatial development strategies are prepared by elected Mayors. In such cases, it will be for the relevant strategic policy-making authority to distribute the total housing requirement which is then arrived at across the plan area. Where a spatial development strategy has been published, local planning authorities should use the local housing need figure in the spatial development strategy and should not seek to re-visit their local housing need figure.
- <sup>1.16</sup> The Strategic Planning Authority for London is the Greater London Authority and the London Plan is the statutory spatial development strategy for London. The GLA have produced a Greater London SHMA (2017) an SHMA Addendum in 2019, and the GLA's Housing Supplementary Planning Guidance 2016.
- <sup>1.17</sup> The Mayor's draft new London Plan was subject to examination in 2019. The Inspectors issued their report and recommendations to the Mayor on 8<sup>th</sup> October 2019 concluding that, subject to limited changes, it provides an appropriate basis for the strategic planning of Greater London. The Mayor has considered the Inspectors' recommendations and, on the 9<sup>th</sup> December 2019, issued to the Secretary of State his Intend to Publish London Plan. Following consultation between the Mayor and the Secretary of State, the Secretary of State accepted that the London Plan could be published on 29<sup>th</sup> January 2021, and it was formally published on March 2<sup>nd</sup> 2021 as the London Plan 2021.
- <sup>1.18</sup> The London Plan sets out a need for 66,000 additional homes per year in London from 2016 to 2041. This is based on the 2017 London Strategic Housing Market Assessment (SHMA). The Inspectors noted that the SHMA does not follow the guidance in the PPG on assessing objectively assessed need. However, they noted that establishing future need for housing is not an exact science and the PPG acknowledges that no single approach will provide a definitive answer. The Inspectors concluded in para 133 of their report that the need for 66,000 additional homes per year identified by the SHMA is justified and has been properly calculated for market and affordable housing having regard to national policy and guidance.
- <sup>1.19</sup> In terms of size and tenure mix, the 2017 London SHMA was summarised in Table 1, which we have reproduced below as Figure 6. This shows that around one third of the total need is for 1 bedroom low cost rent housing. This is because the model used in the 2017 London SHMA assumes that any single person or couple aged over 25 years who wish to occupy their own property will do so, irrespective of whether they can afford to do so or not. The vast majority of this group require 1 bed low cost rented properties, so they generate much of the overall need.



**Figure 6: Net annualised requirement for new homes in London, 2016 to 2041 (Source: 2017 London Strategic Housing Market Assessment: Mayor of London)**

	Low Cost Rent	Intermediate	Market	Total
1 bedroom	21,318	4,334	10,682	36,335
2 bedrooms	5,311	3,434	2,043	10,788
3 bedrooms	2,462	2,409	4,101	8,971
4+ bedrooms	1,881	1,693	6,210	9,783
<b>DWELLINGS</b>	<b>30,972</b>	<b>11,869</b>	<b>23,037</b>	<b>65,878</b>

- <sup>1.20</sup> The outcome of the 2017 London SHMA central scenario is that it assumes that 65,878 dwellings are needed at an average of around 1.9 bedrooms per dwellings, so 125,000 bedrooms are needed to be provided each year. ORS provided evidence to the London Plan inquiry on behalf of both the Greater London Assembly which argued for a lower number of dwellings at around 50,000 per annum, but with a larger average size of around 2.5 bedrooms per dwelling, giving a total of around 125,000 bedrooms per annum. This highlights a central issue in studies such as this one, with the need to address the accommodation requirements of a projected population offering a range of options from building many smaller properties to delivering a lower number of dwellings which are on average larger.
- <sup>1.21</sup> It is also the case that the 2017 London SHMA included a series of different scenarios for overall need which ranged from 59,900 to 69,600 new homes a year.
- <sup>1.22</sup> The London Plan sets out ten-year housing targets for individual Boroughs using a capacity-based methodology. The Inspectors found that the general approach to devising the housing targets and the contribution that large sites would make was justified. However, they found issue with the contribution expected from small sites and subsequently recommended that the contribution from small sites be reduced with the overall targets for each Borough reduced by a corresponding amount. The Mayor accepted this recommendation of the Inspectors and the housing targets for London Boroughs have subsequently been revised down in the Published London Plan.
- <sup>1.23</sup> Policy H1 of the London Plan sets the ten-year targets for net housing completions that each local planning authority should plan for. It states that Boroughs must include these targets in their Development Plan targets. For the purposes of the Plan, London is considered as a single housing market area. The supporting text (para 4.1.2) sets out the advantage of planning strategically in that it allows London to focus development in the most sustainable locations, allowing all of London's land use needs to be planned for with an understanding of how best to deliver them across the capital. Due to London's ability to plan strategically, Boroughs are not required to carry out their own housing needs assessment but must plan for, and seek to deliver, the housing targets in this Plan.
- <sup>1.24</sup> From the point of view of this study, the London Plan sets a 10-year housing target at Table 4.1 for net housing completions (2019/20-2028/29). In the case of Ealing, this is 21,570 dwellings, or 2,157 dwellings per annum for the planning area outside of OPDC, with a further capacity target of 6,120 or 612 per annum in the area covered by OPDC in Ealing. This gives a total capacity based target in the Borough of Ealing of 2,769 dwellings per annum. This figure, rather than the standard method figure of 3,129 dwellings per annum forms the basis for part of the analysis in this study. We would also note that the 2,769 figure covers both conventional housing supply and also non-conventional accommodation such as purpose built student accommodation, shared housing and dedicate older person scheme.

<sup>1.25</sup> From the point of view of this study it is important that the figure of 2,769 dwellings per annum is part of the overall projected supply for London of 52,287 per annum set out in the London Plan, not the 65,878 dwellings identified as need. Part of our modelling for this study is therefore based upon the role of Ealing in helping to meet London's overall need while delivering 2,769 dwellings per annum as part of a total delivery of 52,287 dwellings per annum. The delivery targets are purely capacity based, and a direct output of the 2017 SHLAA (moderated by London Panel) and are not informed by individual borough need figures, although the overall London wide need figure established through the GLA's SHMA has clearly acted as a key driver for finding capacity. The London Plan's LPA delivery targets essentially represent the London need figure apportioned to LPA's based on their identified potential capacity.

<sup>1.26</sup> The London Plan contains Policy H10 Housing size mix which sets out the following requirements:

A Schemes should generally consist of a range of unit sizes. To determine the appropriate mix of unit sizes in relation to the number of bedrooms for a scheme, applicants and decision-makers should have regard to:

- 1) robust local evidence of need where available or, where this is not available, the range of housing need and demand identified by the 2017 London Strategic Housing Market Assessment
- 2) the requirement to deliver mixed and inclusive neighbourhoods
- 3) the need to deliver a range of unit types at different price points across London
- 4) the mix of uses in the scheme
- 5) the range of tenures in the scheme
- 6) the nature and location of the site, with a higher proportion of one and two bed units generally more appropriate in locations which are closer to a town centre or station or with higher public transport access and connectivity
- 7) the aim to optimise housing potential on sites
- 8) amalgamation of existing stock
- 9) the role of one and two bed units in freeing up family housing

<sup>1.27</sup> This LHNA aims to provide two different levels of analysis. Firstly, we will consider the localised evidence for housing needs in Ealing without considering the wider impact of need in the rest of London. As a second set of results, we will consider the role Ealing can play in meeting the needs of London as a whole based upon its capacity based targets. Both sets of outputs will relate to the whole of the Borough of Ealing, including the planning area covered by OPDC.

<sup>37.</sup> For the purposes of this study, we would also note that the following definitions are used for affordable rented housing and we capitalise Social and Affordable Rent when discussing specific products:

- » **Social Rented housing** is housing where the landlord is a Registered Provider, usually the Council or a housing association, and where social rents are charged. These rents are significantly lower than market rents, and set in accordance with a formula set by Government. In London a distinct housing product entitled London Affordable Rent is closer in price to Social Rent than it is the

- » **Affordable Rent** is a type of low cost rented housing, targeted at the same groups as Social Rent, but with rents set at a maximum of 80% of market rents. This tenure is no longer funded by the GLA and so is likely to become increasingly obsolete. In London a distinct housing product entitled London Affordable Rent is closer in price to Social Rent than it is to Affordable Rent.

## Duty to Co-operate

- <sup>1.28</sup> The Duty to Co-operate was introduced in the 2011 Localism Act and is a legal obligation.
- <sup>1.29</sup> The NPPF sets out an expectation that public bodies will co-operate with others on issues with any cross-boundary impact, in particular in relation to strategic priorities such as “*the homes and jobs needed in the area*”.

### ***Maintaining effective cooperation***

*24. Local planning authorities and county councils (in two-tier areas) are under a duty to cooperate with each other, and with other prescribed bodies, on strategic matters that cross administrative boundaries.*

*25. Strategic policy-making authorities should collaborate to identify the relevant strategic matters which they need to address in their plans. They should also engage with their local communities and relevant bodies including Local Enterprise Partnerships, Local Nature Partnerships, the Marine Management Organisation, county councils, infrastructure providers, elected Mayors and combined authorities (in cases where Mayors or combined authorities do not have plan-making powers).*

*26. Effective and ongoing joint working between strategic policy-making authorities and relevant bodies is integral to the production of a positively prepared and justified strategy. In particular, joint working should help to determine where additional infrastructure is necessary, and whether development needs that cannot be met wholly within a particular plan area could be met elsewhere.*

*27. In order to demonstrate effective and ongoing joint working, strategic policymaking authorities should prepare and maintain one or more statements of common ground, documenting the cross-boundary matters being addressed and progress in cooperating to address these. These should be produced using the approach set out in national planning guidance and be made publicly available throughout the plan-making process to provide transparency.*

**National Planning Policy Framework, February 2019**

- <sup>1.30</sup> The manner in which councils have complied with their legal requirements under the Duty to Co-operate will be considered when plans are submitted for examination. One key issue is how any unmet development and infrastructure requirements can be provided by co-operating with adjoining authorities (subject to tests of reasonableness and sustainability).
- <sup>1.31</sup> The PPG elaborates further on the requirement for a statement of common ground (in the section on Plan-Making, updated 23 July 2019):

**Maintaining effective cooperation**

*How are plan-making bodies expected to cooperate?*

*Strategic policy-making authorities are required to cooperate with each other, and other bodies, when preparing, or supporting the preparation of policies which address strategic matters. This includes those policies contained in local plans (including minerals and waste plans), spatial development strategies, and marine plans.*

*The National Planning Policy Framework sets out that these authorities should produce, maintain, and update one or more statement(s) of common ground, throughout the plan-making process. Local planning authorities are also bound by the statutory duty to cooperate. Neighbourhood Planning bodies are not bound by the duty to cooperate, nor are they required to produce or be involved in a statement of common ground.*

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- <sup>1.32</sup> In paragraph 61-017 entitled “Which geographical area does a statement of common ground need to cover?”, PPG explicitly discusses the appropriate functional geography to which the Statement of Common ground should apply: “For example, housing market and travel to work areas, river catchments, or landscape areas may be a more appropriate basis on which to plan than individual local planning authority, county, or combined authority areas”. It goes on to define housing market areas:

**How can housing market areas be defined?**

*A housing market area is a geographical area defined by household demand and preferences for all types of housing, reflecting the key functional linkages between places where people live and work. These can be broadly defined by analysing:*

*The relationship between housing demand and supply across different locations, using house prices and rates of change in house prices. This should identify areas which have clearly different price levels compared to surrounding areas.*

*Migration flow and housing search patterns. This can help identify the extent to which people move to a new house within an area, in particular where a relatively high proportion of short household moves are contained, (due to connections to families, jobs, and schools).*

*Contextual data such as travel to work areas, retail and school catchment areas. These can provide information about the areas within which people move without changing other aspects of their lives (e.g. work or service use).*

*Suggested data sources: Office for National Statistics (internal migration and travel to work areas statistics); Land Registry House Price Index and Price Paid data (including sales); data from estate agents and local newspapers about geographical coverage of houses advertised for sale and rent; Ministry of Housing, Communities and Local Government statistics including live tables on affordability (lower quartile house prices/lower quartile earnings); and neighbourhood data from the Census.*

PPG Reference ID: 61-018-20190315

- <sup>1.33</sup> This definition of an HMA is almost identical to that in the original PPG relating to housing need.

- 1.34 The identification of housing markets in London is not a new area of study. The Greater London Strategic Housing Market Assessments 2008, 2014 and 2017 effectively treat London as being a single housing market area. The 2014 Greater London SHMA notes at Table:

*While the London housing market is accepted to cross the regional boundary, practical considerations including data availability and the precise identification of the market area (see chapter 2) **favour limiting the study to the Greater London area**, in line with previous such studies and with common practice both within London and in neighbouring areas.*

- 1.35 The identification of a single London wide housing market has been further supported by High Court judgements. London Boroughs sought to challenge the Mayor of London's policy in relation to Affordable Rent in March 2014. The claimants' case was summarised in paragraph 9 of the judgement in that:

*'The Claimants submit that the Defendant has failed to have proper regard to the requirements of the NPPF. Indeed, he has mis-interpreted the NPPF when he claims that rent caps would undermine the deliverability of affordable housing, contrary to the objective of the NPPF. **He was also mistaken in treating London as a single housing market.** Each Borough had to assess its own needs, and develop its own targets and policies to meet them.'*

- 1.36 In relation to the issue of a single housing market in London the judgement concluded at paragraphs 39-41 that:

*'Turning to the next issue, I accept the Defendant's submission that he was entitled to conclude, in the exercise of his planning judgment that **London represented a single housing market.***

*The term "housing market area" appears in the NPPF, but is not defined. That a "housing market area" within the meaning of the NPPF does not necessarily equate to LPA administrative boundaries is plain from paragraph 159:*

*"159. Local planning authorities should have a clear understanding of housing needs in their area. They should:*

*prepare a Strategic Housing Market Assessment to assess their full housing needs, working with neighbouring authorities where housing market areas cross administrative boundaries. [...]"*

*The view that London should be regarded as a single housing market is not new. As the reasons supporting MD1268 noted at paragraph 7.22:*

*"[...] since at least the establishment of the GLA, London has always been regarded as a single market for strategic planning purposes. Both the London Plan and the Mayor's Housing Strategy are based on this accepted approach."*

- 1.37 On this basis we consider it appropriate to continue treating Greater London as a single HMA which we label as the Greater London Housing Market Area (GLHMA).

## Jobs and Housing

- 1.38 Ealing is part of the GLHMA and it is at this level that there requires to be a balance of jobs and workers. The Greater London Authority prepared the SHMA 2017 and Addendum 2019 for the GLHMA to inform the London Plan, which considers jobs and housing at the London-wide level; and LPAs in London are required to conform to the London Plan.

- 1.39 It is not possible to define an HMA that is smaller than Greater London that is self-contained in terms of commuting or migration – so if jobs and workers are to be in balance, the analysis must be undertaken for the whole of Greater London.
- 1.40 In determining the number of homes needed at Borough level, the LHNA will need to be consistent with the London Plan and the projected population/households consistent with GLA figures. By doing so, Ealing will, therefore, contribute to balancing jobs and workers across the GLHMA, consistent with the London Plan.

## Overview of the LHNA

- 1.41 The first key objective of this LHNA is to establish the need for housing (both market and affordable) in the Borough of Ealing on the assumption that it delivers housing to meet the needs of its local population based upon recent demographic trends. The final calculation for this task is set out in Figure 47
- 1.42 A second key objective is to establish how the need would change on the assumption that it provides an average 2,769 dwellings per annum from 2021-41 based upon GLA capacity targets. The final outputs for this task are set out in Figure 48.
- 1.43 This report considers the key outputs from the LHNA – namely establishing the overall balance between market and affordable housing over the 20-year period 2021-41. It is important to recognise that the information from the LHNA should not be considered in isolation, but forms part of a wider evidence base to inform the development of housing and planning policies. The LHNA does not seek to determine rigid policy conclusions, but instead provides a key component of the evidence base required to develop and support a sound policy framework.

## Summary of the ORS Approach to Modelling Housing Need

- 1.44 As noted above, this LHNA seeks to establish the need for housing (both market and affordable) in the Borough of Ealing on the assumption that it delivers housing to meet the needs of its local population based upon recent demographic trends and also considers the consequences of meeting the GLA capacity target for the borough.
- 1.45 In Chapter 2, we consider the demographic profile of the population and households. The demographic projections for this LHNA are based on the latest official projections and cover the 20-year period 2021-2041. They are informed by the latest ONS mid-year estimates,<sup>[1]</sup> and take account of the most up-to-date fertility and mortality rates and the latest migration trends. In particular, we focus upon the 2018 based 10-year migration trends variant population and household projections. The data within these projections is then adjusted in light of the mid-year population estimates 2019 and 2020. The reason for choosing this set of projections is that they represent the best and most up to date information available for population and household growth trends currently published.
- 1.46 We would note that the previous West London SHMA, which covered Ealing, utilised the population and household projections produced by the GLA. The most recent set of projections produced by the GLA still utilise headship rates from the 2014 based CLG household projections. Given that the ONS updated the methodology for calculating headship rates in the 2016 based and 2018 based household projections, we currently consider using this data as being more appropriate for modelling the core long-term households

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<sup>[1]</sup> The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

projections for Ealing. However, as set out below, we do also utilise the GLA housing led household projections for Ealing when consider the demographic impact of meeting its capacity based targets.

- 1.47 The estimates for affordable housing need in Chapter 4 are therefore based upon adjusted 2018 based population and household projections. The figures contained within this chapter therefore reflect the need for affordable housing based upon much more recent trends than the data underwriting the standard method, but do not include any impact of concealed households or suppressed household formation.
- 1.48 However, delivering the number of dwellings required in Ealing to address the household projections, current concealed households and suppressed household formation will require a different household growth than the trend-based population and household growth. This issue is reconciled in Chapter 5. To move from the household growth in Chapter 4 to the total need for dwellings in Chapter 5 requires a series of additional elements. These include:
- » The need to include the impact of vacant and second homes being unavailable for households to live in and which therefore require an uplift to the household projections to become the need for dwellings;
  - » The need to include an allowance for additional Use Class C2 bedspaces such as nursing homes to ensure that persons otherwise not included in the population and household projections are included within the overall LHN;
  - » The ORS model adjusts household formation rates for younger households on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001; and
- 1.49 When all relevant factors have been added, the outputs produced in Chapter 2 and 4 are consistent with an overall housing need figure in Chapter 5. Therefore, the figures produced in Chapter 5 are the overall conclusions for housing need in Ealing.
- 1.50 As well as the trend based housing needs figure for Ealing in Chapter 5, we have also estimated the housing needs based upon the London Plan capacity targets. These are modelled directly from the 2020 GLA Housing-led projections and therefore have different underlying population and household assumptions to the trend based housing needs figures. The figures based upon the 2020 GLA Housing-led projections are therefore directly built from the final capacity based estimates in the London Plan.
- 1.51 It should also be noted that this study look at other housing issues such as future need for student housing, older people homes, co-living, built to rent, HMOs, and the number of homes that may need to be specially designed for older people and people with disabilities/illnesses.
- 1.52 Figure 3 sets out a flow chart of the study process building from demographic data and housing costs to consider a wide range of housing needs.



Figure 7: Flow Chart of the Study



## The Effects of COVID 19

- <sup>1.53</sup> The long-term impact of the COVID 19 pandemic is unknown for housing needs across the country. In the short-term the best available initial evidence pointed to a very sharp drop in the population of the UK in 2020, particularly in London. In a study produced by the Economic Statistics Centre of Excellence<sup>5</sup> it is estimated that the population of the UK fell by 1.3 million in 2020, with 700,000 of this drop occurring in London. As noted above, this also was noted by the GLA who consider that the 2021 Census represents an under-estimate for London as a whole, but that the population of London has now returned back to pre-pandemic levels.
- <sup>1.54</sup> On this basis, we have not modelled revised LHNA outputs to consider for the impact of COVID 19 as the likely long-term impact of Covid 19 is currently not showing to be significant on the total population of London.
- <sup>1.55</sup> The more significant long-term impact of Covid 19 is likely to be on the increased use of home working. The pandemic has demonstrated that more workers can work from home than was previously the case, and this has implications for housing demand in terms of location, size and transport access. Many households may now be able to move from more dense urban areas to suburban locations and will be seeking greater space to use as home offices. Transport connections also become less important if a worker is visiting an office infrequent compared to doing so every day. This in turn raises questions around office and commercial units in urban areas and whether they will provide opportunities for conversion to residential spaces in the future.

## The Effects of Brexit

- <sup>1.56</sup> The Report does not consider the implications for the LHNA arising from the UK's decision to leave the EU (June 2016), primarily as the final outcomes are still unknown. The final deal to leave the EU was signed in 2020 and new trade and travel agreement are still being gradually phased in to place.

<sup>5</sup> [Estimating the UK population during the pandemic - ESCoE : ESCoE](#)



- <sup>1.57</sup> Arguably, the key factor which would affect LHNAs is migration – both national and international. The immediate migration data for the UK<sup>6</sup> indicates that net migration from the EU has fallen, this has been replaced by net migration from outside of the EU. Therefore, the total level of migration has not changed, but the point of origin for the migration has moved to outside of the EU. It is possible that the new rules around entry to Britain for migrant workers may place too high an income requirement for those in tourism and hospitality jobs. This in turn could leave key industries in London with difficulties in filling jobs if the tourism and hospitality sectors return to previous levels. However, any change in migration pattern is still uncertain, so again we have not sought to revise LHNA outputs to model for a Brexit impact.

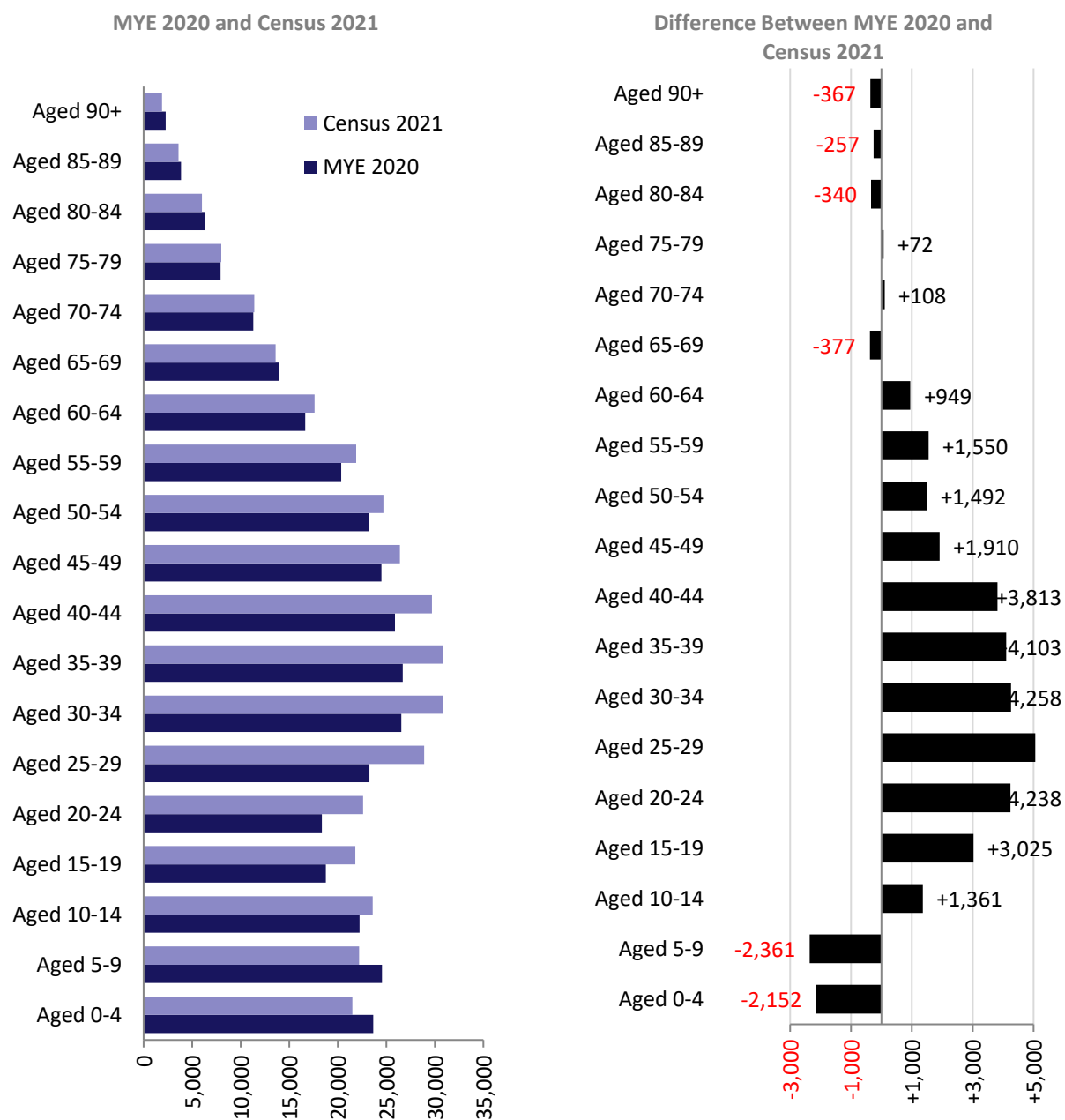
## UK Census of Population 2021

- <sup>1.58</sup> We would note the initial results from the Census of Population 2021 were released in June 2022 and these show a population of 367,100 for Ealing compared to a Mid-Year Population Estimate for 2020 of 340,341. This is one of the highest discrepancies in the country between the 2020 and 2021 figures.
- <sup>1.59</sup> There does seem to be some under-counting of students at term-time addresses in the 2021 Census, so this explains some of the variation, with students who would otherwise have been at their university term-time address living at their family homes in Ealing. However, Figure 7 shows that the discrepancy between the data extends to a much wider range of ages, so cannot be entirely explained by student numbers. This in turn would lead to the conclusion that there were issues with the ONS's population estimates for Ealing prior to the UK Census of Population 2021.
- <sup>1.60</sup> This current report was largely drafted before the release of the Census 2021 data and more detailed outputs from the Census are not expected to be released before October 2022 and will continue to be released into 2023. Therefore, the findings in this report have not considered the outputs of the Census 2021. However, the final conclusions of this report, as set out in table Figure 48 are underwritten by the GLA capacity targets for Ealing, and therefore will not be impacted directly by the outputs from the Census 2021. On this basis the outputs set out in Figure 48 will not change as a result of the Census 2021.

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<sup>6</sup> [Net migration to the UK - Migration Observatory - The Migration Observatory \(ox.ac.uk\)](https://www.migrationobservatory.ox.ac.uk/)

**Figure 8: Comparison of MYE 2020 and UK Census of Population 2021 for Ealing (Source: 2020 MYE and UK Census of Population 2021)**



## 2. Demographic Projections

### The baseline for establishing housing need

#### Introduction

- 2.1 This chapter uses the available population projections for Ealing to explain the predicted growth of households during the plan period. All the data relates to the period before 2020, so does not consider a potential fall in the population in 2020, which in turn may only be temporary.

#### Official Household Projections

- 2.2 Planning Practice Guidance revised in February 2019 identifies that the 2014-based Household Projections provide the baseline for determining the minimum Local Housing Needs figure.

***Why are 2014-based household projections used as the baseline for the standard method?***

*The 2014-based household projections are used within the standard method to provide stability for planning authorities and communities, ensure that historic under-delivery and declining affordability are reflected, and to be consistent with the Government's objective of significantly boosting the supply of homes.*

PPG ID 2a-005-20190220

- 2.3 The first step in analysing housing needs must therefore be to identify the household projection for Ealing which is used as the basis for this report.
- 2.4 Figure 8 sets out a range of the various household projections from both CLG and ONS methodologies, it includes the associated outputs using the sensitivity analysis approach. The 2018 based principle projection is based upon migration from only 2016-2018 and therefore are very unstable across England as a whole. However the 10-year trend 2018-based projections are much more stable are used to help underwrite much of the modelling in this report.
- 2.5 While PPG proposes that housing needs should be based upon the 2014 based CLG household projections, the GLA 2018 based projections were the bespoke projections developed for the Draft London Plan 2019. The Inspectors for the draft London Plan 2019 noted that establishing future need for housing is not an exact science and the PPG acknowledges that no single approach will provide a definitive answer. They concluded that the approach followed by the GLA was appropriate for London.

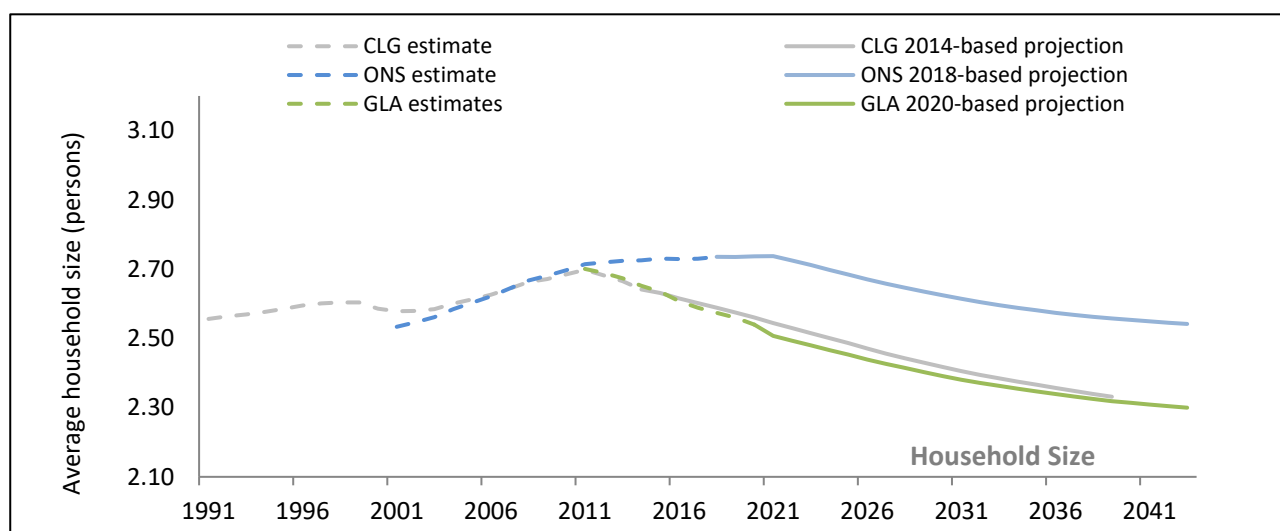
**Figure 9: Household projections 2021-31 (Source: CLG, ONS, GLA, ORS; Note: All figures presented unrounded for transparency)**

EALING	Migration trends	10-year change in Households 2021-2031	Annual average change in Households 2021-2031
<b>CLG Household Projections</b>			
2014-based projection: 2014-based population and CLG 2014-based HH formation	2009-14	+16,700	+1,670
<b>ONS 2016-based Projections</b>			
Principal projection: 2016-based population and ONS 2016-based HH formation	2011-16	+7,266	+727
Sensitivity analysis 1: 2014-based population and ONS 2016-based HH formation	2009-14	+12,815	+1,282
Sensitivity analysis 2: 2016-based population and CLG 2014-based HH formation	2011-16	+11,567	+1,157
<b>ONS 2018-based Projections</b>			
Principal projection: 2018-based population and ONS 2018-based HH formation	2016-18	+3,570	+357
Alternative Internal (5-year trend): 2018-based population (alternative internal) and ONS 2018-based HH formation	2013-18	+4,715	+472
10-year trend: 2018-based population (10-year trend) and ONS 2018-based HH formation	2008-18	+9,951	+995
<b>GLA 2020-based Projections</b>			
Principal projection: Long Term trend DCLG household projection	2004-20	+13,591	+1,359

## Projected Household Size

- 2.6 The projected household size is calculated using the population and household projections rather than being a variable used to create them. The data (Figure 9) divides the population in the area by the associated household projection.

**Figure 10: Average household size estimates and projections for Ealing for the period 1991-2043 (Source: CLG 2014 based projections; ONS 2018 is 2018-based projections, GLA 2020 CC based projections)**



- 2.7 As the chart shows, average household sizes rose very sharply in Ealing between 2001 and 2011 and the ONS 2018 based projections indicate that they are still rising, but will fall from 2021 onwards.
- 2.8 However, the CLG 2014 based projections indicated that household sizes in Ealing were projected to fall after 2011 from around 2.70 per households to 2.31 per household in 2041. This projected fall in average household sizes cannot be explained by the ageing population of Ealing. The key driver for the issue of household sizes is the household representative rates (HRRs) used by CLG in producing their household projections.
- 2.9 HRRs provide the probability of a households being a household representative and in the 2014 based CLG drew on data from as far back as the 1971 Census. Therefore, HRRs are based upon long-term data, so the drop in household sizes projected reflects data from 1971 onwards for Ealing, not just recent data.
- 2.10 CLG had previously identified problems with the current approach and they had planned to improve the methodology used for the household projections. However, the Government announced in January 2017 that responsibility for these projections would be passed to ONS with immediate effect.
- 2.11 The ONS are now working with only data from the 2001 Census onwards. Therefore, the 2018 based projection reflect only the changes in HRRs in Ealing since 2001 and they project a much later and lower drop in household sizes.

## Population and Household Projections for Affordable Housing Need

- 2.12 The demographic projections for this LHNA are based on the latest official projections and cover the 20-year period 2021-41, They are informed by the latest ONS mid-year estimates,<sup>7</sup> and take account of the most up-to-date fertility and mortality rates and the latest migration trends. This yields a household growth over the period 2021-41 of 19,648 households which is then reconciled with overall local housing need for Ealing and the London Plan dwelling figure in Chapter 5. Therefore, the modelling from this point onwards until Chapter 5 is underwritten by the most up to date demographic data.

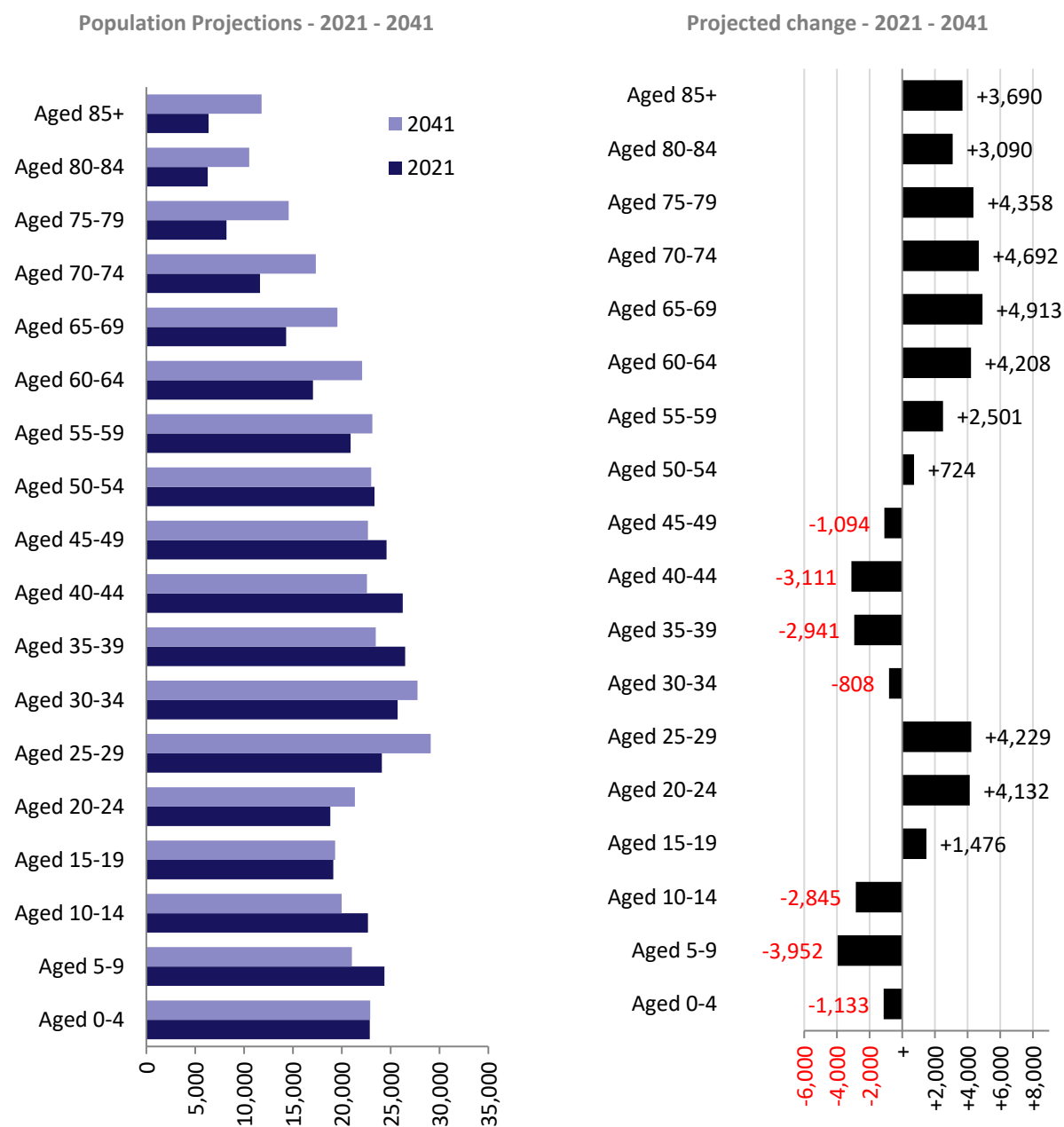
## Projected Population Age Profile

- 2.13 The overall population is projected to grow by 29,120 from 343,103 people to 372,273 people.
- 2.14 Over 90% of the growth is associated with the older population, with over 65s projected to increase by 26,995. This is a particularly important consideration when establishing the types of housing required and the need for housing specifically for older people.

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<sup>7</sup> The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements.

**Figure 11: Population projections 2021-41 by 5-year age cohort for Ealing (Source: 2020 MYE adjusted ONS sub-national projections 2018)**



## Household Projections by Age

- <sup>2.15</sup> An important point to understand in both the population and household growth is the extent to which growth is focused on older people and older households particularly amongst those over 65. The table below considers household projections categorised by the age of the household representative (HRP). Please note that throughout this section figures in the tables are rounded to the nearest 100 to simplify interpretation although all calculations are made using unrounded data.

**Figure 12: Total projected households in Ealing for 2021 and 2041 (Note: Figures may not sum due to rounding)**

AGE OF HOUSEHOLD REPRESENTATIVE	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	2,400	14,300	26,500	28,600	23,000	14,800	9,700	4,200	123,500
2041	2,700	16,200	23,200	27,500	27,500	21,300	16,800	7,900	143,200
TOTAL CHANGE	+300	+1,900	-3,200	-1,100	+4,600	+6,500	+7,100	+3,600	+19,700

- <sup>2.16</sup> The table shows an overall increase of 19,700 households over the 20-year period 2021-41 with over 80% of this increase being households headed by somebody over the age of 65. Many of these older households will already be established and living in existing homes, they simply get older during the 20-year period.
- <sup>2.17</sup> It is important to consider household growth in relation to age cohorts. Figure 12 shows the projected number of households in each cohort, showing their age in both 2021 and 2041. Clearly, no household representatives are aged under 10 (in 2021), but children aged under 10 in 2021, or born before 2021, will be aged 15-24 in 2041, and thus will be potentially heads of a household.

**Figure 13: Total projected households for 2021 and 2041 by age cohort of household representative (Note: Figures may not sum due to rounding)**

Age in 2021	<5	5-14	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Age in 2041	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	-	-	2,400	14,300	26,500	28,600	23,000	28,700	123,500
2041	2,700	16,200	23,200	27,500	27,500	21,300	16,800	7,900	143,200
TOTAL CHANGE	+2,700	+16,200	+20,800	+13,200	+1,000	-7,300	-6,200	-20,800	+19,700

- <sup>2.18</sup> For example, there were 14,300 households aged 25-34 in 2021 and these same households would be aged 45-54 in 2041. The trend-based projection identified that the total number of households aged 45-54 in 2041 would be 27,500. The projection shows, an extra 13,200 households: partly due to new household formations and partly due to net migration.
- <sup>2.19</sup> Based on the cohort analysis, around 53,900 extra households will be formed over the 20-year period 2021-41 by those who will be aged under 55 in 2041. These extra households are offset against a reduction of 34,300 households aged 55 or over. Most of this reduction is due to household dissolution following death (although some is due to net migration).
- <sup>2.20</sup> Whilst the overall volume increase in households includes the impact of an older population, this has less impact on the housing market of Ealing than in most local authorities due to the relative youth of population. Most of the newly forming households looking for housing will be in their twenties and thirties at the time that they form and there are very high numbers of these households in Ealing. Many of these households

will buy or rent existing housing, perhaps vacated by an older existing household. New housing stock is not necessarily occupied by newly formed households.

## Projected Household Types

- 2.21 When considering future need for different types of housing, it is important to understand that households of different ages are likely to have different needs. Similarly, households of different types (singles, couples and families) within each age group will also have different housing requirements.
- 2.22 Figure 13 shows the household numbers and net change for Ealing from 2021 to 2041 separated out by the age of the household representative person (HRP).

**Figure 14: Total projected households for 2021 and 2041 and change by household type and age of household representative**  
(Note: Figures rounded to nearest 100; All calculations based on unrounded data. Figures may not sum due to rounding)

Year	Household Type	15-24	25-34	35-44	45-54	55-64	65-74	75-84	85+	TOTAL
2021	Single person	200	1,590	5,930	7,390	8,240	5,210	6,100	2,500	37,200
2021	Couple without children	590	5,830	3,500	3,840	8,360	7,210	2,110	1,200	32,700
2021	Families with child(ren)	650	2,920	15,380	15,510	3,830	520	160	40	39,000
2021	Other households	1,000	3,960	1,680	1,870	2,530	1,900	1,290	480	14,700
<b>2021</b>	<b>TOTAL</b>	<b>2,400</b>	<b>14,300</b>	<b>26,500</b>	<b>28,600</b>	<b>23,000</b>	<b>14,800</b>	<b>9,700</b>	<b>4,200</b>	<b>123,500</b>
2041	Single person	0	250	5,290	7,670	10,700	6,140	9,660	3,770	43,500
2041	Couple without children	680	8,240	3,030	1,400	8,700	11,040	4,150	3,000	40,200
2041	Families with child(ren)	800	1,630	13,280	17,180	5,350	870	360	90	39,600
2041	Other households	1,260	6,060	1,650	1,260	2,800	3,270	2,600	1,010	19,900
<b>2041</b>	<b>TOTAL</b>	<b>2,700</b>	<b>16,200</b>	<b>23,200</b>	<b>27,500</b>	<b>27,500</b>	<b>21,300</b>	<b>16,800</b>	<b>7,900</b>	<b>143,200</b>
Change	Single person	-200	-1,340	-640	+280	+2,450	+930	+3,560	+1,270	+6,300
Change	Couple without children	+100	+2,410	-470	-2,450	+330	+3,820	+2,040	+1,800	+7,600
Change	Families with child(ren)	+150	-1,290	-2,100	+1,660	+1,520	+350	+210	+40	+500
Change	Other households	+260	+2,100	-30	-600	+280	+1,370	+1,310	+530	+5,200
Change	<b>TOTAL</b>	<b>+300</b>	<b>+1,900</b>	<b>-3,200</b>	<b>-1,100</b>	<b>+4,600</b>	<b>+6,500</b>	<b>+7,100</b>	<b>+3,600</b>	<b>+19,700</b>

- 2.23 In summary over the 20-year period:
- » Single person households are projected to increase by 6,300, but this includes a decrease of 2,200 with a household representative aged under 45;
  - » Families with dependent children make up only a small part of the growth: an increase of 500 households;
  - » Couples without dependent children are projected to rise by 7,600 households;
  - » The increase in “Other” households represents 5,200 households.<sup>8</sup>
- 2.24 The final group of ‘Other’ households is very important because it implies that much of the projected household growth in Ealing will be unrelated households, students and multi-generation households. This in turn implies that the demographic projections are assuming that there will be many larger households. This is a point we will return to in Chapter 5.

<sup>8</sup> Other Households can be defined as: “multi-person households including unrelated adults sharing, student households, multi-family households and households of one family and other unrelated adults”



# 3. Local Housing Market

## Housing trends and cost of housing in Ealing

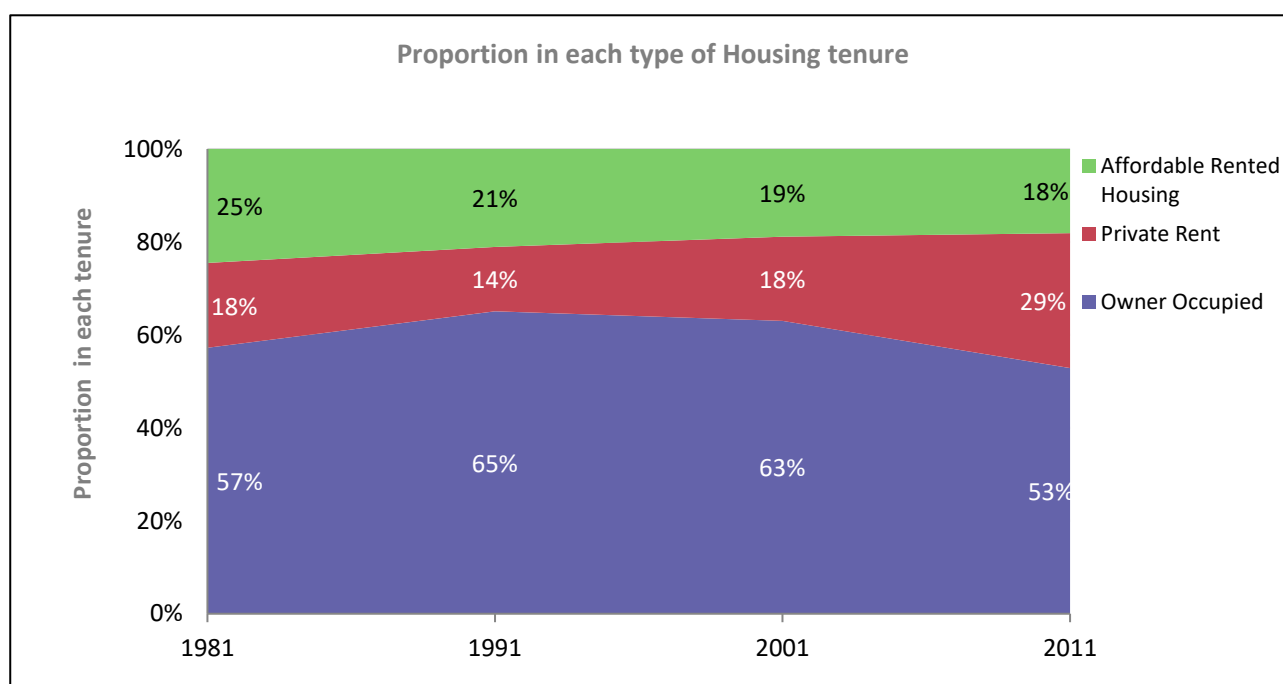
### Introduction

- 3.1 This chapter explores the cost of housing in Ealing and the incomes needed to rent or buy at market prices.
- 3.2 It highlights the potential income gaps and identify where and how people may fall into affordable housing need. This includes consideration of Social Rent, London Living Rent and First Homes and access to housing benefit for those in the rental sector as well as the potential impact of help-to-buy policies.

### Housing Tenure Trends

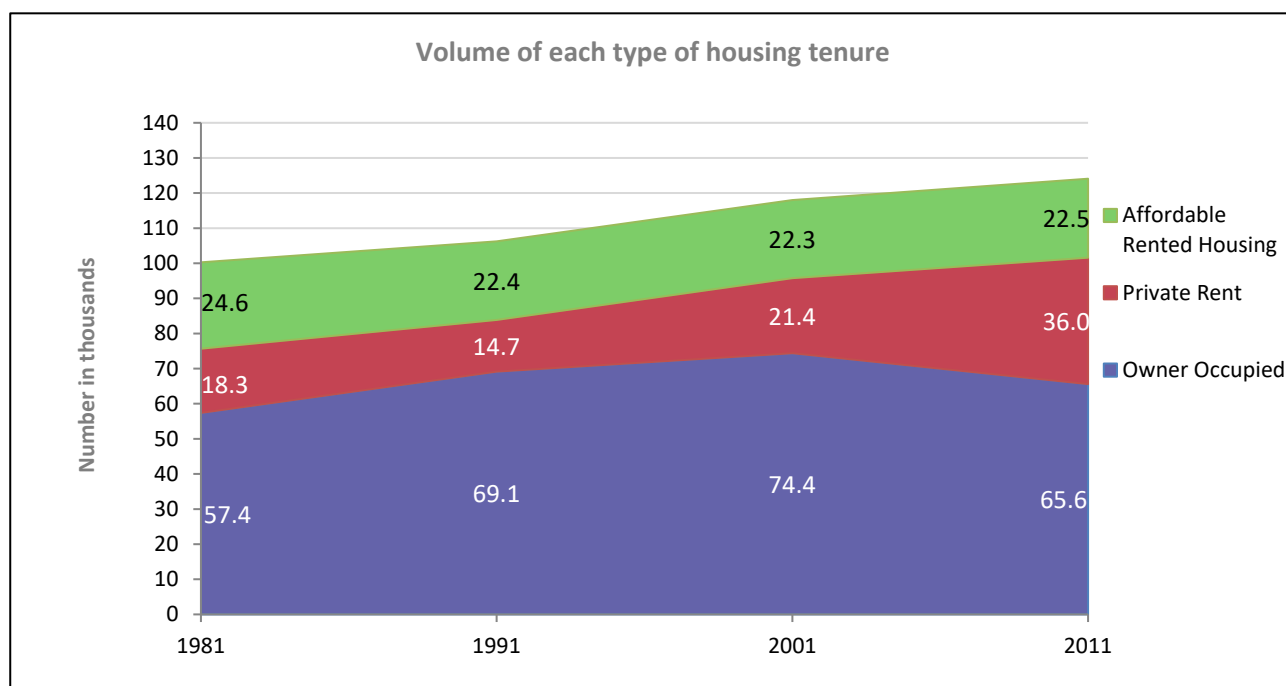
- 3.3 When considering the local housing market, it is worth noting the changes to tenure over the past forty years. We would note the 2001 Census contained an under-estimate of housing numbers for many London Boroughs.
- 3.4 The chart below shows how the most notable change has been the decline in the proportion of people in affordable rented properties (comprising Social Rent and other affordable rented homes), which has fallen during the period (from 25% to 18%). In contrast, private rent has seen a sharp growth. Between 1981 and 1991 there was a strong growth in owner occupiers, partly as a consequence of the introduction of right to buy policies. This peaked at 65% and is now falling sharply again to below 1981 levels.

Figure 15: Housing tenure trends (1981 – 2011). Source: UK Census of Population



- 3.5 During the same period the actual volume of housing in Ealing has risen from 100,250 to 124,100 households. Importantly, the volume of households in affordable rented housing has fallen from 24,600 to 22,500 households whilst other forms of tenure have increased in volume.

Figure 16: Housing tenure trends (1981 - 2011)



3.6 The table below provides the detailed data for the period.

Figure 17: Number of Households by Tenure 1981-2011 (Source: UK Census of Population)

Tenure	Total Households 1981	Total Households 1991	Total Households 2001	Total Households 2011	Net Change 1981-1991	Net Change 1991-2001	Net Change 2001-2011
Owner occupied	57,381	69,131	74,375	65,594	+11,750	+5,244	-8,781
Private rent	18,288	14,714	21,371	36,016	-3,574	+6,657	+14,645
Social rent	24,579	22,401	22,277	22,472	-2,178	-124	+195
<b>TOTAL</b>	<b>100,248</b>	<b>106,246</b>	<b>118,023</b>	<b>124,082</b>	<b>+5,998</b>	<b>+11,777</b>	<b>+6,059</b>

3.7 The growth in the private rented sector (PRS) in Ealing is consistent with national trends, with the English Housing Survey (EHS) 2016-17 identifying 20% (4.7 million) households renting from a private landlord, much higher than the 13% recorded 10 years ago in 2006-07.

3.8 Given this context, PPG recognises the importance of understanding the likely future role of the private rented sector.

*Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. The level of changes in rents, (known as “market signals”), may reflect the demand in the area for private rented sector housing. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.*

Planning Practice Guidance, ID 67-002-20190722

3.9 Growth in the sector seems likely to continue, driven by a combination of demand and supply factors:

- » Increasing demand from more households;
- » Recent reductions in incomes (in real terms);

- » Affordability of owner occupation reducing;
- » Changing Bank lending practices;
- » Pensions reform: pension drawdowns invested in BTL property.

- 3.10 The growth of the private rented sector has been acknowledged as both a growing and long-term option for meeting the nation's housing need. CLG (with the Intermediary Mortgage Lenders Association) forecast that the private rented sector will increase in size to 35% nationally by 2032.<sup>9</sup> On this basis, the number of households renting privately could double again over the next twenty years.
- 3.11 As the PRS expands and other sectors contract, it is clear that many households who would traditionally meet their housing needs in other sectors are now renting privately. This includes many households currently unable to afford their housing costs, which can be seen from the expansion of families receiving Housing Benefit in the sector, in particular since the start of the most recent recession.
- 3.12 The Office for Budget Responsibility analysis of the UK's public finances for Government explicitly recognises a likely growth in the share of housing benefit claimants in the private rented sector in its Economic and Fiscal Outlook (March 2014)<sup>10</sup>:

*"The share of [housing benefit] spending accounted for by the private rented sector is forecast to rise from 30 per cent in 2007-08 to 40 per cent by 2018-19... We expect the share of claimants in the private rented sector to continue rising over the forecast period, but for average awards to rise more slowly than nominal GDP per capita due to policy, including on uprating." (paragraphs 4.152-154)*

- 3.13 The Government sees the PRS having an important and long-term role in meeting the housing need of the nation; and although the NPPF and PPG do not mention the current or future role of housing benefit, the policy to support low-income households in the private rented sector with housing benefit is long-standing and housing benefit is explicitly factored into the long-term forecasts for public spending.
- 3.14 Policy by both Government and Local Authorities is focused on improving Management and Maintenance in the sector (via licensing or self-regulation schemes) and expanding supply<sup>11</sup> (including the Build to Rent investment scheme<sup>12</sup>). The Government published *"Improving the Private Rented Sector and Tackling Bad Practice: A guide for local authorities"* in March 2012<sup>13</sup>, and the Foreword by the Minister stated:

*"The private rented sector is an important and growing part of our housing market, housing 4.4 million households in England. The quality of housing in the sector has improved dramatically over the last decade. It is now the second largest tenure and this growth is forecast to continue growing. I am proud of this growth as it shows increasing choice, improving standards whilst helping to keep rents affordable. The Government supports a bigger and better private rented sector and wants to see this growth continue."*

- 3.15 It is important for local authorities to recognise the role of the private rented sector at a local level. Recent changes to letting policies and the reality of pressures on the housing stock make it less likely that single

<sup>9</sup> <http://news.rla.org.uk/rpi-rent-revolution/>

<sup>10</sup> <http://cdn.budgetresponsibility.org.uk/37839-OBRCm-8820-accessible-web-v2.pdf>

<sup>11</sup> <https://www.gov.uk/government/publications/private-rented-homes-review-of-the-barriers-to-institutional-investment>

<sup>12</sup> <https://www.gov.uk/government/publications/build-to-rent-round-2-initial-due-diligence>

<sup>13</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/412921/Improving\\_private\\_rented\\_sector.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412921/Improving_private_rented_sector.pdf)

persons aged under 35 years will be allocated to a 1 bedroom Social Rented or Affordable Rented property. The private rented sector makes an important contribution towards providing affordable housing options.

- 3.16 It is essential for local authorities to understand the full extent of the need for affordable housing in their areas.
- 3.17 The Housing and Planning Act 2016 contains proposals to further the Government's policy of encouraging home ownership through promoting Starter Homes. These Starter Homes were intended to provide affordable housing for first time buyers. There are many households residing in the private rented sector in Ealing who aspire to home ownership and if affordable Starter Homes could be provided for this group it would, potentially, reduce the size of the private rented sector.
- 3.18 However, Starter Homes regulations that would enable these to be built have not been published. As a result, no Starter Homes have been built, and the Government are now pursuing an alternative policy entitled First Homes<sup>14</sup>.
- 3.19 The Government first consulted on First Homes ran from February to May 2020 indicating that they will be newbuild properties built as part of wider housing developments which will be sold with a discount of at least 30%, but this could be higher. In August 2020, MHCLG confirmed that they intended to proceed with First Homes as an affordable housing product and published a consultation "Changes to the current planning system", which included proposals on the detail of changes to planning policy to deliver First Homes. Policies on First Homes were formally adopted in July 2021 and guidance on their delivery was published. First Homes will be prioritised for first-time buyers, serving members and veterans of the Armed Forces, and key workers, such as nurses, police and teachers. The reduction of at least 30% will be in perpetuity, so the buyer will not own more than 70% of the property. When they wish to sell their property, the home will be independently valued and sold to someone from a waiting list held by the local authority with the discount being applied, so the property always remains below local house prices. There will be restrictions on the use of First Homes so that they cannot be used as buy to let or holiday homes.
- 3.20 As discussed later in this report, there are many households residing in the private rented sector in Ealing who aspire to home ownership and if affordable First Homes are provided for this group it would, potentially, reduce the size of the private rented sector. However, the funding for First Homes will be drawn from the same Section 106 funds which help to provide affordable rented homes such as Social Rent and Shared Ownership. Developers would be expected to provide a proportion all properties on larger new developments and sell these at a discount of at least 30%.
- 3.21 By taking part of the developer contributions funding for affordable homes into the First Homes scheme, this could reduce the supply of Social Rented or Shared Ownership homes. If this happens, then young households, for whom First Homes remain out of reach, will have few other options than to enter the private rented sector.
- 3.22 We would note that Mayor of London is currently not looking to progress First Homes in London. The current affordable housing programme in London assumes that the main affordable housing products delivered will be London Affordable Rent, London Living Rent and Shared Ownership.<sup>15</sup> In much of the rest of England it is anticipated that First Homes will displace funding for Shared Ownership, but this is currently not the case in London.

<sup>14</sup> <https://www.gov.uk/government/consultations/first-homes>

<sup>15</sup> [Affordable Homes Programme 2021-2026 - Funding Guidance \(london.gov.uk\)](#)

## Cost of Renting

3.23 When considering renting in Ealing it is important to reflect on the range of rental options available together with the impact of the housing benefit levels in the area. There are a number of rates to consider. There are four key definitions to consider when looking at the cost of renting in Ealing. This includes:

- » Median and lower quartile private rent;
- » Local Housing Allowance (LHA) for Inner North London BRMA<sup>16</sup>;
- » Affordable Rent; based on average rents charged for existing dwellings; and
- » Social Rents.

3.24 The Local Housing Allowance (LHA) is the maximum payment for claimants in receipt of housing benefit. These are based on broad rental market areas (BRMAs). The LHA was previously calculated on the 30<sup>th</sup> percentile private rent, however more recent increases have been based on CPI and rates were frozen in the July 2015 budget.

3.25 Figure 17 sets out the median weekly rents for different property sizes in Ealing together with the local housing allowances and the calculated affordable rent rates.

**Figure 18: Weekly rent thresholds in Ealing (Source: Valuation Office Agency 2021-22; SDR 2021)**

Weekly Rent £	Median Private Rent	Lower Quartile Private Rent	Local Housing Allowance Inner West London BRMA	Affordable Rent	Social Rent
1 bedroom	£280.57	£264.48	£278.01	£184.35	£111.85
2 bedrooms	£343.82	£310.47	£339.45	£210.92	£128.43
3 bedrooms	£413.96	£367.97	£441.86	£215.73	£144.67
4+ bedrooms	£557.93	£494.46	£533.92	£225.55	£159.24

3.26 Across all property sizes, the lower quartile private rent is lower than the maximum LHA in Ealing and Social Rents are also always lower.

3.27 Affordable Rent is generally lower than the maximum LHA rate for the equivalent property. This means that households would currently be able to claim sufficient housing benefit to cover the full cost of Affordable Rent (where they were entitled to do so).

3.28 Households claiming out-of-work benefits are subject to a cap of £384 per week for lone parents and couples or £257 per week for single people. This could affect the amount of housing benefit received by some households (especially those with larger families needing larger properties). However, it is important to recognise that the benefit cap does not apply to working households (i.e. those eligible for Working Tax Credit, even if the eligibility amount is £0; and those on Universal Credit with monthly earnings varying from £291 to £542 or more, depending on age) or to households that receive various disability related benefits or armed forces pensions. Given that these households are exempt from the cap, they would be able to claim housing benefit up to the Local Housing Allowance for the size of property that they need in their BRMA.

<sup>16</sup> This represents the maximum amount of housing benefit that can be claimed. Previously based on the 30<sup>th</sup> percentile private rent, however more recent increases are based on Consumer Price index (CPI) and rates were frozen in the July 2015 Budget.

## Income Needed to Rent Housing

- 3.29 The income needed to rent housing will depend on the monthly rent together with the income multiplier allowed for housing costs. The previous CLG Strategic Housing Market Assessments Practice Guidance (Version 2, August 2007)<sup>17</sup> stated:

*“A household can be considered able to afford market house renting in cases where the rent payable was up to 25 per cent of their **gross** household income” (page 42)*

- 3.30 However, this previous Guidance was rescinded in March 2014 following the publication of the NPPF and the launch of the new Planning Practice Guidance (PPG). The PPG does not propose a specific multiplier for assessing housing costs; however, it notes that “care should be taken ... to include only those households who cannot afford to access suitable housing in the market” (ID 2a-024, emphasis added).
- 3.31 The English Housing Survey (EHS) 2015-16<sup>18</sup> provides information about the percentage of gross household income that households currently spend on their housing costs<sup>19</sup>:
- » For the total gross income (excluding housing benefit) of the Household Reference Person and partner, households renting privately spent on average 48% of their income on rent, whilst the average was 40% for households in affordable rented housing; and
  - » For the total gross income (excluding housing benefit) from all income earners in the household, irrespective of whether they contribute to the housing cost, households renting privately spent on average 41% of their income on rent, whilst the average was 37% for those in affordable rented housing.
- 3.32 The EHS thus demonstrates that many households, in both private and affordable rented properties, currently pay considerably more than 25% of gross household income on their housing costs. On this basis, it would be reasonable to assume that the proportion of household income allocated to housing costs should be at least 25% but no more than 45% of gross income. This leads to our judgement that 35% of income provides a reasonable basis for calculating what households should reasonably expect to pay for their housing costs.<sup>20</sup> Whilst this is notably higher than the 25% proposed by the previous guidance, it is still lower than the 41% average that households renting privately actually pay. We would also note that government policy has moved over the summer of 2022 towards the idea that the ability to cover rental costs should form part of the consideration for obtaining a mortgage. Therefore, the worry that paying a high share of income for rent will limit the ability to save for a deposit should be reduced if mortgage lenders can consider the current ability of household to meet their own rents.
- 3.33 As an example, we can establish the income needed to rent a 1-bedroom property in the private rented sector based on a 35% income multiplier:
- » The median weekly rent recorded was £280.57;
  - » Based on a 35% income multiplier, a weekly income of £1,220 would be needed which equates to a gross annual income of £41,829.

<sup>17</sup> <https://www.gov.uk/government/publications/strategic-housing-market-assessments-practice-guidance>

<sup>18</sup> <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

<sup>19</sup> “Annex Table 1.13: Mortgage/rent as a proportion of household income (including and excluding housing benefit) by tenure, 2010-11 to 2015-16”

<sup>20</sup> The London Plan uses a figure of up to 40% of gross income on housing costs, while London Living Rents are based upon setting rents at one third of average income in a ward.

3.34 To rent the same property based on a 25% income multiplier would increase the gross income required to £58,358 per year whereas households with an annual income of £32,421 per year could afford the rent if 45% of their income was allocated to housing costs.

3.35 Figure 18 shows the gross household incomes needed to afford median and lower quartile private rent, Affordable Rent and Social Rent if 35% is spent on housing.

**Figure 19: Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Ealing (Source: ORS based on Valuation Office Agency data April 2020 to March 2021)**

EALING	Private Rent Median	Private Rent Lower Quartile	Affordable Rent (SDR 2021)	Social Rent
1 bedroom	£41,829	£39,429	£27,483	£16,675
2 bedrooms	£51,257	£46,286	£31,444	£19,147
3 bedrooms	£61,714	£54,857	£32,161	£21,568
4+ bedrooms	£83,177	£73,714	£33,626	£23,740

3.36 Although a rental income multiplier is helpful for benchmark purposes, it does not take account of the disposable income available to households after their housing costs have been paid; and it is *“housing that is too expensive compared to disposable income”* that the PPG references in the context of assessing the need for affordable housing (ID 2a-023).

3.37 Considering some examples of disposable income:

- » A single person household with a gross income of £20,000 from employment would have £16,880 (£324 per week) after income tax and national insurance contributions. Housing costs at 35% of gross income would represent 41.4% of their net income and would leave £189 per week as disposable income to cover their other living expenses.
- » A couple with two children with a gross income of £20,000 from employment would have up to £19,559 (£375 per week) after income tax and national insurance contributions (assuming both earned £10,000). Therefore, housing costs at 35% of gross income would represent 35.8% of their net income and would leave £241 per week as disposable income to cover their other living expenses.

3.38 We should also consider the differing potential levels of housing benefit:

- » The maximum amount of weekly income that a single person household can receive before their income starts to affect their housing benefit is currently £73.10 for those aged 25 or over and £57.90 for those aged 16-24.
- » The maximum amount of weekly income that a couple with two children can receive before their income starts to affect their housing benefit is currently £248.65 (if one or both are aged 18 or over).

3.39 When assessing affordable housing need, it is not appropriate to adopt a simplistic income multiplier as this does not take into account different household circumstances. It is better to consider housing benefit eligibility criteria set by the Department for Work and Pensions, which take full account of the different amounts of disposable income for various types of household on different incomes, based on the rents for suitable housing. Therefore, a key consideration in the ORS Model as to whether a household can afford market rents is whether they receive housing benefit or Universal Credit to assist with their housing costs. If a household is renting privately and does not receive housing benefit then they are covering their own rents.

This can be taken as evidence that they can afford to cover their own rents and are unable to get government assistance with these.

- <sup>3.40</sup> Eligibility for housing benefit will differ based on the type of household and the number of bedrooms needed. Figure 19 sets out the incomes for housing benefit eligibility for different types of households.

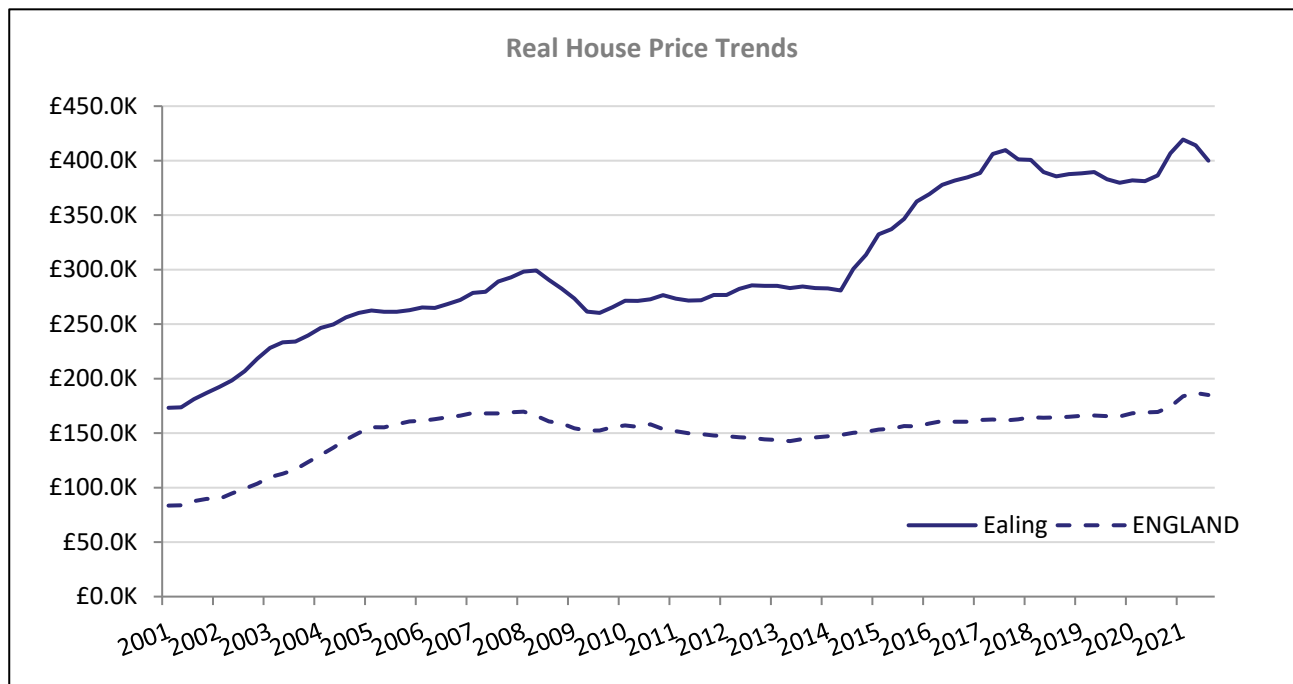
**Figure 20: Maximum income for households in receipt of housing benefit support by household type**  
(Source: ORS based on Department for Work and Pensions data)

Property type	Household type	INNER WEST LONDON BRMA
ROOM ONLY	Single person aged 16-24	£14,568
ROOM ONLY	Single person aged 25-34	£15,361
1 BEDROOM PROPERTIES	Single person aged 35+	£26,131
1 BEDROOM PROPERTIES	Couple (both aged under 18)	£26,883
1 BEDROOM PROPERTIES	Couple (one or both aged 18 or over)	£28,310
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 1 child	£34,554
2 BEDROOM PROPERTIES	Lone parent (aged 18 or over) with 2 children	£38,045
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 1 child	£36,733
2 BEDROOM PROPERTIES	Couple (aged 18 or over) with 2 children	£40,223

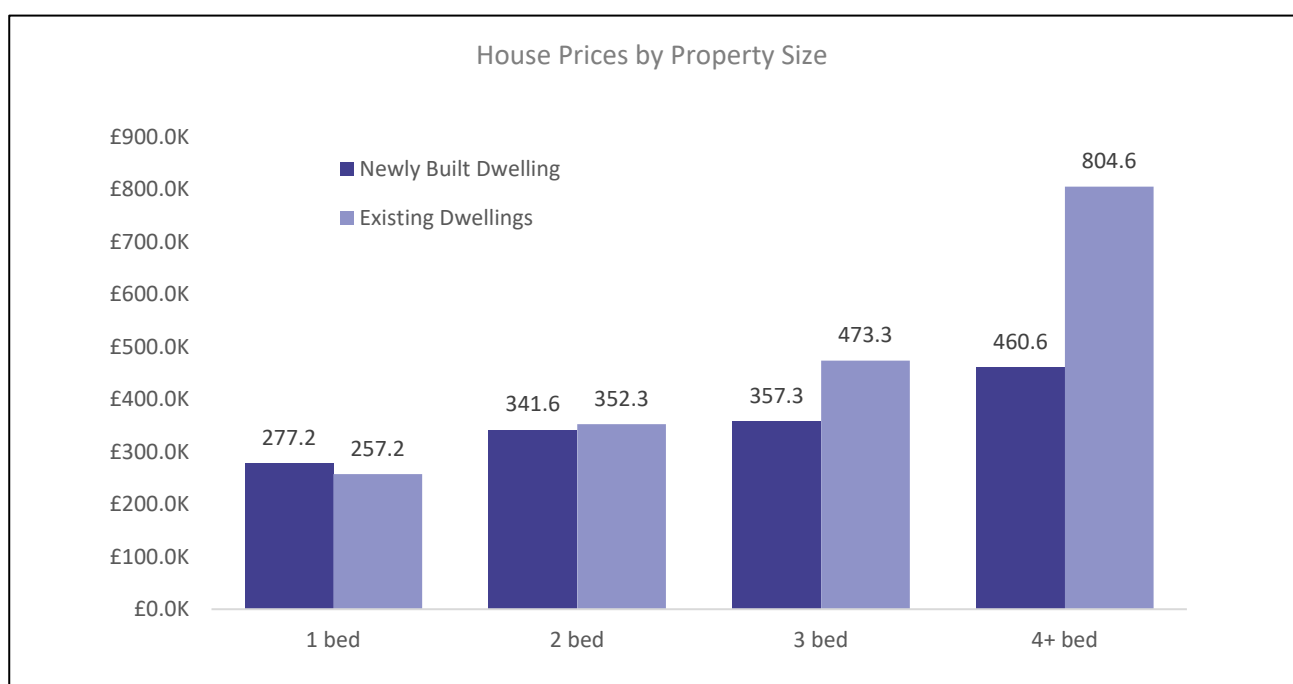
## Cost of Home Ownership

- <sup>3.41</sup> When considering home ownership, it is worth reflecting on house prices during the past twenty years. House price trends (2001-2021) are shown in Figure 20. This is based on lower quartile prices and data is adjusted for inflation so that values reflect real changes in house prices since 2001.
- <sup>3.42</sup> Real house prices in Ealing, are both higher and increasingly divergent from England as a whole. Overall prices increased substantially in the period 2001-2008 (from £173,200 to £299,200 at 2021 values). Values then reduced from the beginning of 2008 and fell to a low of £260,300 in 2010 since which they have grown steadily to £400,000 (Q3 2021).



**Figure 21: Real House Price Trends: Lower Quartile Prices adjusted to 2021 values using CPI (Source: ONS; Bank of England)**

- 3.43 House prices clearly vary in accordance with a range of factors. An important component is the size of the property, with the number of bedrooms being key. Figure 21 shows lower quartile house prices in Ealing by bedroom size.
- 3.44 There is also a difference between existing properties and new build dwellings. New build dwellings generally attract a premium, but this is not the case in Ealing. Generally, existing dwellings sell for more than newbuild properties, except for 1 bedroom dwellings.

**Figure 22: Lower quartile prices (adjusted by CPI) (2021) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data)**

- 3.45 The difference in values between new build and existing properties is likely to be down to a range of factors which include the location of new build housing, the relative size of properties, gardens, the availability of parking, comparative quality and condition of existing stock, and other intangible issues such as character. In Ealing, much of the new development is in the form of flats, while the existing stock includes a higher share of houses and these attract a premium.
- 3.46 More detailed profile data shows that 1 bedroom properties in Northolt ward can sell for £258,000, while those in Ealing ward can cost around £402,000. This shows that different housing markets do exist in the Borough and that merged prices can reflect very different housing costs facing buyers in different areas.
- 3.47 These differences in value are relevant if we are considering the affordability of the overall housing stock alongside the affordability of new build. First time buyers are particularly likely to be newly forming households and seeking one and two bed properties.

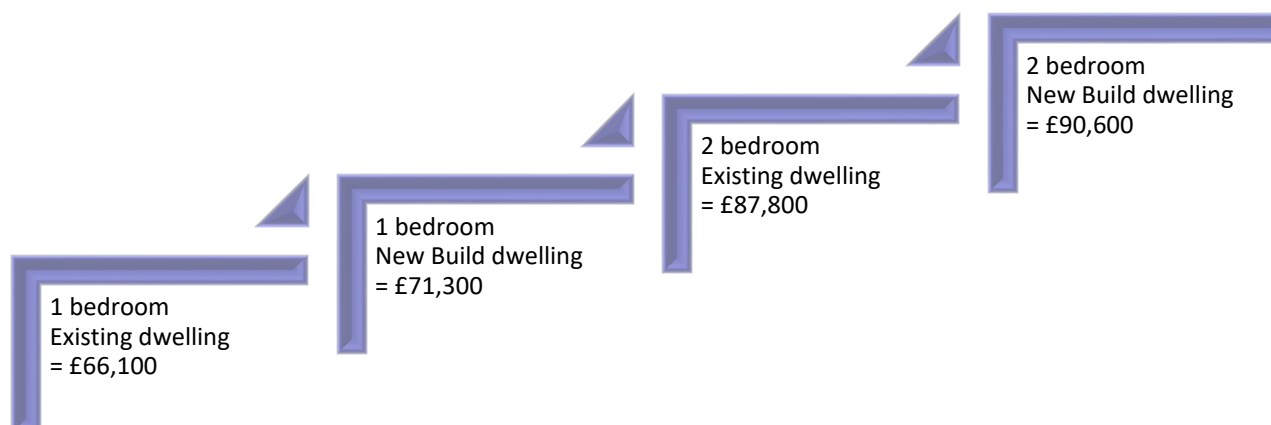
### Income Needed for Home Ownership

- 3.48 The income needed to purchase market housing will depend on the house price together with the mortgage income multiplier and the available deposit (or percentage loan to value).
- 3.49 For example, if we consider a lower quartile 2-bedroom property costing £352,300 and assume the buyer could afford a deposit of 10%. The outstanding mortgage requirement would be £317,070. Using a typical income multiple of 3.5 we can calculate an income of £90,900 would be needed ( $£317,070 \div 3.5 = £90,600$ ).<sup>21</sup> If the buyer could only afford a 5% deposit then a larger mortgage and larger income would be needed. The scale of deposits required in Ealing will rule out many households from being able to buy their own home.
- 3.50 Whilst some households will have higher deposits available and others will seek to extend their borrowing as far as possible, the initial assumptions of a 10% deposit and a 3.5 x mortgage multiplier provides a reasonable indication of the income that first-time buyer households are likely to need in order to buy a home in the area.
- 3.51 Based on these assumptions, Figure 22 shows the household income levels needed to buy 1 and 2-bedroom properties in terms of both existing and newly built properties. When purchasing larger homes, households will typically have larger deposits available, often including equity from the sale of another property. On this basis, it is relatively artificial to consider incomes in isolation for larger properties.

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<sup>21</sup> At the time of writing the best available data shows an average mortgage to income ratio in London of 5.4 times, but given projected rising interest rates this ratio is unlikely to remain so high in the future.

**Figure 23: Annual income needed for 1 and 2-bedroom properties at lower quartile prices (assuming 10% deposit and 3.5x mortgage multiplier) (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data)**



## Identifying the Gap for Affordable Home Ownership

- 3.52 The NPPF encourages local authorities to widen opportunities for home ownership.
- 3.53 When identifying the need for Affordable Home Ownership (AHO) including potentially First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.
- 3.54 Figure 23 summarises the income thresholds for the range of different housing options based on the costs for home ownership and rents in Ealing which emphasises that owner occupation is much less affordable.

**Figure 24: Annual income thresholds for different housing options, single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100)**

Annual Income Needed to Own at Lower Quartile Prices	Single Bedroom Properties	Two Bedroom Properties
Minimum income needed to own a newly built dwelling with 10% deposit and 3.5x mortgage	£71,300	£87,800
Minimum income needed to own an existing dwelling with 10% deposit and 3.5x mortgage	£66,100	£90,600
Minimum income needed for median private rent to be less than 35% in Ealing	£41,800	£51,300
Minimum income needed for lower quartile private rent to be less than 35% in Ealing	£39,400	£46,300
Minimum income needed for affordable rent to be less than 35% in Ealing	£27,500	£31,400
Minimum income needed for social rent to be less than 35% in Ealing	£16,700	£19,100
Upper end of range of maximum income for Housing Benefit support in Ealing	£28,300	£40,200
Lower end of range of maximum income for Housing Benefit support in Ealing	£26,100	£34,600

3.55 There is large income gap between being able to afford market rent (£39,400) and being able to afford home ownership (£66,100) which, in theory, leaves a large gap for affordable home ownership housing products (AHO's). The gap is equally wider for two-bedroom properties (£46,300 - £90,600).

3.56 AHO products need to be aimed at this income gap, recognising that some households who could afford market rent would prefer to own their own home.

### Low Cost Home Ownership

3.57 A range of Low-Cost Home Ownership (LCHO) products have also been developed to assist households into homeownership.

3.58 Figure 24 sets out the weekly costs associated with shared ownership properties of different sizes, taking account of the differential full market prices and based on the following assumptions:

- » 40% equity share purchased by the occupier;
- » 10% of the equity purchased is available as a deposit;
- » Mortgage costs base based on a 30-year repayment mortgage at 4.0% interest;
- » Rent based on 2.75% of the retained equity paid each year; and
- » Service charge of £10 per week.

3.59 This calculation demonstrates that the weekly costs for shared ownership are higher than the equivalent median private rent for all property sizes.

**Figure 25: Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week)**

	Property Value	40% Equity Share	10% Deposit	Weekly Mortgage Costs	Weekly Rent Costs	Weekly Service Char	TOTAL
1 bedroom	£277,234	£110,894	£11,089	£110.69	£87.73	£10.00	£208.42
2 bedrooms	£341,609	£136,644	£13,664	£136.39	£108.10	£10.00	£254.49
3 bedrooms	£357,305	£142,922	£14,292	£142.66	£113.07	£10.00	£265.72
4+ bedrooms	£460,599	£184,240	£18,424	£183.90	£145.75	£10.00	£339.65

3.60 Figure 25 shows the sensitivity of weekly costs to the equity share purchased and presents this relative to the equivalent local rents. This model uses a 4% interest rate for modelling purposes, if rates are lower in the future then shared ownership will be more affordable, conversely higher rates make it less affordable. As can be seen only the lowest equity share on the larger properties proves to be marginally cheaper than paying the median market rent for the same size property.

**Figure 26: Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)**

Total Weekly Cost £	Property Value	25% Equity Share	30% Equity Share	35% Equity Share	40% Equity Share	45% Equity Share	50% Equity Share
1 bedroom	£277,234	£188.84	£195.37	£201.89	£208.42	£214.94	£221.47

2 bedrooms	£341,609	£230.37	£238.41	£246.45	£254.49	£262.53	£270.57
3 bedrooms	£357,305	£240.49	£248.90	£257.31	£265.72	£274.14	£282.55
4+ bedrooms	£460,599	£307.13	£317.97	£328.81	£339.65	£350.49	£361.34

3.61 Meanwhile, Figure 26 sets out the weekly costs associated with First Homes properties with 70% equity, taking account of the differential full market prices and based on the following assumptions:

- » 70% equity share purchased by the occupier;
- » 10% of the remaining equity purchased is available as a deposit; and
- » Mortgage costs based on a 30-year repayment mortgage at 3.5% interest.

**Figure 27: Total weekly costs for First Homes with 50%, 60% and 70% Equity Share (Note: Mortgage costs based on a 30-year repayment mortgage at 3.5% interest. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.)**

Total Weekly Cost £	Property Value	First Homes with 50% equity share	First Homes with 60% equity share	First Homes with 70% equity share
1 bedroom	£288,951	£130.09	£156.10	£182.12
2 bedrooms	£330,702	£160.29	£192.35	£224.41
3 bedrooms	£352,464	£167.66	£201.19	£234.72
4+ bedrooms	£369,666	£216.13	£259.35	£302.58

3.62 We also considered the cost of a London Living Rent property. The estimated cost of London Living Rents in Ealing is taken from the GLA data for 2019/20<sup>22</sup>. In terms of required annual income, these equate to a figures of between £32,000 and £43,000 depending upon the size of the property.

**Figure 28: Total weekly costs for London Living Rent (Source: GLA London Living Rents 2022/23)**

Total Weekly Cost £	London Living Rent
1 bedroom	£214.53
2 bedrooms	£234.73
3 bedrooms	£246.01
4+ bedrooms	£295.39

### Income Needed for Other Types of Housing

3.63 Another housing option that could be made available in Ealing, thereby increasing the variety of products available, is Build to Rent. Build to Rent is defined by the NPPF Glossary as:

**Build to Rent:** purpose-built housing that is typically 100% rented out.

Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

NPPF 2021(Glossary)

<sup>22</sup> [London Living Rent | London City Hall](#)

- 3.64 Build to Rent housing tends to be somewhat more expensive than median rents (typically more comparable to upper quartile rents). Occupants tend to be those that can afford these higher rents, but are not currently seeking to own a property, since the income required to service such rents is typically in excess of that required to get onto the housing ladder through Low Cost Home Ownership options.
- 3.65 The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided in the form of affordable private rent. The PPG offers a “generally suitable” benchmark that 20% of any given build to rent scheme should be provided as affordable rent (maintained in perpetuity). In terms of setting affordable rent levels, national affordable housing policy requires a rent discount of at least 20% for affordable private rent homes relative to local market rents (inclusive of service charges).
- 3.66 However, the affordability of these affordable Build to Rent options is highly dependent on the rent being discounted. Research by JLL<sup>23</sup> shows that the average Build to Rent option is 9.3% more expensive than the median rent. This therefore tends to lead to the affordable Build to Rent options being more expensive than Affordable Rent and are best considered as a form of Discount Market Rent aimed at households with incomes in the range of £35,000-£60,000.

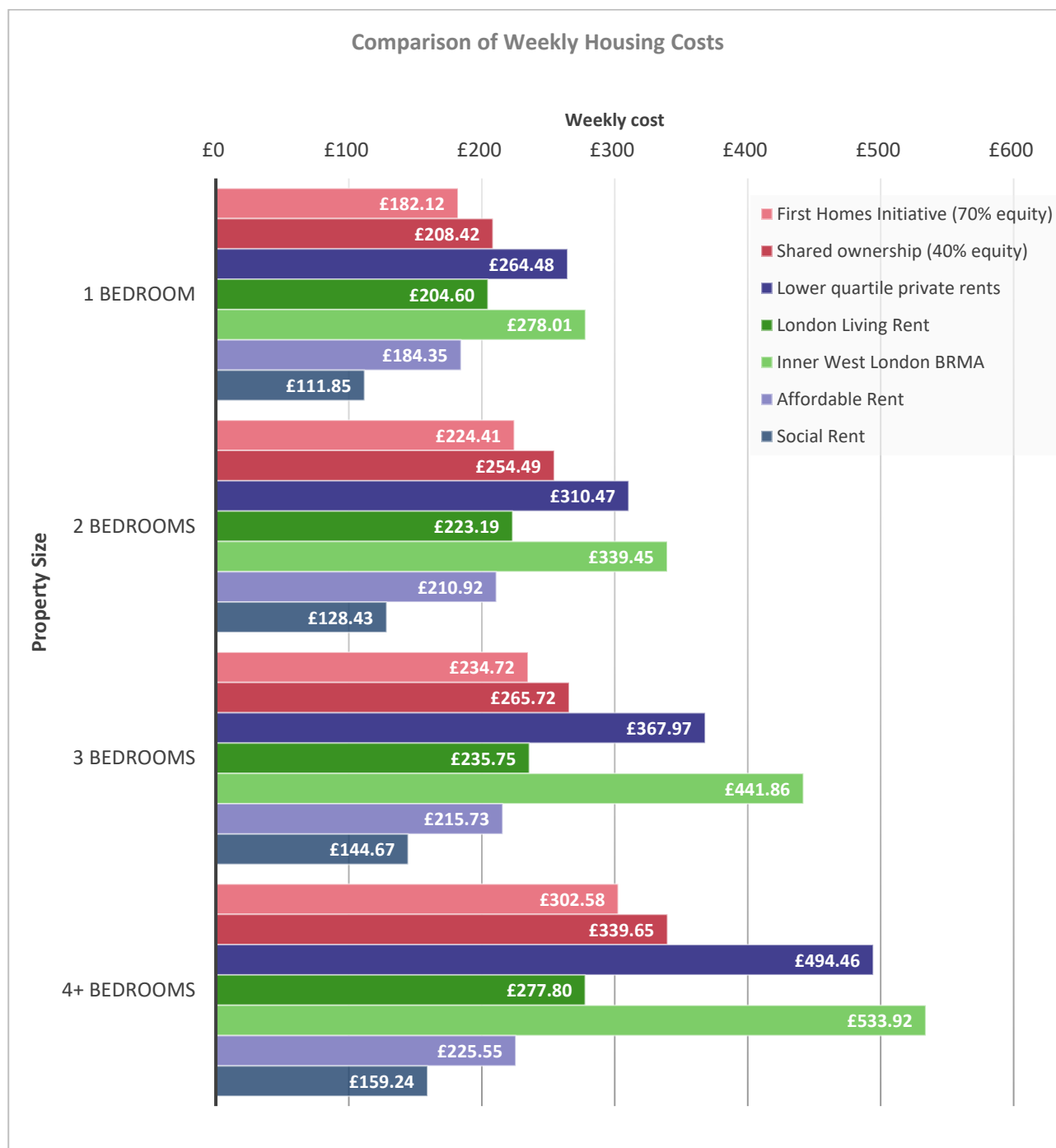
## Summary of Housing Costs

- 3.67 This chapter has considered in some detail the cost of housing depending on tenure type and property size. Figure 28 summarises these costs for each property size (all costs are adjusted to 2021 levels, using the most recent data available). Social Rent is significantly less expensive than any other tenure. It is found that shared ownership with a 40% equity stake is more expensive than a First Homes property with a 70% equity stake. This is unsurprising due to the lack of a rental charge on First Homes properties. Across England as a whole it is now likely that First Homes will displace Shared Ownership, except for new build Housing Association properties which are likely to allow purchases of as little as 10% equity. However, in London, the London Living Rent scheme also provide affordable to own properties and this requires similar levels of income to First Homes properties without the need for an update large mortgage.

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<sup>23</sup> <https://www.jll.co.uk/content/dam/jll-com/documents/pdf/research/emea/uk/jll-residential-insight-build-to-rent.pdf>

Figure 29: Comparison of weekly housing costs by property size (Source: Valuation Office Agency and Land Registry Price Paid Data)



## Income Required for Housing Costs

<sup>3.68</sup> The ORS housing model works through a combination of income, housing costs, benefit take-up and demographic change. This implies that there is not a direct relationship between someone's households income and their tenure requirements because different household types with the same income level may require different tenures. However, it is possible to consider the broad ranges for each of the housing products set out above to show the ranges of income we would expect to fall into each housing tenure. This is done in Figure 30. We would highlight the costs of Shared Ownership and First Homes. While Figure 28 shows that First Homes are on average cheaper than Shared Ownership properties, Figure 30 shows that a

lower level of income is required for Shared Ownership. This is because it is assumed that around 19% of income is spent on a mortgage, but around 35% on rents. Therefore, a higher share of a households income is assumed to be spent on Shared Ownership, so it requires less income even though it is more expensive. This finding has been reported by many other local authorities.

**Figure 30: Annual Income Required for Different Housing Products (Source: GLA London Living Rents 2021/22)**

Number of Bedrooms	London Affordable Rent	London Living Rent	London Shared Ownership	First Homes
1 bedroom	Less than £32,000	£32,000-£46,000	£46,000-£90,000	£58,000-£90,000
2 bedrooms	Less than £35,000	£35,000-£57,000	£57,000-£90,000	£66,000-£90,000
3 bedrooms	Less than £37,000	£37,000-£60,000	£59,000-£90,000	£70,000-£90,000
4+ bedrooms	Less than £43,000	£42,000-£76,000	£76,000-£90,000	£74,000-£90,000



## 4. Affordable Housing Need

### Identifying households who cannot afford market housing

#### Introduction

- 4.1 The definition of affordable housing was changed by the NPPF 2019, with a specific emphasis now placed on affordable homeownership. This was retained in the NPPF 2021 update and does not explicitly include First Homes. Annex 2 of the Revised NPPF now defines affordable housing as being:

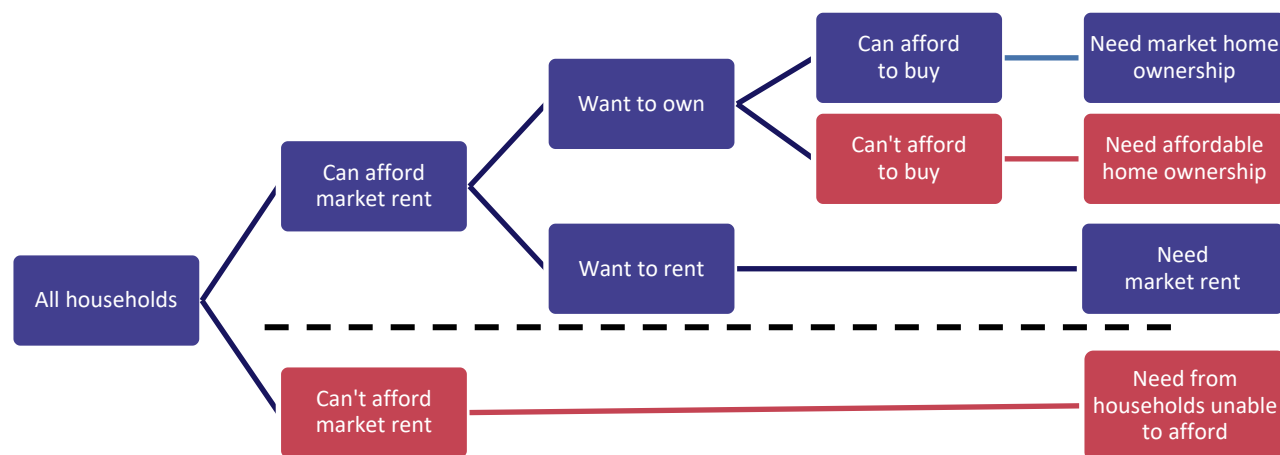
#### **Affordable housing**

*Housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers)*

Revised NPPF 2021, Annex 2

- 4.2 To reflect this change, paragraphs of PPG were updated in February 2019. These were further updated with a new set of guidance on “Housing needs of different groups” published on 22nd July 2019<sup>24</sup>, which covered:
- » Addressing the need for different types of housing
  - » Affordable housing
  - » Rural Housing
- 4.3 Further guidance to reflect the need to consider First Homes was then added on May 24<sup>th</sup> 2021.
- 4.4 Relevant paragraphs of PPG have also been updated to confirm that the types of household to be considered in housing need should include “those that cannot afford their own homes, either to rent, or to own, where that is their aspiration” [PPG ID 2a-020-20190220]. The assessment of affordable housing need therefore needs to consider both those who cannot afford to rent and those households who can afford to rent but would like to buy.

Figure 31: Establishing the need for market and affordable housing



<sup>24</sup> <https://www.gov.uk/guidance/housing-needs-of-different-groups#affordable-housing>

- 4.5 There is a well-established method for assessing the needs of households who cannot afford to own or rent suitable market housing. However, PPG provides no guidance on how the needs of households who can afford to rent but would prefer to own, should be assessed.

## Assessing Affordable Housing Needs

- 4.6 The ORS Housing Mix Model considers the need for market and affordable housing on a long-term basis that is consistent with household projections. The model uses a range of secondary data sources to build on existing household projections and profile how the housing stock will need to change in order to accommodate the projected future population.
- 4.7 The model provides robust and credible evidence about the required mix of housing over the full planning period and recognises how key housing market trends and drivers will impact on the appropriate housing mix.
- 4.8 The PPG identifies that “projections of affordable housing need will need to take into account new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need” (ID 2a-021). **The ORS Model recognises that the proportion of households unable to buy or rent in the market area will not be the same for all types of household, and that this will also differ by age.** Therefore, the appropriate proportion is determined separately for each household type and age group.
- 4.9 The affordability percentages in Figure 31 are calculated using detailed information from the 2011 Census alongside data published by DWP about housing benefit claimants. For each type of household in each age group, the table identifies the percentage of households unable to afford their housing costs. This is the proportion of households in each group that either occupy affordable housing or receive housing benefit to enable them to afford market housing.

**Figure 32: Assessing affordability by household type and age (Source: Census 2011 and DWP)**

Percentage unable to afford market housing	Under 25	25-34	35-44	45-54	55-64	65+
Single person household	37%	15%	37%	46%	46%	39%
Couple family with no dependent children	10%	4%	9%	18%	14%	19%
Couple family with 1 or more dependent children	41%	58%	40%	29%	25%	41%
Lone parent family with 1 or more dependent children	88%	93%	79%	61%	56%	55%
Other household type	17%	13%	28%	35%	26%	22%

## Current Unmet Needs of Households Unable to Afford

- 4.10 Any exploration of housing need in an area must first give consideration to existing unmet needs. The PPG states:

***How should the current unmet gross need for affordable housing be calculated?***

*Plan makers should establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:*

- » *the number of homeless households;*
- » *the number of those in priority need who are currently housed in temporary accommodation;*

- » *the number of households in overcrowded housing;*
- » *the number of concealed households;*
- » *the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);*
- » *the number of households from other tenures in need and those that cannot afford their own homes.*

*Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.*

**Planning Practice Guidance (February 2019), ID 2a-020-20190220**

4.11 Households assumed to be unable to afford housing include:

- » All households that are currently **homeless**;
- » All those currently housed in **temporary accommodation**; and
- » People in a **reasonable preference category** on the housing register, where their needs have not already been counted.

4.12 Given this context, the model includes the needs of all these households when establishing the need for affordable housing at a base date of 2021. The evidence is predominantly derived from data collected by Ealing on homelessness or households otherwise unsuitably housed, but we also consider the needs of households who are overcrowded in both the social and private rented sector. Therefore, there is a very large overlap between those households considered to be in current need and the housing register in Ealing.

4.13 The analysis counts the needs of all households living in overcrowded rented housing when establishing the affordable housing need (which could marginally overstate the requirements) but it does not count the needs of owner occupiers living in overcrowded housing (which can be offset against any previous over-counting). Student households are also excluded, given that their needs are assumed to be transient and do not count towards the need for affordable housing in Ealing.

4.14 Concealed families are an important part of unmet housing need. However, not all concealed families want separate housing. Those with older family representatives will often be living with another family, perhaps for cultural reasons or in order to receive help or support due to poor health. However, those with younger family representatives are more likely to be experiencing affordability difficulties or other constraints (although even here not all will want to live independently).

4.15 Any concealed families in a reasonable preference category on the housing register will be counted regardless of age. The analysis also considers the additional growth of concealed families with family representatives aged under 55 (even when not on the housing register) and assumes that all such households are unlikely to be able to afford housing (otherwise they would have found a more suitable home).

4.16 The analysis does not count people occupying insanitary housing or otherwise living in unsatisfactory housing conditions as a need for additional affordable housing. These dwellings would be unsuitable for any household and enabling one household to move out would simply allow another to move in – so this would not reduce the overall number of households in housing need. This housing need should be resolved by improving the existing housing stock, and the Council have a range of statutory enforcement powers to improve housing conditions.

4.17 Figure 32 sets out the assessment of current affordable housing need for Ealing:

**Figure 33: Assessing current unmet gross need for affordable housing (Source: ORS Housing Model)**

Current unmet need classification	Current status	Affordable Housing Gross Need	Affordable Housing Supply	Affordable Housing Net Need	Increase in Overall Need
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in communal establishments (Bed and breakfast or Hostels)	506		506	506
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in market housing (Private sector leased or Private landlord)	1,742		1,742	1,742
Homeless households in priority need [Source: CLG P1E returns]	Currently in temporary accommodation in affordable housing (Local Authority or RSL stock)	159	159	0	
Homeless households in priority need [Source: CLG P1E returns]	Households accepted as homeless but without temporary accommodation provided	11		11	11
Concealed households [Source: Census 2001 and 2011]	Growth in concealed families with family representatives aged under 55	1,753		1,753	1,753
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	Households living in overcrowded private rented housing	2,850		2,850	
Overcrowding based on the bedroom standard [Source: Census 2011 and English Housing Survey]	Households living in overcrowded social rented housing	3,616	3,616	0	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move on medical or welfare grounds, including grounds relating to a disability	550	47	503	
Other households living in unsuitable housing that cannot afford their own home [Source: CLG LAHS]	People who need to move to a particular locality in the borough of the authority, where failure to meet that need would cause hardship	0	0	0	
<b>TOTAL</b>	<b>TOTAL</b>	<b>11,187</b>	<b>3,822</b>	<b>7,365</b>	<b>2,270</b>

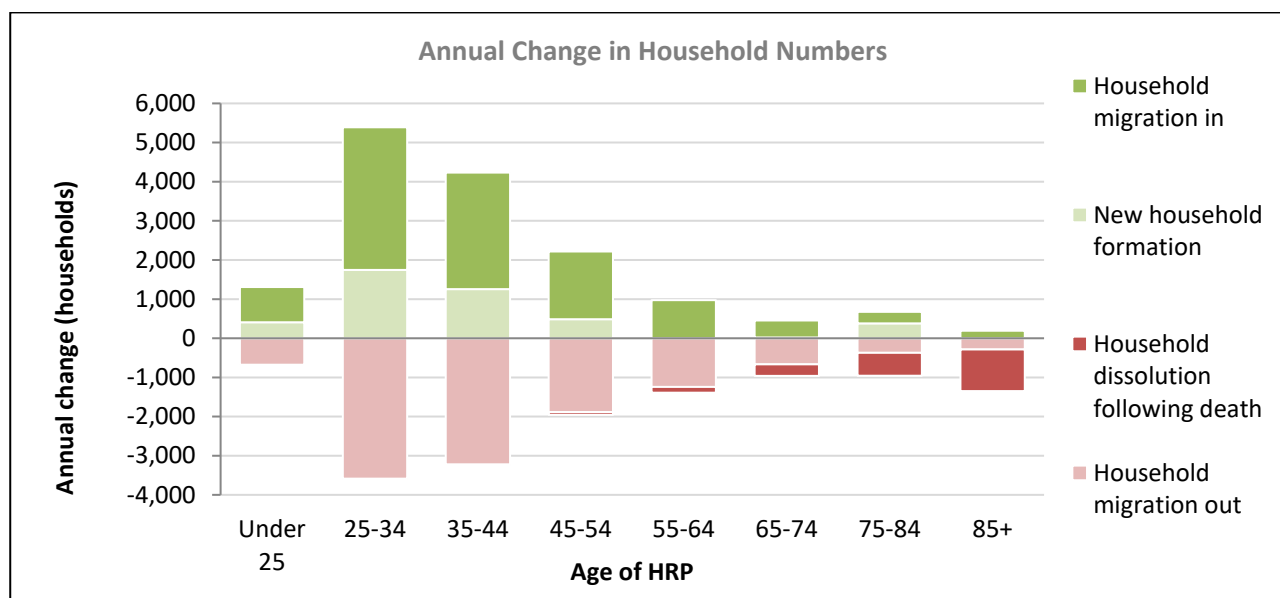
4.18 Based on a detailed review of both the past trends and current estimates our analysis has concluded that 11,187 households are currently living in unsuitable housing and are unable to afford their own housing. This assessment is based on the criteria set out in the PPG and avoids double counting, as far as possible.

- 4.19 Of these households, 3,822 currently occupy affordable housing that does not meet the current householders' needs, mainly due to overcrowding. Providing more suitable housing for these households will enable them to vacate their existing affordable housing property, which can subsequently be allocated to another (smaller) household in need of affordable housing.
- 4.20 **There is, therefore, a net affordable housing need of 7,365 households (11,167 less 3,822 = 7,365). Providing the net affordable housing need for 7,365 households will release back into the market (mainly in the private rented sector) the dwellings currently occupied by a total of 5,095 households (7,365 less the 2,270 households which are housed outside the borough in temporary accommodation, are homeless or concealed and thus do not release dwellings). While the 2017 London SHMA sought to address the backlog of need over 25 years, for this study we treat this as a backlog of need to be addressed over 20 years at an annual rate of 368 households per annum.**

### Projected Future Need of Households Unable to Afford

- 4.21 When considering the number of newly arising households likely to be in affordable housing need, the PPG recommends a "gross annual estimate" (ID 2a-021) suggesting that "the total need for affordable housing should be converted into annual flows" (ID 2a-024).
- 4.22 Figure 33 shows the age structure of each of the components of household change. This analysis is based on changes within each age cohort. Comparisons are based on households born in the same year and relate to their age at the end of the period. Therefore, all new households are properly counted, rather than only counting the increase in the number of households in each age group.

Figure 34: Annual change in household numbers in each age cohort by age of HRP in Ealing (Source: ORS Housing Model)



- 4.23 Together with information on household type, this provides a framework for the model to establish the proportion of households who are unable to afford their housing costs. The following tables look at the impact of different types of household.

**Figure 35: Annual components of Household Growth 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Newly forming households	3,227	2,243	983	30%
Households migrating in to the area	8,354	5,756	2,598	31%
<b>All new households</b>	<b>11,581</b>	<b>7,999</b>	<b>3,581</b>	<b>31%</b>

- 4.24 The ORS Model identifies 3,227 new households projected to form in Ealing each year, of which 30% will be unable to afford their housing costs. This amounts to 983 households each year.
- 4.25 The model also considers new households migrating to the area. The projection is for 8,354 households per annum of which 31% (2,598 households) will be unable to afford their housing costs. It is completely normal for a London Borough to see more affordable housing need generated by households moving to the area than through local household formation. It should be remembered that households in affordable housing need will also leave the Borough, thus reducing need.
- 4.26 **This results in a total of 3,581 new households in need of affordable housing.** (Figure 34)

**Figure 36: Annual components of Household Growth 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Household dissolutions following death	1,638	1,137	500	31%
Households migrating <u>out</u> of the area	8,961	6,156	2,804	31%
<b>All households no longer present</b>	<b>10,598</b>	<b>7,294</b>	<b>3,304</b>	<b>31%</b>

- 4.27 PPG identifies that “there will be a current supply of housing stock that can be used to accommodate households in affordable housing need” and that it is necessary to establish “the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need” (ID 2a-022).
- 4.28 The model identifies 1,638 households are likely to dissolve following the death of all household members. Many of these households will own their homes outright, however 500 of these are likely to have been unable to afford market housing and will mostly be living in affordable rented housing.
- 4.29 In addition, some households that are unable to afford housing will migrate away from the area, so their needs should be discounted to ensure consistency with the household projections. The model identifies that 8,961 households will migrate out of the area each year, including 2,804 households who are unable to afford their housing costs. A proportion of these will vacate rented affordable housing (which will become available for another household) whereas others that have not yet been allocated an affordable home will reduce the number of households waiting. (It should be noted that some might have chosen to stay if housing costs were cheaper or more affordable housing was available).
- 4.30 **Altogether, there are 3,304 households who will vacate affordable dwellings or will no longer be waiting for a home** (Figure 35).

**Figure 37: Annual components of Household Growth 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	All households	Households able to afford housing costs	Households unable to afford housing costs	% unable to afford housing costs
Existing households falling into need	-	-932	932	100%
Existing households climbing out of need	-	956	-956	0%
<b>Change in existing households</b>	<b>-</b>	<b>24</b>	<b>-24</b>	<b>-</b>

4.31 PPG also identifies that it is important to estimate “the number of existing households falling into need” (ID 2a-021). Whilst established households that continue to live in Ealing will not contribute to household growth, changes in household circumstances (such as separating from a partner or the birth of a child) can lead to households who were previously able to afford housing falling into need. The needs of these households are counted by the model, and it is estimated that 932 established households will fall into need in Ealing each year.

4.32 However, established households’ circumstances can also improve. For example:

- » When two single person households join together to form a couple, pooling their resources may enable them to jointly afford their housing costs (even if neither could afford separately).
- » Households also tend to be more likely to afford housing as they get older, so young households forming in the early years of the projection may be able to afford later in the projection period.

4.33 These improved circumstances can therefore reduce the need for affordable housing over time. The model identifies that the circumstances of 956 households will improve such that they become able to afford their housing costs having previously being unable to afford.

4.34 Therefore, considering the changing needs of existing households overall, **there is a net decrease of 24 existing households needing affordable housing each year.** (Figure 36).

4.35 The following table (Figure 37) summarises the overall impact of:

- » New households adding to housing need;
- » The households no longer present reducing housing need; and
- » The changes in circumstances impacting existing households.

**Figure 38: Annual components of Household Growth 2021-41 (Source: ORS Housing Model)**

EALING 2021-41	All households	Households able to afford housing costs	Households unable to afford housing costs
All new households	11,581	7,999	3,581
All households no longer present	10,598	7,294	3,304
Change in existing households	-	24	-24
<b>Future affordable housing need 2021-41 (Annual average)</b>	<b>982</b>	<b>729</b>	<b>253</b>
<b>Future affordable housing need 2021-41 (20 Year change)</b>	<b>19,648</b>	<b>14,586</b>	<b>5,062</b>

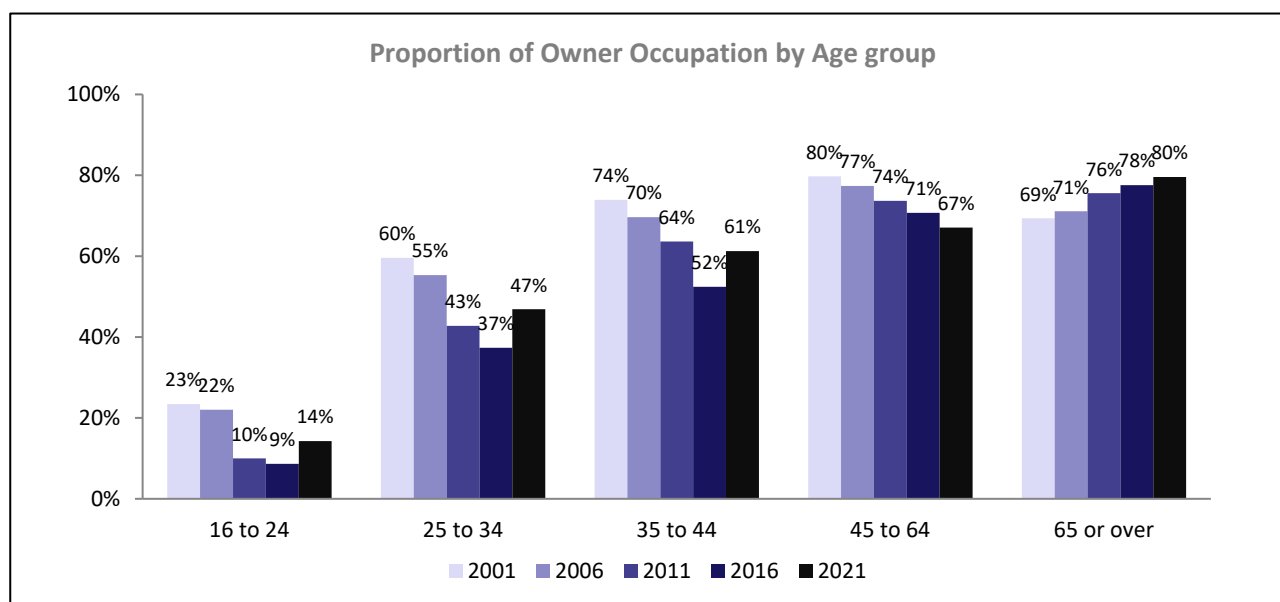
- 4.36 Overall reviewing the contribution of each element amounts **to an additional 5,062 households needing affordable housing over the 20-year period 2021-41, or a rate of 253 per annum.**

## Needs of Households Aspiring to Homeownership

### Home Ownership Trends

- 4.37 In London, the need for home affordable home ownership products is widely recognised due to the very high costs of outright home ownership. The Mayor of London has developed the London Living Rent scheme as one which initially sees households renting their property, but with the option to eventually start buying it in the future. This type of scheme is compatible with the need to affordable housing to own.
- 4.38 The new emphasis on households that cannot afford to own their home reflects Government concerns that the proportion of owner occupiers has reduced nationally over the last ten to fifteen years. Estimates from the English Housing Survey suggest that the proportion of owner occupiers reduced from around 69% in 2006 to 65% in 2011 and to 63% by 2016. Over the same period, the proportion of households renting from a social landlord also reduced from 19% to 17% whilst the proportion renting privately increased from 12% to 20%.
- 4.39 The proportion of owner occupiers varies by age with younger age groups less likely to own their home than older households. The real change is in the extent to which younger age groups owning their property has fallen over recent years whilst at the upper end of the age scale (aged 65 or over) home ownership has been increasing (Figure 38).

**Figure 39: Percentage of Owner Occupiers by Age Group 2001-2016 (Source: English Housing Survey)**



### Establishing the number of households aspiring to home ownership

- 4.40 English Housing Survey data from 2013/14 shows that, unsurprisingly, 96% of households who currently own their property wish to stay as owner occupiers in the long term. The English Housing Survey 2013/14 was the last time these questions were included in the survey. So no more recent data has been collected. In terms of potential demand over half (54%) of households who rent privately and almost a fifth (18%) of those in affordable rented housing aspire to homeownership.



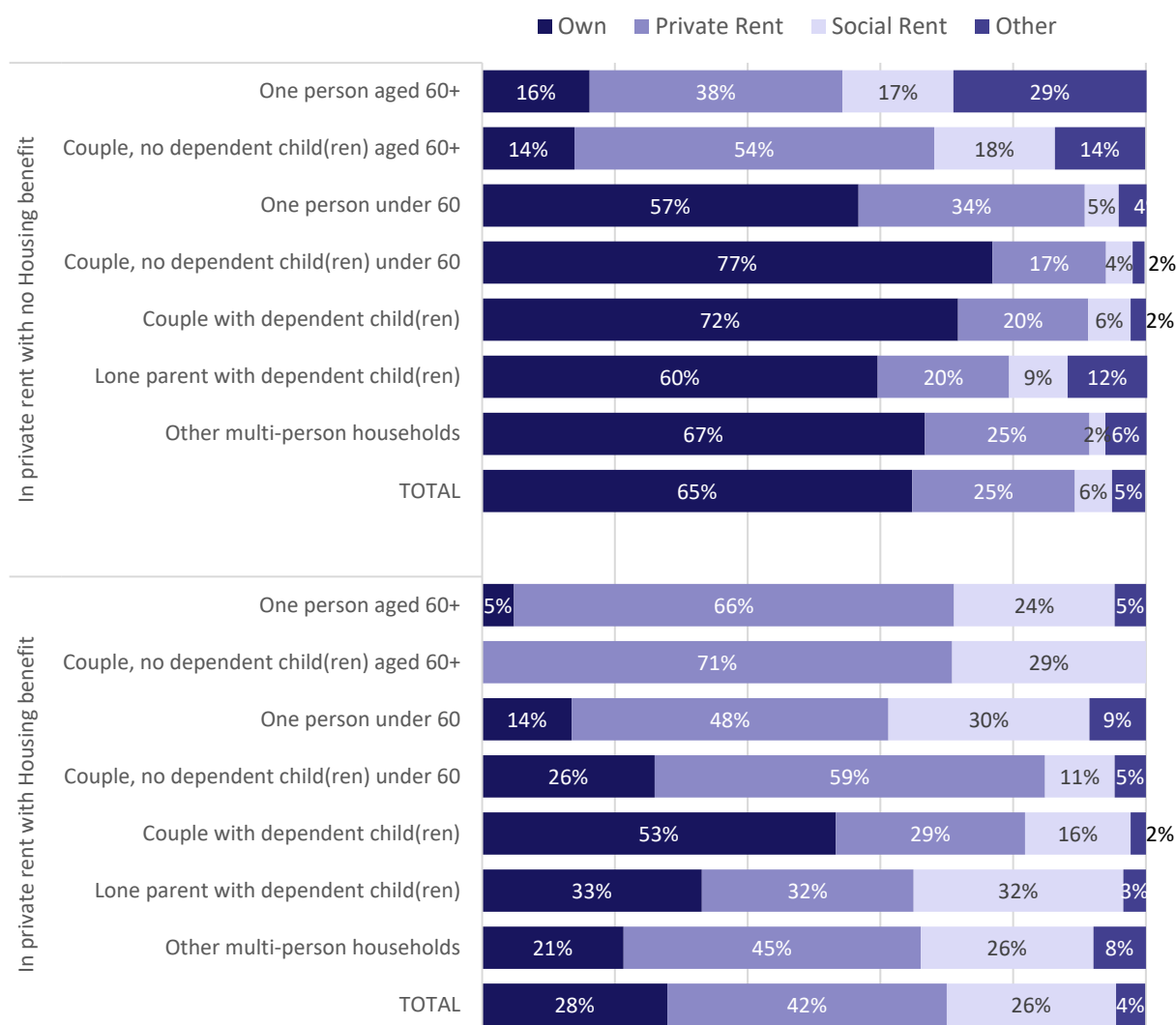
**Figure 40: Long-term aspirations (Source: English Housing Survey 2013/4)**

Current Tenure	Owner Occupier	Shared Ownership	Rent from Private Landlord	Rent from Social Landlord	Other
Owner occupied	96.1%	0.4%	0.7%	1.1%	1.6%
Private rent	53.5%	2.6%	28.8%	11.4%	3.8%
Affordable rented	18.1%	1.8%	1.9%	77.0%	1.1%

- <sup>4.41</sup> These figures relate to aspirations only and there is no test within the data as to whether this aspiration is affordable. It is therefore worth considering the responses of those currently in private rent in more detail with a view to understanding the types of household aspiring to buy.
- <sup>4.42</sup> The following chart (Figure 40) shows long-term tenure aspirations of those in private rent by household type as well as whether they are currently in receipt of housing benefit.
- <sup>4.43</sup> Almost two in three (65%) of those who are currently renting privately and NOT receiving housing benefit wish to buy their own home in the future. The proportion is much lower for those households with an HRP over 60 (averaging 15%) and slightly higher amongst couples under 60 (77% and 72% depending on whether or not there are dependent children in the household).
- <sup>4.44</sup> Just under three in ten (28%) of those households in the private rented sector and in receipt of housing benefit wish to buy their own home in the future. This increases to 53% of couples with dependent children.

**Figure 41: Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support**  
 (Source: English Housing Survey 2013-14. Note: Own includes shared ownership)

Long-term tenure expectations of those currently in private rented sector



## Additional Need for Affordable Homeownership

- 4.45 Through combining data on the number of households of each type in each age group living in private rented housing and paying their own rent, with the aspiration data from the EHS 2013-14, Figure 41 establishes the number of existing households likely to aspire to home ownership that have not been counted in the affordable housing need.

**Figure 42: Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership**  
(Note: Figures may not sum due to rounding)

Household Type	15-24	25-34	35-44	45-54	55-64	65+	TOTAL
Single person	45	423	731	32	0	0	1232
Couple without children	319	2625	784	151	46	0	3925
Families with child(ren)	36	89	341	0	0	0	466
Other households	281	1765	272	54	46	0	2418
<b>Total Volume</b>	<b>681</b>	<b>4,902</b>	<b>2,129</b>	<b>237</b>	<b>92</b>	<b>0</b>	<b>8,041</b>
<i>Percentage of households</i>	8%	61%	26%	3%	1%	0%	8%

- 4.46 Based on this analysis, we can estimate that there is a total of around 8,041 households currently resident in Ealing who cannot afford to own their own home but would aspire to do so. 69% of these households are aged 15-34 with the substantial majority (95%) aged under 45.
- 4.47 In addition to the current need, it is also important to consider new households that are projected to form over the period 2021-41. Through combining this data with the aspiration data from the EHS, we can conclude that it is likely that there would be a further 12,173 households that form over the 20-year period who will be able to afford to pay market rent but unable to afford to own, despite that being their aspiration. **Overall, there are likely to be 20,214 households who aspire to homeownership but who cannot afford to buy their own home over the period 2021-41, a net annual need of 1,010 per year. All of these households can potentially afford London Living Rents because they are cheaper than market rents.**
- 4.48 When identifying the need for Affordable Home Ownership (AHO) including First Homes, it is necessary to consider the housing costs for both renting and buying market housing in order to understand the relative incomes required and establish the appropriate income range for AHO products and the associated purchase costs.

## Identifying the Overall Affordable Housing Need

- 4.49 Figure 42 brings together the information on assessing the unmet need for affordable housing in 2021 together with the future need for affordable housing and those aspiring to home ownership arising over the 20-year period 2021-41. It can be noted that this assessment has no regard for whether those aspiring can access affordable home ownership options. We would also note that there is no double counting between those who cannot afford market rents and those who aspire to own. However, there is potential for some households who cannot afford market rents to also aspire to own because, as shown in Figure 28, it is possible that a product such as First Homes may have a lower weekly cost than lower quartile private rents.

**Figure 43: Assessing total need for affordable housing in the Ealing 2021-2041 (Source: ORS Housing Model)**

EALING 2021-41	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Overall Affordable Housing Need
Current housing need in 2021	7,365	8,041	15,406
Future housing need 2021-41	5,061	12,173	17,234
<b>TOTAL HOUSING NEED</b>	<b>12,426</b>	<b>20,214</b>	<b>32,640</b>

4.50 On this basis, we can conclude that the potential overall need for affordable housing for Ealing would comprise a total 32,640 households over the 20-year period 2021-2041, equivalent to an average of 1,632 per annum. We would note immediately that this does not represent the final need for affordable housing in Ealing for the reasons set out below.

4.51 The figure of 32,640 represents a very high share of the overall household growth. This is due to a large proportion of this need being associated with the whole population as opposed to the projected new households, which is recognised by the PPG:

***How does the housing need of particular groups relate to overall housing need calculated using the standard method?***

*The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.*

*This need may well exceed, or be proportionally high in relation to, the overall housing need figure calculated using the standard method. This is because the needs of particular groups will often be calculated having consideration to the whole population of an area as a baseline as opposed to the projected new households which form the baseline for the standard method. How can needs of different groups be planned for?*

*Strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, taking into account:*

- » *the overall level of need identified using the standard method (and whether the evidence suggests that a higher level of need ought to be considered);*
- » *the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and*
- » *the anticipated deliverability of different forms of provision, having regard to viability.*

**Planning Practice Guidance, ID 67-001-20190722**

- 4.52 The size, type and tenure of homes also needs to be calculated separately from the standard method. PPG states:

***How does the housing need of particular groups relate to overall housing need calculated using the standard method?***

*The standard method for assessing local housing need identifies an overall minimum average annual housing need figure but does not break this down into the housing need of individual groups. This guidance sets out advice on how plan-making authorities should identify and plan for the housing needs of particular groups of people.*

Planning Practice Guidance, ID: 67-001-20190722

- 4.53 Given that the need for affordable housing and affordable home ownership in particular is very high, it is necessary to consider how this need can be addressed within the overall need established. It will be important for the local authorities to plan for the needs of all households unable to afford to rent or own market housing if they are going to avoid the number of housing benefit claimants living in private rented housing increasing.
- 4.54 It is important to recognise that the figures for those who aspire to home ownership are based upon those households who currently can afford market rent without the support of housing benefit. However, these households would not necessarily choose new build Affordable Home Ownership if it was available, as some may prefer to secure full ownership in the less expensive smaller second-hand housing market (while remembering that there is a premium for second hand stock in Ealing for larger properties). Similarly, some households may not ultimately need affordable home ownership if their circumstances change to such a degree that they are eventually able to buy without financial assistance. It is also important to recognise that the identified demand could only be realised if Affordable Home Ownership products can be delivered at prices that are truly affordable in the area, in line with local house prices and incomes.
- 4.55 Neither the NPPF nor PPG identify that any affordability criteria should be applied to those households who aspire to homeownership but cannot afford to buy their own home. However, it is appropriate to consider the extent to which these households could plausibly afford affordable homeownership products if they were provided. Whilst a range of affordable homeownership products are available, each with different costs and eligibility criteria, PPG for First Homes states at paragraph 2 that:

***How does the housing need of particular groups relate to overall housing need calculated using the standard method?***

*The First Homes criteria are the minimum requirements a housing unit must meet in order to qualify as a First Home. Affordable Housing Update Written Ministerial Statement published on 24 May 2021, the national standards for a First Home are that:*

- a) a First Home must be discounted by a minimum of 30% against the market value;*
- b) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London); and,*
- c) the home is sold to a person who meets the First Homes eligibility criteria, as set out in first 2 paragraphs under First Homes eligibility criteria.*

Planning Practice Guidance, ID: 70-002-20210524

4.56 It goes on at paragraph 4 to outline that:

***Can the required minimum discount be changed?***

*In order to qualify as a First Home, a property must be sold at least 30% below the open market value. Therefore, the required minimum discount cannot be below 30%.*

*However, the First Homes Written Ministerial Statement does give local authorities and neighbourhood planning groups the discretion to require a higher minimum discount of either 40% or 50% if they can demonstrate a need for this. As part of their plan-making process, local planning authorities should undertake a housing need assessment to take into account the need for a range of housing types and tenures, including various affordable housing tenures (such as First Homes). Specific demographic data is available on open data communities which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for a higher minimum discount level in the area, and how it can meet the needs of different demographic and social groups.*

*In such circumstances, the minimum discount level should be fixed at either 40% or 50% below market value and should not be set at any other value. In each case, these percentages represent the minimum discount required for a home to qualify as a First Home. Developers who are able to offer higher discounts within their contributions should be free to do so but the local authority cannot require this. In such cases, whatever discount (as a percentage of market value) is given at the first disposal should be the same at each subsequent sale. These minimum discounts should apply to the entire local plan area (except if Neighbourhood Plans are in place in certain areas) and should not be changed on a site-by-site basis.*

*If local authorities or neighbourhood planning groups choose to revise their required minimum discounts in any future alterations to their plans, this should not affect the minimum discounts required for previously sold First Homes when they come to be resold, as these will be bound by the section 106 agreements entered into at the time of their first sale.*

**Planning Practice Guidance, ID: 70-004-20210524**

4.57 Figure 21 shows that the current lower quartile newbuild prices for a 4-bedroom property in the Ealing is around £460,400, so 70% of this price would be inside the cap limit. Therefore, we have not applied any caps on the discount applied to First Homes based upon the maximum £420,000 value. However, it is still the case that a property discounted by 50% will be much more affordable than one discounted by 30%. Therefore, for the purpose of establishing the plausibility of low-cost home ownership access, we have assumed a maximum discount of 50% on open market prices for properties which are compatible with the First Homes scheme. This shows the maximum number of households who could potentially afford First Homes, but if a 30% discount was applied, this number would fall. However, all households who could qualify for First Homes at a 50% discount could also potentially qualify for London Living Rent properties and Shared Ownership.

4.58 Given this context, Figure 43 identifies those households with income that would be insufficient to afford 50% of newbuild prices at the lower quartile for the local area, those households with savings of less than £5,000, and those households that both have sufficient income and savings to purchase an open market property but nonetheless choose to rent. It should be remembered that, as set out in Figure 28, First Homes are typically more affordable than shared ownership in the Ealing, but of course shared ownership does often require a lower deposit. This is based on further analysis of the EHS data which considers the income distribution and savings data for households that rent privately but aspire to homeownership. This data has

been updated to reflect current income levels and scaled for each local area using indices from the ONS gross disposable household income (GDHI) tables.

- 4.59 Of the 20,214 households who can afford to rent but who aspire to homeownership, there would be 1,532 that would be able to afford market home ownership but choose not to (but aspire to do so at some point in the future). There would be a further 7,432 households with insufficient income to have a realistic prospect of being able to afford at 50% of open market values (Figure 43). Of the remaining dwellings for households with incomes above the minimum threshold, there would be 7,840 where the household had savings of less than £5,000 and were therefore unable to afford the assumed deposit (nor the assorted up-front costs) of purchasing a home in the local area.

**Figure 44: Affordable homeownership housing mix by household affordability 2021-2041 (Source: ORS Housing Model)**

	All households aspiring to home ownership	MINUS households able to afford market home ownership	Households unable to afford market home ownership	MINUS households unable to afford 50% of newbuild LQ	Households able to afford 50% of newbuild LQ	MINUS households with savings of less than £5,000	Households able to afford 50% of newbuild LQ and have savings of £5,000 or more
1 bedroom	5,859	543	5,316	2,316	3,000	1,765	1,236
2 bedrooms	8,761	710	8,051	3,114	4,937	3,707	1,230
3 bedrooms	4,353	215	4,139	1,478	2,661	2,010	651
4+ bedrooms	1,241	65	1,177	525	652	359	293
<b>TOTAL</b>	<b>20,214</b>	<b>1,532</b>	<b>18,682</b>	<b>7,432</b>	<b>11,250</b>	<b>7,840</b>	<b>3,410</b>

- 4.60 On this basis, 3,410 dwellings are needed for households that aspire to homeownership but cannot afford it, who also have at least £5,000 in savings and incomes above the relevant threshold. This is less than a 17% of the total that was originally identified. As previously noted, it is likely that the vast majority of these households would be first-time buyers.
- 4.61 Whilst it will be a policy decision as to how much of the additional need for affordable homeownership from households able to afford market rent should be provided, it would seem appropriate to only plan for the needs of those 3,410 households likely to form an effective demand (i.e. those able to afford the various products that will potentially be available) in addition to the 12,427 households unable to afford to rent or own market housing. Figure 44 provides a breakdown of the affordable housing on this basis.

**Figure 45: Overall need for Affordable Housing 2021-41, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

EALING	Affordable Housing Need Households unable to afford	Affordable Housing Need Households aspiring to home ownership	Affordable Housing (Households)
1 bedroom	2,836	1,236	4,072
2 bedrooms	3,161	1,230	4,391
3 bedrooms	3,919	651	4,570
4+ bedrooms	2,511	293	2,804
<b>TOTAL HOUSING NEED</b>	<b>12,427</b>	<b>3,410</b>	<b>15,837</b>

- 4.62 This study identifies an overall affordable housing need from 15,837 households over the 20-year period 2021-41 (792 per annum). This includes the needs from all households unable to afford to rent or own market housing and also provides for those households who aspire to homeownership but who cannot afford to buy, where there is a realistic prospect of those households being able to access a 50% First Homes property. It is this figure, not the 32,460 set out in Figure 42, which represent the affordable housing need for households in Ealing over the period 2021-41. This is then converted into a dwelling need in Chapter 5.
- 4.63 However, it is important to recognise that there are many more households who aspire to homeownership who either do not have sufficient income or savings that would enable them to realise their aspiration. It is also important to recognise that these figures assume that the number of households in receipt of housing benefit to enable them to afford market housing in the private rented sector does not change.

## Affordable Mix

- 4.64 Within the overall need of 15,837 affordable homes identified, it is possible to further consider the mix of affordable housing products that would be appropriate based on the mix of households needing affordable housing<sup>25</sup>. In order to profile affordability, income data from the English Housing Survey (2012-14) and ONS Survey of Personal Incomes (2014 and 2018) has been combined and modelled to establish the income distribution by household type and age. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 4.65 As discussed in Chapter 3, the types of affordable housing that households can afford is influenced by the percentage of income that is assumed to be available to pay rent or mortgage costs. Figure 18 identified the minimum annual income in the Ealing needed to afford London Living Rents by property size (based on spending up to 35% of total income). This allows for disaggregation of the cohort that are unable to afford market rents to be disaggregated into those who can, and those that cannot afford London Living Rents. Figure 45 presents the same data as Figure 44, but with those unable to afford disaggregated in this manner. The model looks at households affordability before housing benefit is added, so households who cannot afford Social Rent are assumed to be able to access housing benefit to assist with their housing costs. The household aspiring to own figure is based upon those who can access a First Homes property at 50%, but as shown in Figure 28 this is typically more affordable than shared ownership, but it is less flexible. Therefore, additional households may be able to access shared ownership as a means to home ownership.
- 4.66 The most striking feature in the data is the overwhelming need for Social Rent. Households in this category are unable to cover their own housing costs in Social Rent and will instead require support through housing benefit or Universal Credit.

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<sup>25</sup> While this section is about need and not supply, nor whether it is feasible to supply sufficient homes to meet the need in any particular LPA. The supply to deliver against the need may be affected by such factors as thresholds for affordable housing on individual sites where, for example, a smaller proportion of affordable housing or none may be required on smaller sites.



**Figure 46: Overall need for Affordable Housing 2021-41 disaggregated based on ability to access affordable rents, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Unable to afford Social Rent	Able to afford Social Rent - unable to afford Affordable Rent	Able to afford Affordable Rent - unable to afford London Living Rent	Able to afford London Living Rent - unable to afford Private Rent	
1 bedroom	2,541	127	21	147	2,836
2 bedrooms	2,791	330	40	0	3,161
3 bedrooms	3,236	466	110	106	3,919
4+ bedrooms	1,972	321	161	57	2,511
<b>TOTAL HOUSING NEED</b>	<b>10,541</b>	<b>1,245</b>	<b>332</b>	<b>310</b>	<b>12,427</b>

## Future Policy on Housing Benefit in the Private Rented Sector

- 4.67 The analysis recognises **the importance of housing benefit and the role of the private rented sector**. It is assumed that the number of households in receipt of housing benefit in the private rented sector will remain constant; however, this is a national policy decision which is not within the Council's control.
- 4.68 It is important to note that private rented housing (with or without housing benefit) does not meet the NPPF definition of affordable housing. However, many tenants that rent from a private landlord can only afford their housing costs as they receive housing benefit. These households aren't counted towards the need for affordable housing (as housing benefit enables them to afford their housing costs), but if housing benefit support was no longer provided (or if there wasn't sufficient private rented housing available at a price they could afford) then this would increase the need for affordable housing.
- 4.69 The analysis adopts a neutral position in relation to this housing benefit support, insofar as it assumes that the number of claimants in receipt of housing benefit in the private rented sector will remain constant. **The assessment does not count any dwellings in the private rented sector as affordable housing supply;** however, it does assume that housing benefit will continue to help some households to afford their housing costs, and as a consequence these households will not need affordable housing.
- 4.70 PPG (both the current version and the previous version) states that *"care should be taken to ... include only those households who cannot afford to access suitable housing in the market"* [ID 2a-020-20190220]. Given that households in receipt of housing benefit receive a specific payment to enable them to afford suitable housing in the market, these households should only be counted as part of the affordable housing need if that payment was withdrawn. That would be a policy decision, albeit at a national level.
- 4.71 It is well-established that housing need should be established leaving aside policy considerations,<sup>26</sup> so it would be wrong to assume housing benefit was to be withdrawn from households renting privately when assessing the level of affordable housing need. The approach taken by the LHNA is policy neutral, assuming no change in the number of claimants. Evidently, it would be a policy-on position to assume that the position was going to radically change, so that could not form part of the assessment of need. However, when establishing the affordable housing requirement – i.e. a figure which also reflects any policy considerations – a local planning authority could seek to reduce the number of households rented privately in receipt of housing benefit as a policy aspiration. That wouldn't change the need, but it could influence the affordable housing policy target.

<sup>26</sup> Gallagher Homes v Solihull MBC; [2014] EWHC 1283 (Admin)

# 5. Overall Housing Need

## Local Housing Need

### Establishing the Housing Target

- 5.1 The overall housing need for an area provides the starting point for establishing the final housing requirement which will be planned for through strategic policies. This is confirmed by PPG at the outset of the section on assessing housing and economic development needs:

*Housing need is an unconstrained assessment of the number of homes needed in an area. Assessing housing need is the first step in the process of deciding how many homes need to be planned for. It should be undertaken separately from assessing land availability, establishing a housing requirement figure and preparing policies to address this such as site allocations.*

Planning Practice Guidance, ID 2a-001-20190220

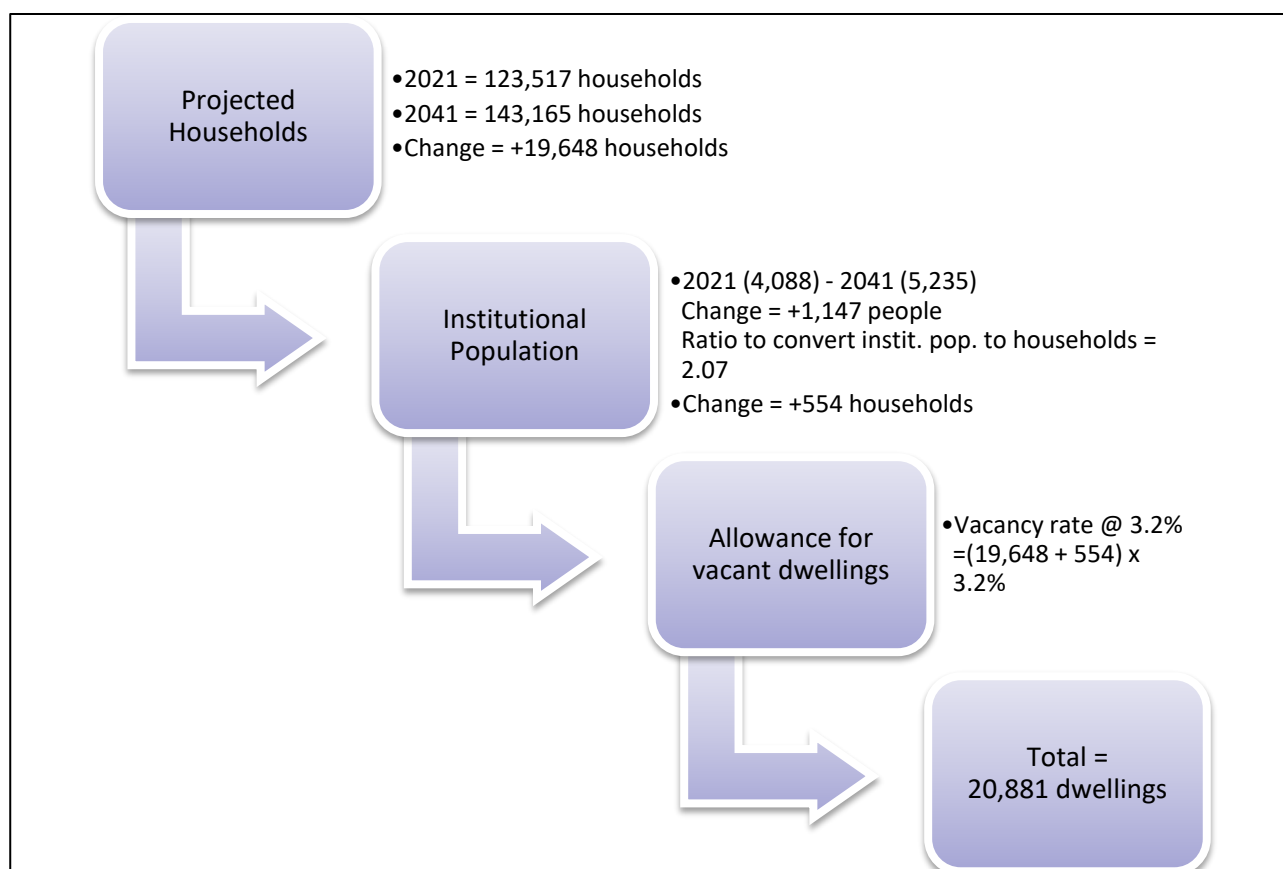
- 5.2 In the context of London, the Boroughs are required to be in conformity with the London Plan. As noted earlier, PPG allows local planning authorities to depart from the standard method LHN where there is an adopted spatial development strategy in place. On that basis, for Ealing the dwelling delivery target set out in the London Plan is 2,769 dwellings per annum, so we have proceeded with that figure as the capacity based target for the Borough and this is reflected in the outputs set out in Figure 48.
- 5.3 In the next section we consider the appropriate local housing needs figure for Ealing and then later in this Chapter consider the housing needs of Ealing in the context of delivering the London capacity target figure of 2,769 dwellings per annum. Figure 47 therefore reflects the overall local housing needs of Ealing before we consider the impact of the GLA capacity targets.

### Disaggregating the minimum Local Housing Need figure

- 5.4 The demographic projections for the LHNA set out in the previous Chapters are based on the latest official projections (not the 2014 based CLG household projections) and cover the 20-year period 2021-41. They are informed by the latest ONS mid-year estimates,<sup>27</sup> and take account of the most up-to-date fertility and mortality rates and the latest migration trends.
- 5.5 These figures are for households, rather than dwellings. Figure 46 sets out the separate elements that will contribute to the dwelling need in the context of the number of households. These include:
- » Households growth over the 20-year plan period calculated on trend-based projections;
  - » Institutional population growth over the 20-year plan period needing communal accommodation;
  - » Dwellings without a usually resident household (either vacant homes or second homes).

<sup>27</sup> The ONS reissued the official estimates for mid-2012 to mid-2016 in March 2018 following methodological improvements

**Figure 47: Elements of housing need (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency)**



- 5.6 At this point in our reporting we are referring to dwellings rather than households. A dwelling is usually occupied by a single household although in some cases two households may share a dwelling (see glossary). Importantly, we need to make an allowance for an inevitable base level of vacant properties and the word household becomes misleading.
- 5.7 Thus, the number of dwellings needed to deal with the projected household and institutional population growth is 20,202. However, if we assume that just under 3.2%<sup>28</sup> of dwellings will be unoccupied at any one time this means that a total of 20,881 dwellings are required.
- 5.8 Whilst recent trends provide the starting point to understand housing need in Ealing, Figure 9 shows that average household sizes have been growing in the area. This in turn is reflected in fewer younger households forming, which suggests that not all housing needs are being met in Ealing in the current demographic trends. To address this issue the model aligns household growth with the wider need for housing through varying a key assumption:
- » Household formation rates for younger households are adjusted on the basis that the Government's objective of providing more homes will enable more households to form. The analysis assumes that household formation rates for all age groups under 45 will progressively increase towards the equivalent rate that was recorded in 2001, a time when the housing market was experiencing much lower levels of pressure.
- 5.9 The underlying demographic growth for Ealing has been identified as requiring 20,881 dwellings across the 20-year period. However, to return the rate of household formations back to 2001 levels would require a

<sup>28</sup> Based on 2011 Census data at a local authority level

further 10,956 dwellings<sup>29</sup>. All of these dwellings will be required for people who would be resident in Ealing within the demographic trends household projections, but they would not be separate households. Any of the households who cannot affordable market housing have already been counted within Figure 37, so this figure does not add to the overall need for affordable housing for those who cannot afford. However, it does add to the need for housing in general and also to the number of households who would otherwise be private renters, but who aspire to own, so the figures report below for this category are slightly higher than those shown in Figure 44.

- 5.10 This then leaves a total need for 31,837 dwellings, which can be said to represent the overall housing needs for Ealing based upon recent demographic trends and allowing all pent-up demand to form as separate households.



## Size and Tenure Mix based Upon Overall Housing Needs

- 5.11 Figure 47 provides a breakdown of the need for 31,837 dwellings between market and affordable housing on this basis. Figure 47 shows the result of applying the vacancy rate for affordable homes to the summary of households in Figure 44. These affordable homes are subtracted from the overall dwelling need calculated above.
- 5.12 An allowance for C2 provision has been made within the total housing need of 31,837 equivalent to 573 dwellings that would be counted against the minimum housing target; which represents 1,147 bedspaces. The London Plan contains targets for Class C2 units, but this is a build target, not a modelled need for the area. These are all considered to be market housing need because they are typically not provided as affordable housing.
- 5.13 The figures allow for all dwellings for households who cannot afford market housing, namely 12,271 who require Social Rent. It is also the case that Affordable Rent is now no longer supported by the GLA, so schemes will no longer be developed, but potentially this any Affordable Rent properties could help to meet the Social Rent need.
- 5.14 In terms of affordable home ownership, we have included all households who potentially can afford London Living Rents but cannot afford private rents and also those who can afford private rents but who aspire to own and have a realistic prospect of doing so through schemes such as First Homes. As the First Homes scheme is now proceeding it is likely to absorb much of the Section 106 payments currently used for shared ownership at an England-wide level, but this may not apply in London who have developed their own Shared Ownership product. However, it is also likely that most new Housing Association properties will contain the option to become shared ownership properties and it is also the case in London that the London Living Rent

<sup>29</sup> Based on the assumption that household formation rates for all age groups under 45 are currently constrained and allowing them to return to the equivalent rates recorded in 2001

scheme will continue to meet the definition of affordable home ownership and many more households in the private rented sector in Ealing can potentially afford London Living Rents if they were available. It is also the case that our modelling on the need for First Homes is driven by relatively low interest rates, and any future rises will make First Homes much less affordable.

- <sup>5.15</sup> The market housing figure contains both market rent and owned occupied dwellings. As noted above, the figures indicate that if there is not an improvement in affordability for home ownership, market rent will grow by around 12,173 dwellings for those who aspire to own (Figure 42), plus further potential growth from student households and also from households receiving housing benefit in the private rented sector if insufficient affordable to rent is supplied. The number of owner occupiers in Ealing fell between 2001 and 2011 by 8,781 (Figure 16) and unless affordability improves this trend will continue.

**Figure 48 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Unable to afford market social rents	Unable to afford London Living rents	Aspiring to Home Ownership and Affordable Home Ownership	Total Affordable Housing	Total Market Housing	Total
1 bedroom	2,724	149	1,510	4,382	1,534	<b>5,916</b>
2 bedrooms	3,202	0	1,503	4,704	3,400	<b>8,104</b>
3 bedrooms	3,861	107	796	4,764	8,957	<b>13,722</b>
4+ bedrooms	2,485	58	358	2,901	622	<b>3,523</b>
C2 Dwellings	-	-	-	-	573	<b>573</b>
<b>TOTAL</b>	<b>12,271</b>	<b>314</b>	<b>4,166</b>	<b>16,751</b>	<b>15,086</b>	<b>31,837</b>
1 bedroom	22.2%	47.4%	36.2%	26.2%	10.2%	18.6%
2 bedrooms	26.1%	0.0%	36.1%	28.1%	22.5%	25.5%
3 bedrooms	31.5%	34.2%	19.1%	28.4%	59.4%	43.1%
4+ bedrooms	20.2%	18.4%	8.6%	17.3%	4.1%	11.1%
C2 Dwellings	-	-	-	-	3.8%	1.8%

## Size and Tenure Mix based Upon GLA Capacity Target

- <sup>5.16</sup> The data to this point in the report relate to the trend population and household projections in Ealing. However, it is also possible to consider the housing needs of Ealing in the wider context of the overall need for London.
- <sup>5.17</sup> The GLA Capacity Target for Ealing is 2,769 dwellings per annum and in 2021 the GLA produced a series of housing led population projections for each London Borough<sup>30</sup>. These include projections linked to the capacity targets for each London Borough. The projections are provided by the GLA and are therefore completely separate from those provided by the ONS used in this report up to this point.
- <sup>5.18</sup> We have used the 2020 based Identified Capacity Scenario for Ealing to consider the housing needs of Ealing in the wider context of London. This set of projections assumes that Ealing will deliver 2,769 dwelling per annum and therefore will see a much higher population than the figures set out earlier in this report with a

<sup>30</sup> [Housing-led population projections - London Datastore](#)

different age profile. Therefore, the types of households present in Ealing will also be different, so the numbers who require affordable housing will also vary.

- 5.19 For Figure 48, the backlog of housing need as of 2021 remains the same as shown in Figure 32, but future need is based upon a larger overall population which also has a different age profile. This consequences of these changes are that in the context of delivering 2,769 dwellings in Ealing which includes helping to meet the wider needs of London is that the overall need for affordable housing rises.

**Figure 49 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size based upon the GLA Capacity Target of 2,769 dpa (Source: ORS Housing Model. Note: Figures may not sum due to rounding)**

	Unable to afford market social rents	Unable to afford London Living rents	Aspiring to Home Ownership and Affordable Home Ownership	Total Affordable Housing	Total Market Housing	Total
1 bedroom	4,521	455	1,726	6,703	1,224	7,927
2 bedrooms	6,074	1,145	1,718	8,938	2,148	11,086
3 bedrooms	6,099	1,408	910	8,418	9,089	17,506
4+ bedrooms	2,707	559	410	3,675	960	4,635
<b>DWELLINGS</b>	<b>19,401</b>	<b>3,568</b>	<b>4,764</b>	<b>27,733</b>	<b>13,421</b>	<b>41,154</b>
C2 Dwellings	-	-	-	-	573	573
<b>LHN</b>	<b>19,401</b>	<b>3,568</b>	<b>4,764</b>	<b>27,733</b>	<b>13,993</b>	<b>41,727</b>

- 5.20 The outputs in Figure 48 can best be considered as the consequences for Ealing of London seeking to meet its overall needs. It includes all of the locally generated need for Ealing, but also wider needs which cover the whole of London.
- 5.21 The population and household projections which generate Figure 47 and Figure 48 are different and, proportionately, there is a higher need for affordable housing when Ealing is considered as part of London's needs than when it is considered on its own. It is always the case that as the number of households in an area grows, more households will form in need and more households will fall into need.
- 5.22 The most significant finding in Figure 48 is that the need for affordable to rent housing is 19,401 dwellings and the need for affordable to own is 8,332 (London Living Rent + Aspiring to Affordable Home Ownership). This gives an exact 70:30 split between affordable to rent and affordable to own housing products on the basis that London Living Rent is counted as an affordable to own product in the London Plan. The 70:30 split is directly in line with the London requirements for Boroughs.
- 5.23 We would also note that neither model follows the 2017 London SHMA is assuming that any single person or couple aged over 25 years who wishes to occupy their own property will do so, irrespective of whether they can afford to do so or not. The two models both allows for a growth in 'Other' households which would include sharing households. If every person who aspires to a separate property is granted one, then the need for Social Rent will rise dramatically in both scenarios, but this will also require that the overall level of housing delivery rises at the same time. Therefore, rather than the capacity target for London of 52,300 a figure closer to 66,000 is required across the whole of London Per annum.
- 5.24 In the context of Ealing, Figure 13 shows the 'Other' households with a head of household aged between 25 and 34 years are projected to rise by nearly 2,100 in the period 2021-2041. Many of these will be households

who are projected to be sharing. Meanwhile, Figure 47 and Figure 48 show a high level of need for 3 bedroom market properties, which will include those to accommodate sharing households. Taking a situation where a policy aim could be to reduce the growth in 'Other' households aged 25-34 years by half and assuming that they average 3 persons per household, this may require 2,000 more 1 bedroom Social Rent units and fewer larger Social Rent and market units over the period 2021-2041. Applying these figures would see the need for affordable housing rise and the need for market housing fall as a share of the total need, but would require more dwellings to be delivered in total.

## Policy Implications for Affordable Housing Need

- 5.25 This document represents a technical analysis for the housing needs of Ealing. As noted in the introduction, we do not consider that it should set firm policies for the Council, but should instead be seen as underwriting the evidence of policies which will be developed. However, we are able to make a series of recommendations.
- 5.26 We recommend that the GLA Capacity based targets be preferred for policy purposes rather than those which reflect local housing needs. Therefore, we suggest that Ealing focus upon the outputs of Figure 48, not Figure 47. The extant London Plan sets capacity based housing targets for Ealing which it is expected to seek to deliver. Therefore, while local needs are important, Ealing has a crucial role in seeking to meet the wider needs of London.
- 5.27 In terms of affordable housing need, Figure 48 shows a need for 66% of all dwelling requiring to be affordable if First Homes are counted, or 55% if only London Affordable Rent and London Living Rent are counted. Both of these figures are likely to be undeliverable. This is typical for London where affordable housing need is very high, but that should not rule out seeking to put policies in place to meet as much need as possible. The affordable housing needs figures calculated in this study would address all current and potential future affordable housing needs in Ealing, including the needs of those who are currently housed outside of the borough. Therefore, a 55% or 66% target represents an aspirational goal which will then require to be tested against borough and site viability for each scheme. However, the figure set out Figure 48 show a very large potential need for affordable housing to rent, while there is also a clear market for London Living Rent and potentially First Homes and Shared Ownership.
- 5.28 As noted in Chapter 3, the Mayor of London is not currently seeking to progress First Homes as a policy in London for the foreseeable future. The needs for those who are potentially seeking First Homes overlaps with the need for Shared Ownership, so their needs could be met within existing policies in London. First Homes would not meet needs which are not already addressed in policy in London and in general they are slightly reduce viability when compared with the delivery of Shared Ownership properties.
- 5.29 The overall need for housing also requires to be set in the context of other policy objectives. For example there is the need to meet the needs of older persons, those seeking shared accommodation, students, and those seeking to build their own homes. All of these would contribute to the overall delivery of dwellings in Ealing and are considered below.



## Housing for Older People

- 5.1 The UK population is ageing, and people can expect to live longer healthier lives than previous generations. The older population is forecast to grow to 17.6m by 2035 for the over 60s, and from 1.3m (2016) to 3.6m by 2035 for the over 85s.<sup>31</sup>
- 5.2 Given this context, PPG recognises the importance of providing housing for older people. Additional PPG “Housing for older and disabled people” was published on 26<sup>th</sup> June 2019, specifies the need to break down the older persons assessment by tenure and type and suggests using the online toolkits:

*The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered housing, extra care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector, for example SHOP@ (Strategic Housing for Older People Analysis Tool), which is a tool for forecasting the housing and care needs of older people. Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards can also be useful. The assessment of need can also set out the level of need for residential care homes.*

Planning Practice Guidance, ID 63-004-20190626

- 5.3 It is important to plan housing which is suitable for this increase in older people within the population with a key requirement being to predict the type of housing which will best meet their needs. Whilst most will remain living in the same area and many will not move from their current homes; those that do move in their later years are likely to be looking for housing suitable for older people.
- 5.4 The London Plan (March 2021)<sup>32</sup> states that there is a potential demand for over 4,000 specialist older persons units a year until 2029 and allocates annual borough benchmarks:

*4.13.8 Research has identified a total potential demand in London across all tenures for just over 4,000 specialist older persons units a year between 2017 and 2029. Table 4.3 provides annual borough benchmarks for specialist older persons housing 2017-2029*

*4.13.9 **These benchmarks are designed to inform local level assessments of specialist housing need.** Boroughs should plan proactively to meet identified need for older persons accommodation.*

*4.13.10 Looking beyond 2029 to 2041, the number of older persons households will continue to increase, although at a slightly slower rate than from 2017 to 2029.*

London Plan March 2021

(Emphasis ORS)

- 5.5 Meeting the annual benchmark for Ealing of 200 would mean providing a total of 2,400 units for older people over the 12 years 2017 to 2029. **Over the 20 years of the Ealing plan period of 2021 to 2041, providing 200 units a year would provide 4,000 units for older people.** It should be noted that these totals are based on the 200 units of the London Plan benchmarks to 2029 and do not take account of a slightly lower rate of increase forecast in the older population after 2029.

<sup>31</sup> ONS 2016-based sub-national population projections

<sup>32</sup> [the london plan 2021.pdf](#)



- 5.6 The Centre for London published *London: A place for older people to call home* in 2020 presenting the results of research into older people and their housing across London<sup>33</sup>. The report states that inner London will see a greater increase in people aged 65+ than outer London:

*The number of Londoners aged 65+ is forecast to rise by 30 per cent by 2030. This is compared to a rise of 23 per cent across England. Beyond the headline figure of a growth in the total number of over 65s in London, the numbers of people in the smaller cohorts which comprise the whole over 65 population are changing at different rates. So, the increase in the number of people aged 65-69 will be larger than those aged 70-74, for example. There are also substantial variations in the rates of growth across inner and outer London, with inner London seeing more change, especially for people just after retirement age.*

- 5.7 *London: A place for older people to call home* presents data from POPPI which suggests the population aged 65+ will grow by 35% in inner London by 2030, compared to 27% in outer London and 29% overall. However, more older Londoners live in outer London:

*Where older Londoners live is not equally spread across the city... older Londoners are concentrated in outer London boroughs, albeit with some exceptions such as Kensington and Chelsea, and Greenwich. This is at odds with the projected growth of over 65s over the next 10 years, which is forecast to be focussed on inner London. However, the raw data does not tell us why older Londoners live in the places they do. Further research is required to establish whether the pattern is due to preference, or instead due to an unequal distribution of suitable accommodation.*

- 5.8 In practice, the level of delivery identified as being required at nearly 4,000 dwellings is likely to be unachievable. However, it is important to recognise that the provision of dedicated older person housing schemes will form an important part of the overall housing mix. Providing specialist housing for older people will free up family housing for younger families.

- 5.9 The London Plan benchmark figures have been specifically accepted by Inspectors in the London Plan examination and individual boroughs. The London Plan examination Inspectors Report of October 2019<sup>34</sup> states:

*218. The benchmark numbers in Table 4.4 will assist boroughs and providers in addressing local need. This approach was established in the current Plan. Given the scale of identified need, and to give boroughs a clear steer on delivery expectations, **the approach is justified**.*

*219. The figures set out are not maxima and do not provide a tenure breakdown. This recognises the need for flexibility for providers and boroughs to respond to local demand, accounting for the rapidly changing range of products on the market and the variation in delivery models. The absence of a tenure mix is therefore a justified approach.*

- 5.10 The London Plan benchmark figure of 230 specialist older persons housing units was also accepted by the Inspectors in the LB Brent Local Plan examination<sup>35</sup>:

*129. In terms of the annual target of 230 units for such specialist older persons accommodation, having considered the most up to date evidence available, we conclude*

<sup>33</sup> [Centre for London | London: A place for older people to call home](#)

<sup>34</sup> [inspectors report and recommendations 2019 final.pdf \(london.gov.uk\)](#)

<sup>35</sup> [Report on the Examination of the Brent Local Plan](#)

*that taking the figure provided in the London Plan is a justified and reasonable approach to adopt in the Brent Local Plan.*

- 5.11 **In conclusion, Ealing would be following the precedent set by other boroughs by setting a target of 200 units a year as specified in the London Plan. Other boroughs have combined using the London Plan figures, but have a policy to review the need and delivery over time.**
- 5.12 The delivery of specific schemes for specialist older person housing need should be considered in partnership with other agencies and would ideally be part of the developing Ealing Ageing Well Strategy, in particular those responsible for older person support needs. Some specialist housing for older people allows for people who do not require any care to live in purpose built accommodation alongside others who may require a high level of care in a domestic setting; conventional sheltered housing is a good example. It will be important to consider other factors and constraints in the market:
- » **Demographics:** the changing health, longevity and aspirations of Older People mean people will live increasingly healthy longer lives and their future housing needs may be different from current needs;
  - » **New supply:** development viability of schemes, and the availability of revenue funding for care and support services, need to be carefully considered before commissioning any new scheme. It will also be important for the Council and its partners to determine the most appropriate types of specialist older person housing to be provided in the area;
  - » **Existing supply:** this may be either inappropriate for future households or may already be approaching the end of its life. Other forms of specialist older person housing may be more appropriate than conventional sheltered housing to rent when considering future needs;
  - » **Other agencies:** any procurement of existing supply needs to be undertaken with other agencies who also plan for the future needs of Older People, particularly local authority Supporting People Teams and the Health Service; and
  - » **National strategy and its implications for Older People:** national strategy emphasises Older People being able to remain in their own homes for as long as possible rather than specialist provision, so future need may, again, be overstated.

## Studio Apartments and Co-Housing

- 5.13 A studio apartment can be defined as:

*“an apartment with only one room, a bathroom, and a kitchen area”<sup>36</sup>*

- 5.14 Figure 47 identifies a need for around 5,200 market 1-bedroom properties in Ealing over the period 2021-38. However, this assumes that there is continuation of household formation trends in the Borough which will see the majority of these small market dwellings being identified for older person households.
- 5.15 One very startling statistic from the demographic data for Ealing is that while the number of persons aged 25-29 years is projected to rise by 4,200 (Figure 10), single person households aged 25-34 years are projected to fall by 1,340 in the period to 2041 (Figure 13). At the same time, the number of ‘Other’ households headed by someone aged 25-34 years is projected to rise by 2,100 households in the same timeframe. Therefore, there is going to be a significant decline in headship rates for single persons aged 25-

<sup>36</sup> <https://dictionary.cambridge.org/dictionary/english/studio-apartment>

34 years in Ealing. At the heart of this issue is that many recent graduates will not form their own household immediately, but will instead share properties with other young adults. The increasing pressures for social housing and rising private rents have seen fewer young households living on their own and more living in HMO type accommodation.

- 5.16 One type of dwelling which may be seen as addressing this issue is shared housing-with small purpose-built units with shared amenity spaces such as high-quality purpose-built co-housing rather than traditional HMOs. A succinct definition of co-housing is:

*“Co-housing, a generic term, covers various forms of housing, owned and rented, that are developed and/or owned and/or managed by their residents as a distinct community”<sup>37</sup>*

- 5.17 While more specifically, the definition of co-housing that we are using here is:

*“the practice of living with other people in a group of homes that include some shared facilities”<sup>38</sup>*

- 5.18 This study works to the definition above so as to be clear what is meant by the term co-housing without tying it in to any particular model. Nevertheless, co-housing or co-living can involve a greater level of community involvement:

*“Co-living is a type of intentional community providing shared housing for people with shared intentions. This may simply be coming together for activities such as meals and discussion in the common living areas, yet may extend to shared workspace and collective endeavours such as living more sustainably”<sup>39</sup>.*

- 5.19 However, the London Plan Guidance on Large-scale Purpose-built Shared Living (LSPBSL), January 2022 notes that purpose built shared living is not considered a long term option for most people:

*“LSPBSL provides accommodation for single person households who choose not to live in self-contained houses, flat shares, or HMOs and may use this product on a transition basis until they find suitable long-term housing. Whilst LSPBSL provides an additional housing option for some people, due to the unique offer of this type of accommodation, it does not meet minimum housing standards and is not therefore considered to meet the ongoing needs of most single person households in London.”<sup>40</sup>*

- 5.20 Given that Ealing is projected to see a decline in single young person households, then the household projections would envisage little role for this type of dwelling, and this is reflected in our modelled size and tenure mix. However, as a policy led response to the increasing lack of housing for younger people in the area the schemes could have a role in short term housing for groups such as recent graduates looking to establish themselves in Ealing as an alternative to living in HMOs.

- 5.21 At the same time, the PRS is an important tenure that has grown since 1991 to house a significant proportion of other households. It may be that dwellings are currently being built as family housing but are being occupied by sharing young households. However, Article 4 policies limit the conversion of family housing to HMOs<sup>41</sup>. In the future these properties could be re-used as family housing if high quality housing for single

<sup>37</sup> [http://www.cih.org/resources/PDF/Wales%20Events/older\\_peoples\\_housing/Jon%20Stevens.pdf](http://www.cih.org/resources/PDF/Wales%20Events/older_peoples_housing/Jon%20Stevens.pdf)

<sup>38</sup> <https://dictionary.cambridge.org/dictionary/english/co-living>

<sup>39</sup> <https://en.wikipedia.org/wiki/Coliving>

<sup>40</sup> [Large-scale Purpose-built Shared Living LPG | London City Hall](#)

<sup>41</sup> Article 4 of the Town and Country Planning (General Permitted Development) Order 2015

people or couples could be built. This raises the question of whether purpose built co-living schemes would have a place in a market where there was sufficient alternative single person or couple accommodation that meet minimum housing standards. Purpose built co-living could meet the needs of some single people and couples as a short-term lifestyle choice, but these individual people and couples will be looking to move to permanent accommodation of one form or another.

- 5.22 In conclusion, it is difficult to project a need for studio apartments or co-housing schemes because it may be that many young people prefer to share and save for their own property rather than have their own more expensive separate unit. The scale of the student numbers in Ealing would suggest that there may be a market for post-student self-contained units which could run in to hundreds of units and that this is likely in turn to reduce the need for larger market properties to be converted to HMOs, but LSPBSL provides short term rather than permanent housing. Therefore, as with any active policy, there is a risk of an over-supply of LSPBSL.

## Student Housing

- 5.23 PPG includes specific reference to identifying the needs of students:

*Strategic policy-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus ... They will also need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.*

**Planning Practice Guidance, ID 2a-017-20190220**

- 5.24 The largest higher education body based in Ealing is the University of West London, but this university also has campuses outside of Ealing. However, in London it is common for students to attend a university in one Borough while residing in a different one.
- 5.25 In the London Plan, Policy H15 considers the need for Purpose-built student accommodation (PBSA). The Plan identifies an annual need for 3,500 units of PBSA, but does not allocate borough benchmarks or targets. The Plan states that the need will vary with changes in higher education provider' estates.

*4.15.2 The overall strategic requirement for PBSA in London has been established through the work of the Mayor's Academic Forum, and a requirement for 3,500 PBSA bed spaces to be provided annually over the Plan period has been identified.<sup>78</sup> Meeting the requirement for PBSA should not undermine policy to secure mixed and inclusive neighbourhoods.*

*4.15.3 The strategic need for PBSA is not broken down into borough-level targets as the location of this need will vary over the Plan period with changes in higher education providers' estate and expansion plans, availability of appropriate sites, and changes in Government policy that affect their growth and funding.*

*London Plan, March 2021*

- 5.26 It will be necessary to consider how the supply of any *additional* student bedspaces will be counted within the overall housing supply. The Greater London SHMA 2017 assumes that 2.5 additional bedspaces equates to the provision of 1 additional dwelling and there would appear to be no reason to diverge from this for Ealing.

## Service Families

- 5.27 Paragraph 61 of the Revised NPPF identifies that local planning authorities should plan for the needs of different groups in the community, including service families. Local planning authorities should:

*Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes*

**National Planning Policy Framework February 2019, Paragraph 61**

- 5.28 Ealing does not contain a military base, so Armed Forces personnel represent a minimal impact on the housing market of the area.

## People Wishing to Build their Own Homes

- 5.29 Planning practice guidance requires that people wishing to build their own homes are considered and states:

### ***How can self-build and custom housebuilding needs be assessed?***

*Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build their own home. The Self-build and Custom Housebuilding (Register) Regulations 2016 set out these requirements. For further details, see guidance on self-build and custom housebuilding registers.*

*To obtain a robust assessment of demand for this type of housing in their area, local planning authorities should assess and review the data held on registers. This assessment can be supplemented with the use of existing secondary data sources such as building plot search websites, 'Need-a-Plot' information available from the Self Build Portal and enquiries for building plots from local estate agents.*

**Planning Practice Guidance, ID: 67-003-20190722**

- 5.30 Over half of the population (53%) say that they would consider building their own home<sup>42</sup> (either directly or using the services of architects and contractors); but it's likely that this figure conflates aspiration with effective market demand. Self-build currently represents only around 7-10% of housing completions in the UK<sup>43</sup>, compared with rates of around 40% in France and 70 to 80% elsewhere in Europe.
- 5.31 The attractiveness of self-build is primarily reduced costs; however, the Joseph Rowntree Foundation report "The current state of the self-build housing market" (2001) showed how the sector in the UK had moved away from those unable to afford mainstream housing towards those who want an individual property or a particular location.

<sup>42</sup> Building Societies Association Survey of 2,051 UK consumers 2011

<sup>43</sup> Self-build and custom build housing (England) House of Commons Brief Paper March 2017

5.32 A survey in 2020 by the National Custom and Self Build Association (NaCSBA) and the Building Societies Association (BSA) found that<sup>44</sup>:

- » Nearly a third of GB adults (32%) are interested in designing and building their own home.
- » 9% of people said they were likely to build their own home at some point in the future. This compares to around 5% of new homes currently being built as custom and self build annually\*\*
- » Interest is highest in the young, with nearly half (48%) of those between 18 and 24 saying they were interested. This aspiration reduced with age, with less than 1 in 5 (18%) of those aged 55 and over being interested.
- » The main benefit for building is seen as the ability to design a home to the owner's exact specifications (74%), followed by the ability to create a home that can adapt to meet current and future needs (50%).
- » Finding the money to finance the project, including mortgage finance, is seen as the biggest hurdle (59%).

5.33 One conclusion drawn by the research was that:

*The findings indicate that it is the younger generation of 18-24 year olds that are most interested in self building (48%). This represents a disconnect between those people with the greatest ambition but the least access to funding, either through limited savings or earning capacity.*

5.34 “Laying the Foundations – a Housing Strategy for England” (HM Government, 2011)<sup>45</sup> redefined self-build as ‘Custom Build’ and aimed to double the size of this market, creating up to 100,000 additional homes over the decade. “Build-it-yourself? Understanding the changing landscape of the UK self-build market” (University of York, 2013) subsequently set out the main challenges to self-build projects and made a number of recommendations for establishing self-build as a significant contributor to housing supply. The previous Government also established a network of 11 Right to Build ‘Vanguards’ in 2014 to test how the ‘Right to Build’ could work in practice in a range of different circumstances. Individual local authorities produced their own reviews of their experiences<sup>46</sup>, but no detailed review of all 11 Vanguards was produced.

5.35 In the Budget 2014, the Government announced an intention to consult on creating a new ‘Right to Build’, giving ‘Custom Builders’ a right to a plot from councils. The Self-Build and Custom Housebuilding Act<sup>47</sup> 2015 places a duty on local planning authorities to:

- » Keep a register (and publicise this) of eligible prospective ‘custom’ and self-build individuals, community groups and developers;
- » Plan to bring forward sufficient serviced plots of land, probably with some form of planning permission, to meet the need on the register and offer these plots to those on the register at market value; and
- » Allow developers working with a housing association to include self-build and custom-build as contributing to their affordable housing contribution.

<sup>44</sup> [New research shows that 1 in 3 people are interested in self building \(nacsba.org.uk\)](https://www.nacsba.org.uk/news/new-research-shows-that-1-in-3-people-are-interested-in-self-building/)

<sup>45</sup> <https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>

<sup>46</sup> [Right to Build Vanguard.pdf](#) and [Version-02-APPG-Enquiry-SCDC-response-to-circ.pdf \(cambridgeshireinsight.org.uk\)](#)

<sup>47</sup> <http://services.parliament.uk/bills/2014-15/selfbuildandcustomhousebuilding.html>

- 5.36 The 2015 Act was amended by the Housing and Planning Act 2016<sup>48</sup> which placed a duty on local planning authorities to provide serviced plots which have planning permission that allows for self-build or custom housebuilding:

*An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.*

**Housing and Planning Act 2016 Section 2(a)(2)**

## February 2021 Policy Update

- 5.37 In February 2021 the Government updated Planning Practice Guidance in the form of, Self-build and custom housebuilding<sup>49</sup>. The new guidance offers an updated definition of self-build and custom-housebuilding and also seeks to set out how the need can be assessed and met. The new guidance defines self-build and custom housebuilding as:

*An authority to which this section applies must give suitable development permission in respect of enough serviced plots of land to meet the demand for self-build and custom housebuilding in the authority's area arising in each base period.*

*Self-build and custom housebuilding covers a wide spectrum, from projects where individuals are involved in building or managing the construction of their home from beginning to end, to projects where individuals commission their home, making key design and layout decisions, but the home is built ready for occupation ('turnkey')*

*The [Self-build and Custom Housebuilding Act 2015 \(as amended by the Housing and Planning Act 2016\)](#) provides a legal definition of self-build and custom housebuilding. The Act does not distinguish between self-build and custom housebuilding and provides that both are where an individual, an association of individuals, or persons working with or for individuals or associations of individuals, build or complete houses to be occupied as homes by those individuals.*

*When reading this guidance, reference should be made to the:*

*[Self-build and Custom Housebuilding Act 2015 \(as amended by the Housing and Planning Act 2016\)](#)*

*[Self-build and Custom Housebuilding Regulations 2016](#)*

*[Self-build and Custom Housebuilding \(Time for Compliance and Fees\) Regulations 2016](#)*

*In considering whether a home is a self-build or custom build home, relevant authorities must be satisfied that the initial owner of the home will have primary input into its final design and layout.*

*Off-plan housing, homes purchased at the plan stage prior to construction and without input into the design and layout from the buyer, are not considered to meet the definition of self-build and custom housing.*

**Self-build and Custom Housebuilding Guidance**

**Paragraph: 016 Reference ID: 57-016-20210208**

<sup>48</sup> <http://services.parliament.uk/bills/2015-16/housingandplanning.html>

<sup>49</sup> [Self-build and custom housebuilding - GOV.UK \(www.gov.uk\)](http://www.gov.uk)



- 5.38 Within this definition, it is clear that conversions can be counted as self-build and custom housebuilding if they involve the first occupant developing them, but homes bought directly off-plan, where the where the property is already designed but before construction has started cannot. However, it does seem to leave a situation where the buyer can choose from a range of options before building commences as being custom build. If this is the case, this will make comparisons with an area such as Germany more valid, because of the 70%-80% of German homes considered to be self-build and custom housebuilding, many are bought off plan to individual specifications and built by small builders.
- 5.39 Alongside the updated guidance, MHCLG have published detailed data from the registers for the period 2016 to 2019, with 10,700 new entries being recorded in 2018/19. However, the number of households joining the registers varies across the country and household can appear on more than register. However, it is also likely that the figures do not fully reflect the demand for self-build and custom housebuilding as many households will address their own needs without appearing on any register.
- 5.40 As noted above, it is already considered that by 2017 around 7%-10% of housing delivery occurs via allocated and windfall self-build and custom housebuilding schemes. This would represent around 15,000-22,000 dwellings, but MHCLG statistics indicate that only around 10,100 plots were given planning permission in 2018/19. Therefore, alongside registers potentially underestimating the demand for self-build and custom housebuilding plots, it may also be the case that in some local authority areas, only those schemes which were explicitly granted planning permissions as self-build and custom housebuilding plots are being counted. The guidance also confirms that the uses of the self-build and custom housebuilding registers include:

*Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. There is no duty on a relevant authority to permission land which specifically meets the requirements expressed by those on the register. Relevant authorities should use preferences expressed by those on the register to guide their decisions when looking at how to meet the duty to grant planning permission etc. This will help ensure that relevant authorities permission land suitable for self-build and custom housebuilding which people are actually keen to develop.*

**Self-build and Custom Housebuilding Guidance**

**Paragraph: 028 Reference ID: 57-028-20210208**

*What does having a 'duty to grant planning permission etc' mean?*

*Relevant authorities must give suitable development permission to enough suitable serviced plots of land to meet the demand for self-build and custom housebuilding in their area. The level of demand is established by reference to the number of entries added to an authority's register during a base period.*

*The first base period begins on the day on which the register (which meets the requirement of the 2015 Act) is established and ends on 30 October 2016. Each subsequent base period is the period of 12 months beginning immediately after the end of the previous base period. Subsequent base periods will therefore run from 31 October to 30 October each year.*

*At the end of each base period, relevant authorities have 3 years in which to permission an equivalent number of plots of land, which are suitable for self-build and custom housebuilding, as there are entries for that base period.*



## Self-build and Custom Housebuilding Guidance

Paragraph: 023 Reference ID: 57-023-20210208

- 5.41 Therefore, there is an expectation that planning authorities must grant enough permissions to meet the numbers on their register with a 3-year time lag. A failure to deliver sufficient plots can be considered as a material consideration in planning appeals. The level of demand is measured in 'base periods' that run from 31st of October until 30th of October in the following year; and local authorities have three years from the end of each base period to permission enough serviced plots to meet the demand shown in the respective base periods.
- 5.42 The plots granted planning permission do not have to explicitly be for those who are on the register, so plots could be granted and then sold to households not on the register. This is recognised in the guidance which states that:

*What is the relationship between the register and the Strategic Housing Market Assessment?*

*Assessment of local housing need as a whole should be conducted using the standard method in national planning guidance. Within this context, the size, type and tenure of housing needed for different groups should be assessed including people wishing to self-build or custom-build their own homes.*

*Local planning authorities should use the demand data from the registers in their area, supported as necessary by additional data from secondary sources (as outlined in the [housing and economic development needs guidance](#)), to understand and consider future need for this type of housing in their area. Secondary sources can include data from building plot search websites, enquiries for building plots recorded by local estate agents and surveys of local residents. Demand assessment tools can also be utilised.*

*Plan-makers will need to make reasonable assumptions using the data on their register to avoid double-counting households.*

## Self-build and Custom Housebuilding Guidance

Paragraph: 011 Reference ID: 57-011-20210208

- 5.43 The guidance is clear that planning authorities should meet the demand for plots from their register, but also should consider a different level of provision if it is clear that there is a demand for this.

## April 2021 Self and Custom Build Action Plan

- 5.44 In April 2021, MHCLG produce a new action plan to further support the development of the self-build and custom housebuilding sector.<sup>50</sup> This focused upon four key areas:
- » **Mortgage finance:** – a multi-year funding for 'Help to Build' was announced at the 2020 Spending Review. In April the government confirmed an initial £150 million over 4 years to support the scheme to deliver low deposit mortgages and improve affordability of home ownership for self and custom builders similar to Help to Buy.

<sup>50</sup> [Self and custom build action plan - GOV.UK \(www.gov.uk\)](#)

- » **Developer finance:** The Home Building Fund, offers £2.5 billion in short term loan finance targeted at small and medium sized builders, innovation and custom build. Funding is available to custom build developers bringing forward serviced plots on sites of 5 units or more.
- » **Access to land:** As part of the 2020 Spending Review, the government announced additional funding for local authorities to release their surplus brownfield land through the Brownfield Land Release Fund (BLRF). The £75 million BLRF will allocate up to £25 million to local authorities to enable them to bring forward serviced plots for self and custom build on public sector land. The 'Planning for the Future' White Paper also included specific proposals that allow local authorities to identify sites for self-build and custom housebuilding and community-led housing in their local plan, including ensuring sufficient provision to meet requirements identified in their self-build register, and proposals to explore how publicly owned land disposal can support SMEs and the self-build sector.
- » **Expertise/knowledge gap:** The National Custom and Self Build Association's (NaCSBA) Right to Build Task Force was established to help local authorities, community groups and other organisations help deliver self and custom build housing projects across the UK. Since 2020 it has been funded by government to provide expertise and support to local authorities on the implementation of the Right to Build and how to secure self and custom build delivery.

## Evidence for Ealing

- 5.45 Ealing have put arrangements in place to comply with the Self-Build and Custom Housebuilding Act, including providing a self-build and custom housebuilding registers.
- 5.46 Figure 49 shows that as of October 2020, until 2019/20 Ealing had not consistently provided enough self and custom housebuilding plots to meet the needs if the measure of comparing the number on the register against CIL exemptions issued is used.

**Figure 50: Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data. Note: \* is not recorded)**

Self-build and Custom Housebuilding Register and Plot Provision	Up to October 2016	Oct 2016- Oct 2017	Oct 2017- Oct 2018	Oct 2018- Oct 2019	Oct 2019- Oct 2020	Oct 2020- Oct 2021
New applicants on the register	14	23	14	12	15	20
CIL monitoring – number of new self and custom housebuilding exemptions issued	*	0	0	4	5	3

- 5.47 There are several concerns around counting CIL exemptions as a measure of plot delivery. Not all CIL exemptions transfer to successful development. At the same time there can be potentially a significant delay in discharging the duty towards serviced plots; the relevant planning application can be in one base period and the CIL exemption certificate in a later base period. Also, where builders apply for CIL exemptions on behalf of future self-build customers, the exemption can fail if a client is not found for the plots. Finally, self-build exemptions also apply to those extending or re-building their home, so careful monitoring and discounting of unrepresentative applications is required.

## Future Need for Self-build and Custom Housebuilding

- 5.48 As highlighted above, in the most recent year Ealing provided insufficient plots to comply with its requirement to meet the needs of those on its own self-build and custom housebuilding register based on the commonly used method of comparing applicants on the Register against CIL exemptions.
- 5.49 However, the self-build and custom housebuilding register clearly has the potential to under-estimate demand for plots in Ealing. In common with other urban areas, Ealing has limited land availability combined with a high level of housing need which together contribute to making the delivery of self-build plots difficult, especially when combined with the need to balance the delivery of self-build with general needs housing and to optimise the delivery of housing overall to meet the overall London housing need. While it is harder in dense urban areas to deliver self and custom housebuilding plots, there is potential to increase the number delivered to some extent if land can be found within the overall delivery of housing.
- 5.50 More information could be gathered on the number of self-build and custom housebuilding dwellings which are provided currently in Ealing through permissions granted and followed by the Ealing methodology to identify the need for plots that are likely to be delivered.

## Essential Local Workers

- 5.51 Annex 2 of the Revised NPPF also includes the needs of essential local workers:

*Essential local workers: Public sector employees who provide frontline services in areas including health, education and community safety and can include NHS staff, teachers, police, firefighters and military personnel, social care and childcare workers.*

NPPF – Annex 2

- 5.52 It is notable that the definition provided by the revised NPPF is similar to the definition of Key Workers which was utilised prior to the adoption of the original 2012 NPPF. Under this definition, being classified as an essential worker in need correlates directly with being unable to afford home ownership.
- 5.53 Therefore, these households will already be counted in the affordable housing need because they cannot afford market rents, or because they wish to own their own property but cannot afford to do so. Because of this, the needs from this group will not add to the total need for affordable housing, but they are likely to require separate consideration on the housing register and it may be appropriate to consider whether or not some affordable properties should be set aside solely for essential local workers.

# Appendix A: Glossary

## Glossary of Terms

### Definitions

**Affordability** is a measure of whether housing may be afforded by certain groups of households.

**Affordable housing** includes affordable rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. For the purpose of this report we have used the definition in the National Planning Policy Framework 2012

**Affordable Rent** is a type of low cost rented housing, targeted at the same groups as Social Rent, but with rents set at a maximum of 80% of market rents.

**Affordable rented housing** is provided by social landlords and rented for less than would be paid if renting privately and included both Affordable Rent and Social Rent.

**Category 2 and 3** are classifications of wheelchair accessible housing. They refer to building regulations Approved Document M (2015) which introduced three categories of accessible dwellings. Category 1 (visitable dwellings) relates to accessibility of all properties and, being mandatory, is not assessed in the LHNA. Category 2 (accessible and adaptable dwellings) is optional and similar to Lifetime Homes. Category 3 (wheelchair user dwellings) is optional and equivalent to wheelchair accessible standard.

**Census Output Area** is the smallest area for which UK Census of Population statistics are produced. Each Census Output Area had a population of around 250 people with around 100 dwellings at the time of the 2001 Census.

**Concealed families** are defined as; “family units or single adults living within other households, who may be regarded as potential separate households which may wish to form given appropriate opportunity”<sup>51</sup>.

**A Dwelling** as a single self-contained household space (an unshared dwelling) or two or more household spaces at the same address that are not self-contained, but combine to form a shared dwelling that is self-contained. In most cases, a single household space will be an unshared dwelling.

**Equity** is the difference between the selling price of a house and the value of the outstanding mortgage.

**Headship rates** are defined by CLG as: “the proportion of people in each age group and household type who are the ‘head’ of a household”<sup>52</sup>

**A household** is one person living alone, or two or more people living together at the same address who share at least one meal a day together or who share a living room.

**Household formation** refers to the process whereby individuals in the population form separate households. ‘Gross’ or ‘new’ household formation refers to households that form over a period of time, conventionally one year. This is equal to the number of households existing at the end of the year that did not exist as separate households at the beginning of the year (not counting ‘successor’ households, when the former head of household dies or departs). ‘Net’ household formation is the net growth in households resulting from new households forming less the number of existing households dissolving (e.g. through death or joining up with other households).

<sup>51</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6338/1776873.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf)

<sup>52</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/182417/MethodologyFinalDraft.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/182417/MethodologyFinalDraft.pdf)

**A Housing Association or Registered Provider** is an independent not-for-profit body that primarily provides low-cost "social or affordable housing" for people in housing need.

**Housing demand** is the quantity of housing that households are willing and able to buy or rent.

**Household income** includes all salaries, benefits and pensions, before deductions such as tax and National Insurance.

**Household Representative (HRP)** is a person chosen for statistical reasons by virtue of economic activity, age and/or sex as the representative of a household

**House in Multiple Occupation** are currently defined by the Housing Act 2004 as:

- » 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; and
- » 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.

**Housing market areas** are geographical areas in which a substantial majority of the employed population both live and work and where those moving to a new house without changing employment choose to stay.

**Housing need** is the quantity of housing required for households who are unable to access suitable housing without financial assistance.

**Housing requirements** encompasses both housing demand and housing need and is therefore the quantity of housing necessary for all households to have access to suitable housing, irrespective of their ability to pay.

**Housing type** refers to the type of dwelling, for example, flat, house, specialist accommodation.

**Intermediate affordable housing** is housing at prices and rents above those of affordable rented housing, but below market price or rents, and which meet the criteria for affordable housing set out above. These include shared equity products (e.g. HomeBuy), other low cost home ownership products and intermediate rent.

**Lending multiplier** is the number of times a household's gross annual income a mortgage lender will normally be willing to lend. The most common multipliers quoted are 3.5 times income for a one-income household and 2.9 times total income for dual income households.

**Low cost home ownership or Shared ownership** is intermediate affordable housing designed to help people who wish to buy their own home but cannot afford to buy outright (with a mortgage). Through this type of scheme, you buy a share in the property with a Housing Association or other organisation.

**Lower quartile** means the value below which one quarter of the cases falls. In relation to house prices, it means the price of the house that is one-quarter of the way up the ranking from the cheapest to the most expensive.

**Lower Super Output Area** is a group of around 5-6 Census Output Areas and is the smallest geography for many Government statistics. Each Lower Super Output Area had a population of around 1,250 people with around 500 dwellings at the time of the 2001 Census.

**Market housing** is private housing for rent or for sale, where the price is set in the open market.

**Market signals** are indicators that supply and demand are not in balance for a local housing market. Possible market signals are listed in PPG and the following are the most pertinent; house prices, private sector rents, affordability, rate of development and overcrowding.

**Migration** is the movement of people between geographical areas. In this context it could be either local authority Boroughs, or wider housing market areas. The rate of migration is usually measured as an annual number of individuals, living in the defined area at a point in time, who were not resident there one year earlier. Gross migration refers to the number of individuals moving into or out of the authority. Net migration is the difference between gross in-migration and gross out-migration.

**A projection of housing needs or requirements** is a calculation of numbers expected in some future year or years based on the extrapolation of existing conditions and assumptions. For example, household projections calculate the number and composition of households expected at some future date(s) given the projected number of residents, broken down by age, sex and marital status, and an extrapolation of recent trends in the propensity of different groups to form separate households.

**Registered Social Landlord/Registered Provider** see Housing Association.

**Secondary data** is existing information that someone else has collected. Data from administrative systems and some research projects are made available for others to summarise and analyse for their own purposes (e.g. Census, national surveys).

**Shared ownership** see Low Cost Home Ownership.

**Social Rented housing** is housing where the landlord is a Registered Provider, usually the Council or a housing association, and where social rents are charged. These rents are significantly lower than market rents, and set in accordance with a formula set by Government.

**Specialised housing** refers to specially designed housing (such as mobility or wheelchair accommodation, hostels or group homes) or housing specifically designated for particular groups (such as retirement housing).

## Acronyms and Initials

<b>AHC</b>	Affordable Housing Commission
<b>AHO</b>	Affordable Homeownership
<b>BRMA</b>	Broad Rental Market Area
<b>CLG</b>	Department for Communities and Local Government (now MHCLG)
<b>CPI</b>	Consumer Prices Index
<b>DFG</b>	Disable Facilities Grant
<b>DWP</b>	Department of Work and Pensions
<b>EHS</b>	English Housing Survey
<b>HB</b>	Housing Benefit
<b>HMA</b>	Housing Market Area
<b>HPSSA</b>	House Price Statistics for Small Areas
<b>LA</b>	Local Authority
<b>LHA</b>	Local Housing Allowance
<b>LHN</b>	Local Housing Need
<b>LHNA</b>	Local Housing Needs Assessment
<b>LLTI</b>	Limiting Long-Term Illness
<b>LPA</b>	Local Planning Authority
<b>LQ</b>	Lower Quartile
<b>LRR</b>	Local Reference Rent
<b>LSE</b>	Leasehold Schemes for the Elderly
<b>MHCLG</b>	Ministry for Housing, Communities and Local Government
<b>MSOA</b>	Middle-layer Super Output Area
<b>NPPF</b>	National Planning Policy Framework
<b>OAN</b>	Objectively Assessed [Housing] Need
<b>OBR</b>	Office for Budget Responsibility
<b>ONS</b>	Office for National Statistics
<b>ORS</b>	Opinion Research Services
<b>PPG</b>	Planning Practice Guidance
<b>PPTS</b>	Planning Policy for Traveller Sites
<b>PRS</b>	Private Rental Sector
<b>RSL</b>	Registered Social Landlord
<b>SHMA</b>	Strategic Housing Market Assessment
<b>VOA</b>	Valuation Office Agency

# Appendix B: Table of Figures

Figure 1:	Annual components of Household Growth 2021-38 (Source: ORS Housing Model) .....	6
Figure 2:	Assessing total need for affordable housing 2021-41 (Source: ORS Housing Model) .....	7
Figure 3:	Affordable homeownership housing mix by household affordability to 2021-38 (Source: ORS Housing Model) .....	8
Figure 4:	Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding) .....	9
Figure 5:	Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size based upon the GLA Capacity Target of 2,769 dpa (Source: ORS Housing Model. Note: Figures may not sum due to rounding) .....	10
Figure 6:	Net annualised requirement for new homes in London, 2016 to 2041 (Source: 2017 London Strategic Housing Market Assessment: Mayor of London) .....	17
Figure 7:	Flow Chart of the Study .....	24
Figure 8:	Comparison of MYE 2020 and UK Census of Population 2021 for Ealing (Source: 2020 MYE and UK Census of Population 2021) .....	26
Figure 9:	Household projections 2021-31 (Source: CLG, ONS, GLA, ORS; Note: All figures presented unrounded for transparency) .....	28
Figure 10:	Average household size estimates and projections for Ealing for the period 1991-2043 (Source: CLG 2014 based projections; ONS 2018 is 2018-based projections, GLA 2020 CC based projections) .....	28
Figure 10:	Population projections 2021-41 by 5-year age cohort for Ealing (Source: 2020 MYE adjusted ONS sub-national projections 2018) .....	30
Figure 12:	Total projected households in Ealing for 2021 and 2041 (Note: Figures may not sum due to rounding) .....	31
Figure 12:	Total projected households for 2021 and 2041 by age cohort of household representative (Note: Figures may not sum due to rounding) .....	31
Figure 14:	Total projected households for 2021 and 2041 and change by household type and age of household representative (Note: Figures rounded to nearest 100; All calculations based on unrounded data. Figures may not sum due to rounding) .....	32
Figure 14:	Housing tenure trends (1981 – 2011). Source: UK Census of Population .....	33
Figure 15:	Housing tenure trends (1981 - 2011) .....	34
Figure 16:	Number of Households by Tenure 1981-2011 (Source: UK Census of Population) .....	34
Figure 17:	Weekly rent thresholds in Ealing (Source: Valuation Office Agency 2021-22; SDR 2021) .....	37
Figure 18:	Annual income required to afford to rent properties at the lower quartile and median price based on 35% income multiplier by property size in Ealing (Source: ORS based on Valuation Office Agency data April 2020 to March 2021) .....	39
Figure 19:	Maximum income for households in receipt of housing benefit support by household type (Source: ORS based on Department for Work and Pensions data) .....	40
Figure 20:	Real House Price Trends: Lower Quartile Prices adjusted to 2021 values using CPI (Source: ONS; Bank of England) .....	41
Figure 21:	Lower quartile prices (adjusted by CPI) (2021) by property size (Source: ORS based on ONS House Price Statistics, Bank of England, Valuation Office Agency and Land Registry Price Paid Data) .....	41
Figure 22:	Annual income needed for 1 and 2-bedroom properties at lower quartile prices (assuming 10% deposit and 3.5x mortgage multiplier) (Source: ORS based on ONS House Price Statistics, Valuation Office Agency and Land Registry Price Paid Data) .....	43



Figure 23:	Annual income thresholds for different housing options, single bedroom and two bedroom (Source: ORS based on ONS House Price Statistics, Department for Work and Pensions, Valuation Office Agency and Land Registry Price Paid Data. Note: All figures rounded to nearest £100) .....	43
Figure 25:	Shared ownership costs (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week) .....	44
Figure 26:	Total weekly costs for shared ownership based on different equity shares (Note: Mortgage costs based on a 30-year repayment mortgage at 4.0% interest. Rent based on 2.75% of the retained equity annually. Service charge assumed to be £10 per week. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.) .....	44
Figure 27:	Total weekly costs for First Homes with 50%, 60% and 70% Equity Share (Note: Mortgage costs based on a 30-year repayment mortgage at 3.5% interest. Cells highlighted in orange are above the lower quartile private rent but below median private rent, cells in red are above the equivalent median private rent.) .....	45
Figure 28:	Total weekly costs for London Living Rent (Source: GLA London Living Rents 2022/23) .....	45
Figure 28:	Comparison of weekly housing costs by property size (Source: Valuation Office Agency and Land Registry Price Paid Data) .....	47
Figure 29:	Annual Income Required for Different Housing Products (Source: GLA London Living Rents 2021/22) .....	48
Figure 30:	Establishing the need for market and affordable housing .....	49
Figure 31:	Assessing affordability by household type and age (Source: Census 2011 and DWP) .....	50
Figure 32:	Assessing current unmet gross need for affordable housing (Source: ORS Housing Model) .....	52
Figure 33:	Annual change in household numbers in each age cohort by age of HRP in Ealing (Source: ORS Housing Model) .....	53
Figure 34:	Annual components of Household Growth 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding) .....	54
Figure 35:	Annual components of Household Growth 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding) .....	54
Figure 36:	Annual components of Household Growth 2021-41 (Source: ORS Housing Model. Note: Figures may not sum due to rounding) .....	55
Figure 37:	Annual components of Household Growth 2021-41 (Source: ORS Housing Model) .....	55
Figure 38:	Percentage of Owner Occupiers by Age Group 2001-2016 (Source: English Housing Survey) .....	56
Figure 39:	Long-term aspirations (Source: English Housing Survey 2013/4) .....	57
Figure 40:	Long-term Tenure Expectation for those in the Private Rented Sector with and without Housing Benefit support (Source: English Housing Survey 2013-14. Note: Own includes shared ownership) .....	58
Figure 41:	Households currently living in the Private Rented Sector and paying their own rent that aspire to home ownership (Note: Figures may not sum due to rounding) .....	59
Figure 42:	Assessing total need for affordable housing in the Ealing 2021-2041 (Source: ORS Housing Model) .....	60
Figure 43:	Affordable homeownership housing mix by household affordability 2021-2041 (Source: ORS Housing Model) .....	63
Figure 44:	Overall need for Affordable Housing 2021-41, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding) .....	63
Figure 45:	Overall need for Affordable Housing 2021-41 disaggregated based on ability to access affordable rents, including aspiring households able to access affordable home ownership, by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding) .....	65
Figure 46:	Elements of housing need (Source: CLG, ONS, ORS; Note: All figures presented unrounded for transparency) .....	67

Figure 47 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size (Source: ORS Housing Model. Note: Figures may not sum due to rounding).....	69
Figure 48 Overall Dwelling need for Affordable Housing (including households aspiring to home ownership) and Market Housing by property size based upon the GLA Capacity Target of 2,769 dpa (Source: ORS Housing Model. Note: Figures may not sum due to rounding) .....	70
Figure 49: Self-build and Custom Housebuilding Register and Plot Provision (Source: Local Authority Data. Note: * is not recorded) .....	82