

# North London Strategic Housing Market Assessment 2009/10

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Local Area Report for the London Borough of Barnet  
March 2011



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# Local Area Report for the London Borough of Barnet

## Introducing the report

1. Opinion Research Services (ORS) was commissioned by the North London Housing Partnership to undertake a comprehensive and integrated strategic housing market assessment for the North London sub-region. Strategic Housing Market Assessments (SHMAs) are a crucial part of the evidence base informing policy and contributing to shaping strategic thinking in housing and planning.
2. This document is the local area report for Barnet, which summarises the key findings of the study in particular where they relate to existing policies or have implications for future policy decisions across Barnet.
3. Other documents include a full report across the sub-region, an executive summary of the study findings, and summary reports for the other six constituent local authorities within the North London sub-region.

Figure 1  
 Overview of the Document Structure for North London Strategic Housing Market Assessment



4. The sub-regional report contains an appendix that includes a summary of the policy context for each local authority. A further appendix, the technical appendix provides a detailed account of the key assumptions, data and statistical processes that have been employed throughout the study.

## Introducing Barnet

5. The borough comprises a variety of townscapes, many attractive and reflecting the long history of settlements. Large parts of the borough are designated as Conservation Areas in order to reflect their special character and value. Much of the borough has been developed as low density suburbs. Many of Barnet's residents travel to work in central London and use the radial underground services of the Northern and Piccadilly Lines but orbital routes are less well served by public transport and therefore people travelling within the borough or to adjoining areas need to rely on private transport.
6. Barnet contains 20 town centres and many more neighbourhood centres as well as the Brent Cross regional shopping centre. The amount of retail floor-space in the borough is one of the greatest in London, exceeded only by Westminster and Kensington and Chelsea. Town centres vary in size and purpose but most of them are the hub of civic, retail, leisure and commercial activity and serve the needs of residents and those working in the borough. Brent Cross is planned to become a sustainable new Town Centre complementing the role of other town centres nearby.

### LB Barnet's Core Strategy Vision and Key Diagram

7. The vision statement from the Community Strategy is the overarching vision for Barnet's Local Development Framework Core Strategy and other related policy documents to ensure Barnet is a successful city suburb as the borough changes, develops and grows. The vision is:

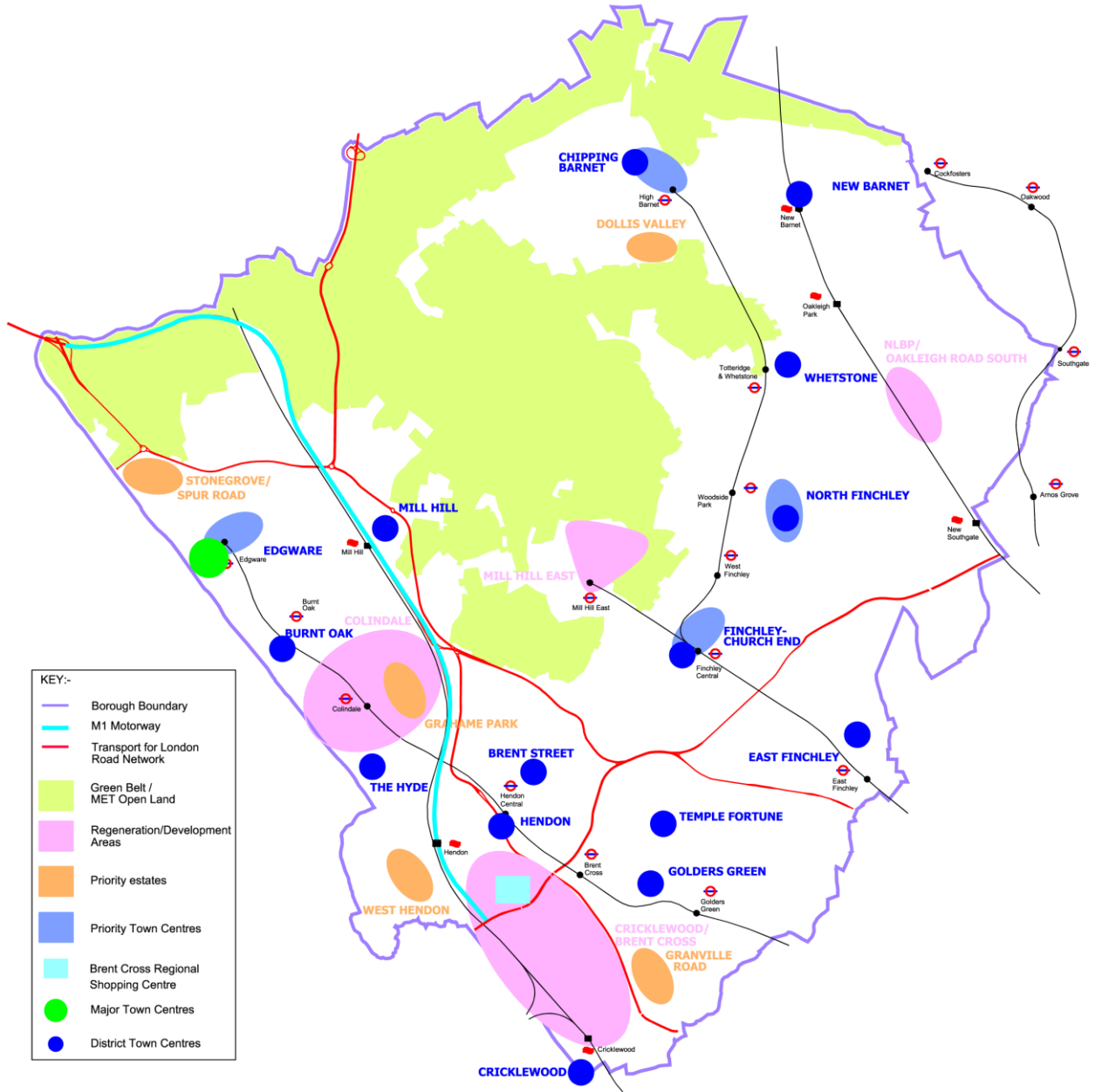
*'It is 2026. Barnet is known nationally and internationally as a successful city suburb. Its new, inclusive and thriving neighbourhoods have made it one of the largest boroughs in London. Residents enjoy access to large green open spaces, clean streets, an excellent transport network and affordable, decent homes. It is a place where both young and old can enjoy fulfilling and healthy lives. There is consistently high educational attainment and new local employment opportunities. Crime and the fear of crime remain low and communities, established and recently formed, take pride in their area. Public services are of a consistently high standard and meet the needs of the diverse population they serve.'*

*Barnet is a successful city suburb where people want to live and enjoy a high quality of life. We aim to continue to promote this vision by building on the known and relevant success factors. However, a truly successful suburb will be one where all residents have the opportunity to share in wider success. We therefore, also need to tackle disadvantage by securing an improved quality of life for those experiencing multiple disadvantage'.*

8. The core strategy key diagram succinctly summarises the key features of the core strategy and is an important context for this report.

Figure 2  
 LB Barnet Key Diagram (Source: LB Barnet Core Strategy publication stage September 2010)

**Key Diagram**



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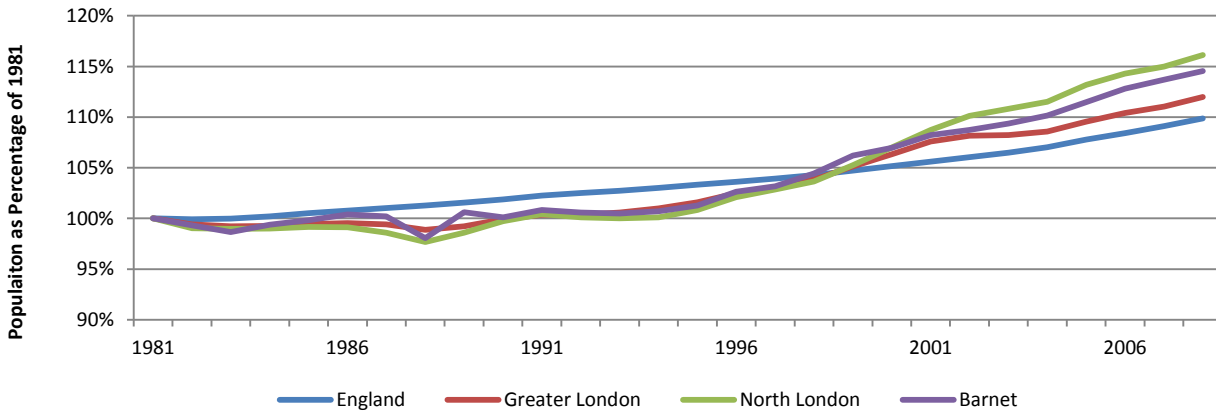
## Housing Market Drivers

- The market is driven by factors such as demographic growth, house prices, economic factors and the characteristics of the dwelling stock.

### Population trends and projections

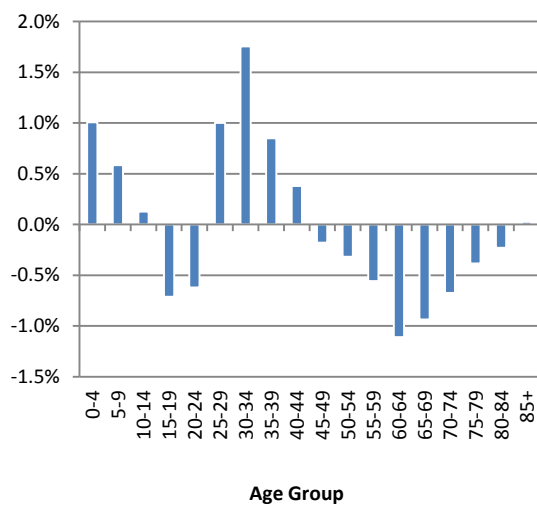
- In 2001, the Census identified that Barnet had a population of around 314,600 people with just over 127,000 households. By 2008, ONS estimates suggest that the population of the area had risen to around 338,100 people, the second most populous borough in London. GLA 2008 round estimates show an estimated 319,800 people in 2001 and 320,700 in 2006. Barnet’s population remained relatively stable in the 1980s and early 1990s, however since the mid 1990s, and particularly between 1998 and 2001, it has seen a fairly rapid growth in its population along with the rest of North London and London, and has since continued at a slightly lesser rate as illustrated in Figure 3.

Figure 3  
Population of Barnet, North London, Greater London and England: 1981-2008 (Source: ONS Mid-Year Population Estimates)



- GLA population projections are used in preference to ONS projections as they take into account local factors. GLA estimates from 2008 state that the population of Barnet is likely to rise to 377,400 people by 2026, representing a rise of 18.0% in the 25-year period from 2001.
- The age structure of the population of Barnet (Figure 4) shows that there are far more young persons in the area than in England as a whole. In particular there is a higher population share for those aged 25-44 years; while those aged over 45 years are underrepresented in the population. There is also a higher proportion of children aged 0-14 in Barnet indicating a relatively high level of young families. This is similar to the pattern across the whole of North London.

Figure 4  
Age Profile for Barnet Compared with England: 2008 (Source: ONS Mid-Year Population Estimates)





### Household Size and Structure

13. It is important to consider the structure of households when assessing housing needs. An area with more single people requires more separate accommodation, while an area with large families will require larger houses to accommodate them. The household structure of Barnet follows from its relatively high proportion of young adults and children within its population when compared with England. In particular 33% of all households contained children, the majority of these comprising an adult couple with children. Despite having on average fewer older persons almost 23% of households contain only pensioners, with 64% of these being single pensioner households. Over 90% of all households contained four or less people with the majority of those with larger households consisting of a group of adults with children.

Figure 5  
Household Type (Source: Census 2001)

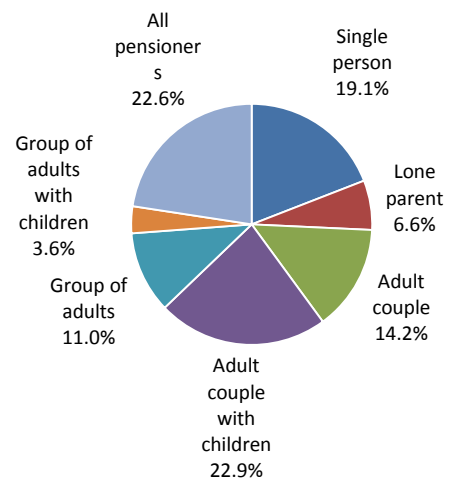


Figure 6  
Household Size by Household Type in Barnet (Source: Census 2001)

Household Type	Household Size (Number of Persons)								Average Household Size
	1	2	3	4	5	6	7	8+	
Single person	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.00
Lone parent	0.0%	47.7%	33.6%	12.7%	4.5%	1.1%	0.3%	0.1%	2.79
Adult couple	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.00
Adult couple with children	0.0%	0.0%	28.8%	45.4%	18.8%	5.0%	1.2%	0.8%	4.07
Group of adults	0.0%	29.1%	48.9%	17.8%	3.9%	0.3%	0.0%	0.0%	2.97
Group of adults with children	0.0%	2.3%	11.7%	25.7%	34.3%	15.4%	6.0%	4.7%	4.86
All pensioners	64.4%	35.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	1.36
<b>All Households</b>	<b>33.6%</b>	<b>28.6%</b>	<b>14.7%</b>	<b>14.1%</b>	<b>6.3%</b>	<b>1.8%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>2.40</b>

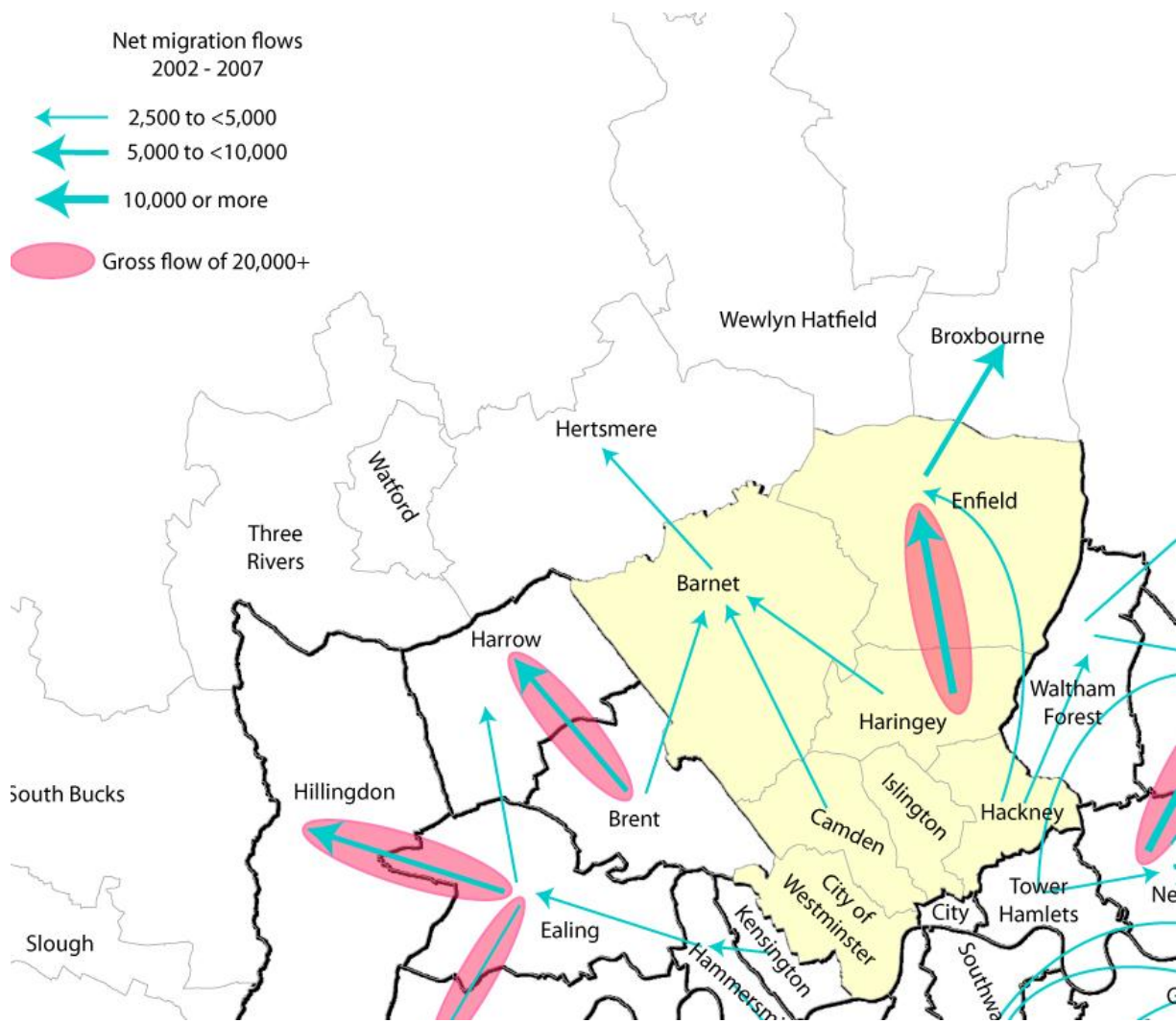
### Migration

14. Data from the 2001 Census showed that of Barnet’s 310,300 residents in households, 41,500 (13.4%) had moved within the last 12-months. Of those that had moved, 14,800 moved within Barnet, 18,000 moved from elsewhere in the UK and 5,300 moved to the area from overseas. It is also worth noting that 18,600 people living elsewhere in the UK at the time of the Census were resident in Barnet 12-months prior – implying that the district lost a net 600 people from across the UK in 2000-2001 but gained greatly from abroad. A further 3,500 people resident in Barnet were recorded as having “No usual address” 12-months before the Census.
15. Whilst the Census provides a detailed snapshot of migration patterns across the UK, it is important to recognise that such patterns fluctuate from year to year. It is possible to monitor trends in migration patterns over time through using data from the NHS Central Register (NHSCR) which records the movement of individuals who change GP.
16. The NHSCR data provides an effective way of monitoring changes in migration over time, but it is important to recognise the limitations of the data – for not everyone who moves will register with a doctor, so some migration will not be counted. Nevertheless, as the data provides the best available

basis for analysis, the following information details migration patterns for the sub region and for Barnet over the period 2002-2007.

- Figure 7 shows net moves between the local authorities in the sub-region, with thicker lines representing higher levels of net migration. It clearly shows migration northwards from central to outer London boroughs and out of London. There is also little movement between North London boroughs and the neighbouring sub-regions of East and West London indicating that North London sits sensibly as a sub-division of the region.

Figure 7  
**Migration Between Boroughs in North London 2002-2007** (Source: ONS Migration Statistics Unit)



18. Overall, migration accounted for a 5-year fall of 12,110 people in the population of Barnet, almost 4% of the current population. Figure 8 shows the net migration which occurred in Barnet between 2002 and 2007. Figures without brackets show net in-migration to the local authority whereas figures in brackets show net out-migration. Therefore, as an example there was a net movement of 4,130 people to the South East region from Barnet between 2002 and 2007.
19. Barnet lost population to all regions apart from London. In particular there was a net out-migration of over 15,000 people to the Eastern region. However, almost 11,000 people (3%) moved to Barnet from somewhere else in London.
20. Figure 9 shows that all of the top ten local authorities with the largest net migration to Barnet are nearby authorities within London. All of the top ten authorities are part of North, East or West London and are all north of the Thames.
21. Figure 9 shows the local authorities to which Barnet lost population. This shows that with the exception of Harrow destinations are outside London, almost entirely in Hertfordshire. In particular Hertsmere received a net 4,290 migrants from Barnet between 2002 and 2007. The pattern of migration away from central London to outer London and then northwards out of London.
22. The age structure of the net migrants to Barnet is shown in Figure 11 (below). Barnet has experienced a net loss of people across all age bands, equivalent to 4% of its current population. In particular there has been a net loss of 5,940 migrants in the 25-44 age range and a further 3,510 in the 45-64 years range. However, the authority has experienced a smaller net out-migration of less than 600 people in the 16-24 years age range indicating that it is older adults and families that are more likely to leave the area.

Figure 8

**Net Migration in to Barnet 2002-2007 by UK Region** (Source: ONS Migration Statistics Unit.)

UK Region	Net Migration
Elsewhere in London	10,680
North East	-40
North West	-140
Yorkshire and Humberside	-160
East Midlands	-1,120
West Midlands	-180
Eastern	-15,040
South East	-4,130
South West	-1,750
Wales	-230
<b>Total</b>	<b>-12,110</b>

Figure 9

**Top 10 Local Authorities with the Highest Net Migration to Barnet 2002-2007** (Source: ONS Migration Statistics Unit)

Local Authority	In-migrants	Out-migrants	Net
Haringey	8,250	4,590	3,660
Brent	8,360	5,310	3,050
Camden	7,030	4,290	2,740
Islington	3,330	1,950	1,380
Hackney	1,960	1,220	740
Newham	1,160	790	370
Redbridge	1,070	820	250
Ealing	1,630	1,400	230
Kensington and Chelsea	800	630	170
Waltham Forest	1,160	990	170

Figure 10

**Top 10 Local Authorities with the Highest Net Migration from Barnet 2002-2007** (Source: ONS Migration Statistics Unit)

Local Authority	In-migrants	Out-migrants	Net
Hertsmere	1,820	6,110	-4290
Welwyn Hatfield	540	2,310	-1770
St Albans	420	1,710	-1290
Harrow	4,500	5,590	-1090
Dacorum	230	950	-720
Watford	330	1,010	-680
North Hertfordshire	150	740	-590
Mid Bedfordshire	130	690	-560
Stevenage	160	720	-560
East Hertfordshire	220	710	-490

Figure 11  
Migration to and from Barnet by Age Group 2002-2007 by Age (Source: ONS Migration Statistics Unit)

Age Group	2003	2004	2005	2006	2007	Total
<b>In Migrants</b>						
0-15 years	2,770	3,010	2830	3180	2980	14,770
16-24 years	3,810	3,540	3270	3470	3330	17,420
25-44 years	8,600	8,610	8520	8980	9100	43,810
45-64 years	1,600	1,560	1610	1730	1950	8,450
65+ years	880	920	830	910	920	4,460
<b>Total</b>	<b>17,690</b>	<b>17,620</b>	<b>17050</b>	<b>18270</b>	<b>18340</b>	<b>88,970</b>
<b>Out Migrants</b>						
0-15 years	3,220	3,290	3,040	3,030	3,400	15,980
16-24 years	3,900	3,630	3,620	3,470	3,370	17,990
25-44 years	10,400	9,990	9,560	9,790	10,010	49,750
45-64 years	2,370	2,400	2,290	2,360	2,540	11,960
65+ years	1,190	1,120	980	1,000	1,080	5,370
<b>Total</b>	<b>21,100</b>	<b>20,450</b>	<b>19,470</b>	<b>19,680</b>	<b>20,380</b>	<b>101,080</b>
<b>Net Migrants</b>						
0-15 years	(450)	(280)	(210)	150	(420)	(1,210)
16-24 years	(90)	(90)	(350)	0	(40)	(570)
25-44 years	(1,800)	(1,380)	(1,040)	(810)	(910)	(5,940)
45-64 years	(770)	(840)	(680)	(630)	(590)	(3,510)
65+ years	(310)	(200)	(150)	(90)	(160)	(910)
<b>Total</b>	<b>(3,410)</b>	<b>(2,830)</b>	<b>(2,420)</b>	<b>(1,410)</b>	<b>(2,040)</b>	<b>(12,110)</b>

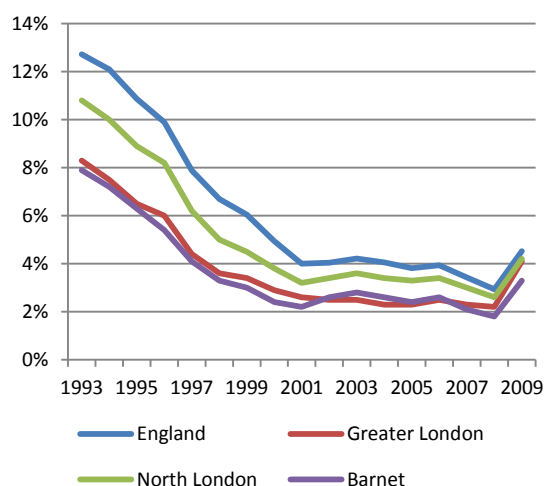
## The Local Economy

### Economic Activity, Incomes and Earnings

23. Figure 12 shows that unemployment in Barnet reduced dramatically between 1993 and 2001, and fell again in 2008 to a low of 1.8%, however it has begun to rise again and by May 2009 stood at 3.3%, levels not experienced since 1998. Nevertheless, the decline in unemployment claimants may not entirely reflect the strength of the local economy – as many working age persons not in jobs are not eligible, or do not claim, unemployment benefit. It can also be seen that unemployment rates in Barnet are similar to those across London as a whole but lower than the average for North London.

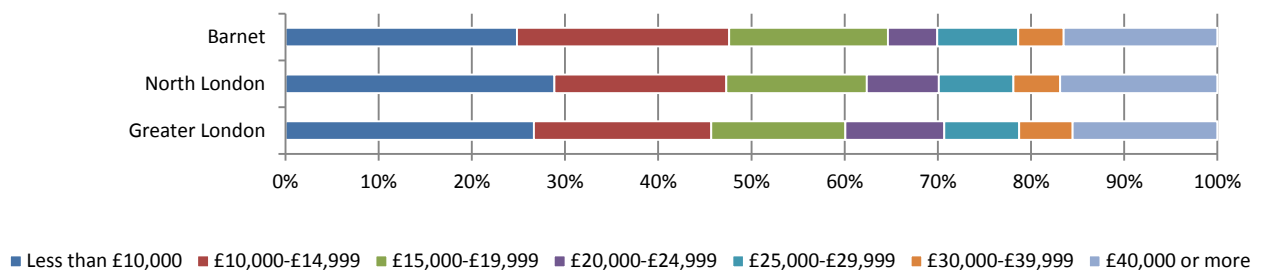
24. Alongside economic activity the other key component of the economy of an area is the income earned by workers. There are two separate ways to analyse average earnings in a local authority. One is to examine only those who are employed within the authority. The other is to examine the earnings of the residents of the authority.

Figure 12  
Unemployment Rate for Working Age Population for Barnet , North London, London and England: 1993-2009 (Source: Claimant Count. Note: Data relates to May each year)



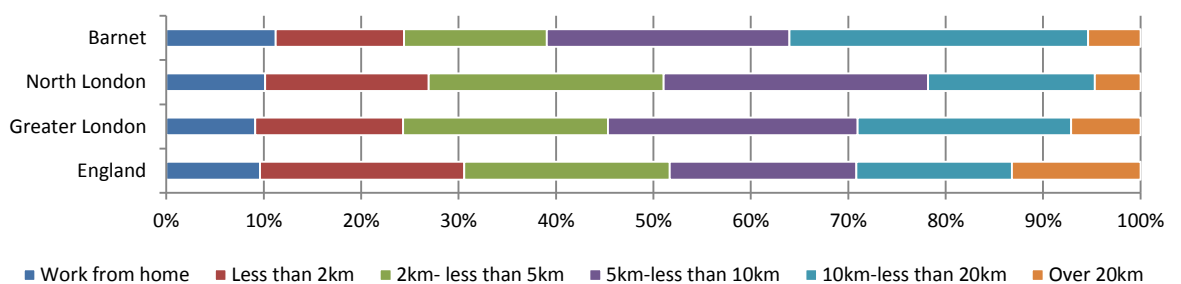
25. The Annual Survey of Hours and Earnings (ASHE) 2008 results show that residents of Barnet have median annual earnings of £27,600 with median earnings of those in full-time employment being £31,200 each year. Median annual earnings for full-time employees working in Barnet (not necessarily residents of Barnet) were lower at £28,000, implying that residents on higher earnings were commuting to better paid jobs outside of Barnet.
26. Figure 13 shows the gross household income levels found in Barnet compared to the whole of North London and London. Gross household income includes income from all sources such as earnings, pensions, interest on savings, rent from property and state benefits, but does not include housing benefit. This measure of income is more important than individual earnings for housing purposes because household income gives a greater guide as to how much a household can afford to spend on housing.
27. The distribution of incomes in Barnet closely follows the average across the whole of the sub-region. However, Barnet contains a slightly smaller proportion of households with incomes of £40,000 or more but also slightly fewer households with incomes of less than £10,000.

Figure 13;  
Household Income for Barnet, North London and Greater London (Source: Local Authority Survey Data)



### Travel to Work

Figure 14;  
Travel to Work Distance for Barnet, North London, Greater London and England (Source: UK Census of Population 2001)



28. Figure 14 shows that residents in Barnet are more likely to have to travel further to their place of work with around 36% travelling 10 km or more and over 60% travelling at least 5km which is markedly higher than for the rest of North London and across both London and England.

## The Existing Housing Stock

29. The general character of a dwelling stock is important in understanding the type of housing available to residents of an area. The mix of property type available will have a bearing on household choices in terms of accommodation and the type of investment properties available to landlords.

### Housing Tenure

30. Figure 15 shows the overall tenure of housing stock in Barnet, confirming that the dominant form of housing is owner occupation (outright or with a mortgage) at 69% of the total stock, which is particularly high when compared to the whole of North London (50%). Only 12% of all properties across Barnet are in the social rented sector (compared to 27% across North London) and 19% of the stock is rented from private landlords.

Figure 15  
Housing tenure for Barnet (Source: Census 2001)

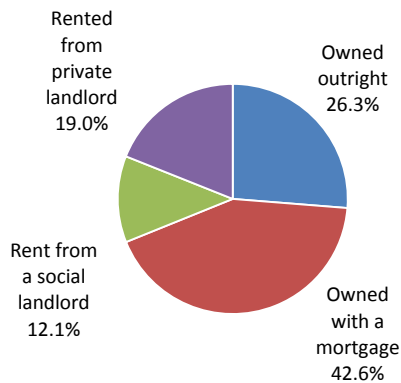
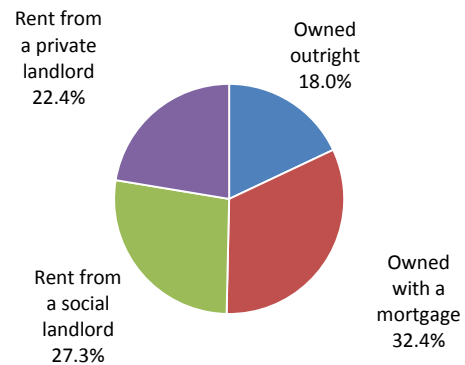


Figure 16  
Housing Tenure for North London (Source: Census 2001)



31. It is important to compare the tenure composition of the stock in relation to other parts of the sub-region. This will help to explain the reason for the flows of households affecting the sub-region. The data in Figure 17 and the corresponding data table (Figure 18) have been re-ordered to show the number of dwellings within each tenure as at the census 2001 in the order of smallest to largest owner-occupied stock left to right.
32. At the time of the census Barnet had both the largest stock of owner-occupied housing and the smallest stock of Social Housing in the sub-region.

Figure 17

Housing tenure for North London Boroughs – Number of Dwellings by Tenure (Source: Census 2001)

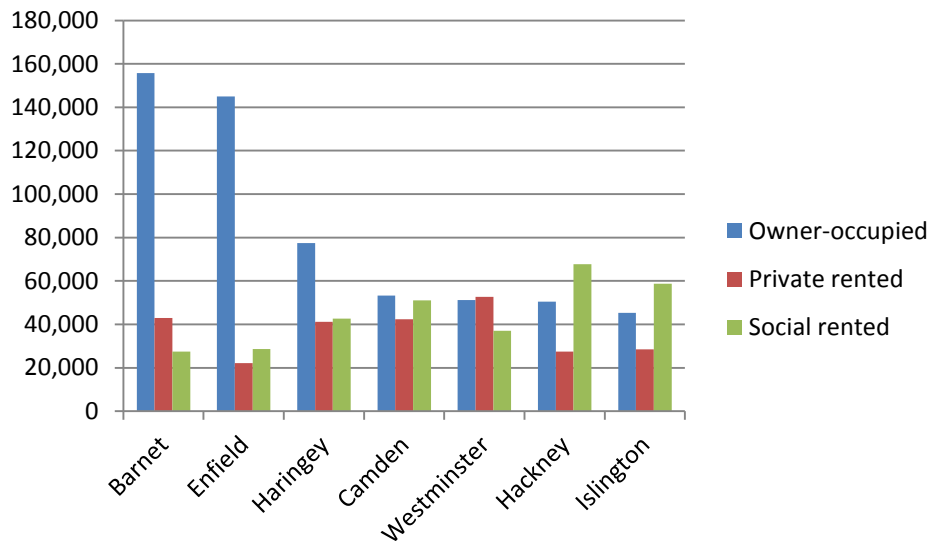


Figure 18

Data Table: Housing Tenure for North London Boroughs – Number of Dwellings by Tenure (Source: Census 2001)

	Owner-occupied	Private rented	Social rented	Total
<b>Barnet</b>	<b>155,780</b>	<b>42,876</b>	<b>27,474</b>	<b>226,130</b>
Enfield	145,051	22,082	28,626	195,759
Haringey	77,384	41,166	42,623	161,173
Camden	53,245	42,359	51,017	146,621
Westminster	51,139	52,604	36,969	140,712
Hackney	50,488	27,488	67,690	145,666
Islington	45,230	28,531	58,652	132,413

33. Figure 19 and Figure 20 express the same data as a *proportion* of the stock within each borough. It is apparent that the proportion of each tenure within the dwelling stock varies considerably as does the total capacity of each borough in terms of tenure.
34. Barnet's owner-occupied housing formed the largest proportion of the stock but was a lower proportion than in Enfield. Barnet had the lowest proportion of social housing within its total dwelling stock compared to the rest of the sub-region.

Figure 19  
Housing Tenure for North London Boroughs – Proportion of dwellings by tenure (Source: Census 2001)

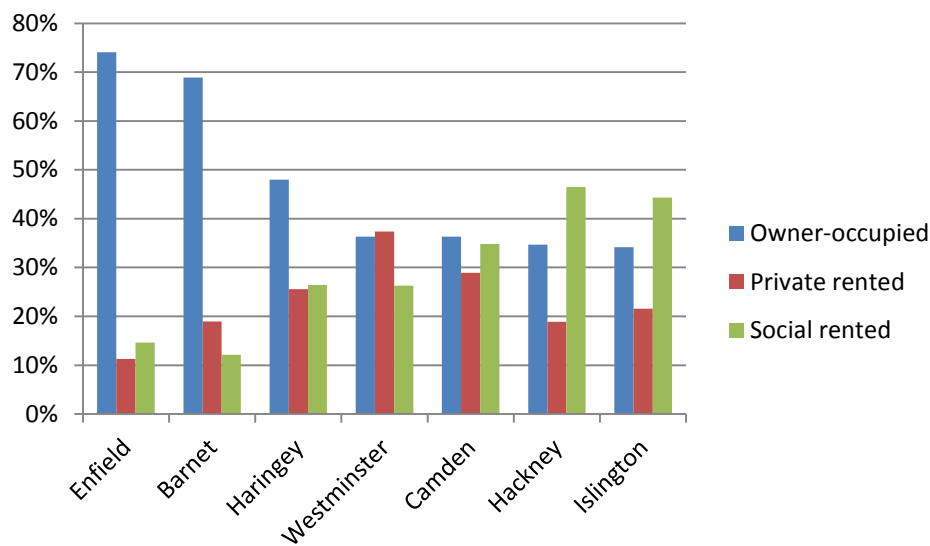


Figure 20  
Data table: Housing Tenure for North London Boroughs – Proportion of Dwellings by Tenure (Source: Census 2001)

	Owner-occupied	Private rented	Social rented
Enfield	74%	11%	15%
<b>Barnet</b>	<b>69%</b>	<b>19%</b>	<b>12%</b>
Haringey	48%	26%	26%
Westminster	36%	37%	26%
Camden	36%	29%	35%
Hackney	35%	19%	46%
Islington	34%	22%	44%

35. Barnet has the largest amount of owner occupied stock in comparison to the other boroughs in the sub-region. Nearly 70% of all total stock in Barnet is owner occupied. To correspond with this the London borough of Barnet has the least quantity of socially rented and privately rented stock.

### Housing Type and Size

36. Figure 21 shows the mix of existing properties in Barnet in terms of housing type. As illustrated, detached and semi-detached properties comprise around 43% of the stock, terraced housing 18% of the total stock and flats accounting for around 39% of the total.
37. Flats are also the dominant type of housing across the whole of North London (Figure 22) and form a much larger proportion than in Barnet while semi-detached and terraced housing forms a much larger proportion of the stock in Barnet than in other parts of North London.



Figure 21  
Housing Type for Barnet (Source: Census 2001)

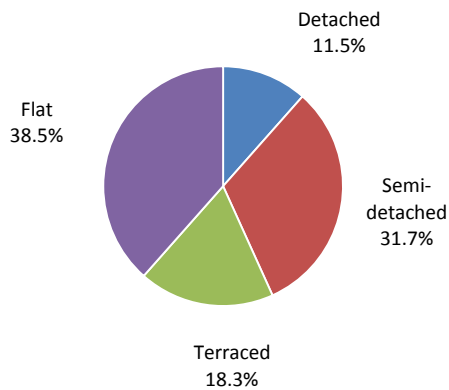
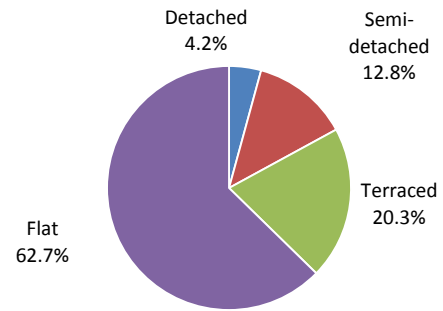


Figure 22  
Housing Type for North London (Source: Census 2001)



38. Barnet contains a lower proportion of one, two and three bedroom dwellings when compared with the sub-region as a whole, and a much higher proportion of properties with 4 or more rooms (81%). Note that the census recorded the number of rooms excluding bathroom and kitchen rather than bedrooms.

Figure 23  
Proportion of dwellings by size for Barnet (Source: Census 2001)

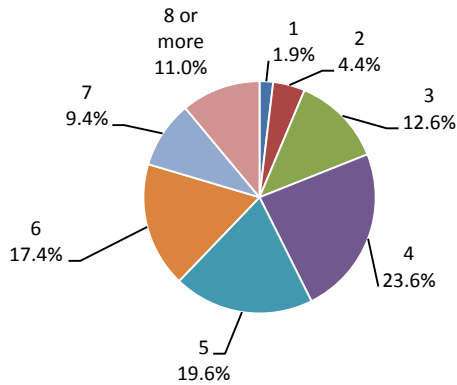
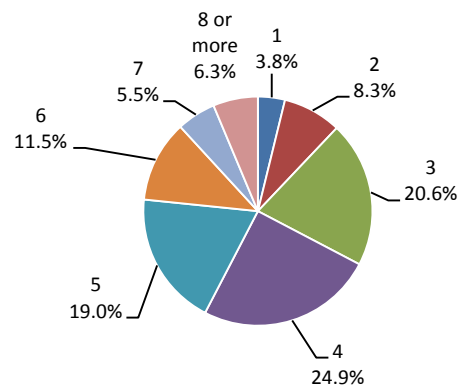


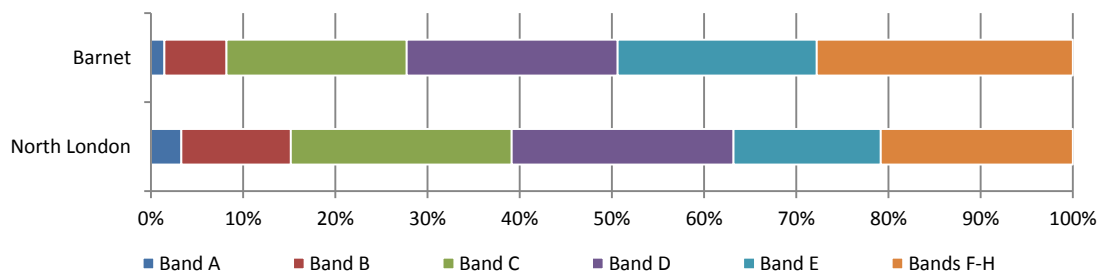
Figure 24  
Proportion of dwellings by size for North London (Source: Census 2001)



### Council tax bands and the Price of Housing

39. Figure 25 considers the stock mix in terms of council tax bands and shows that the distribution in Barnet varies from that of the sub-region. It is apparent that almost 30% of dwellings fall into the highest tax bands F to H compared to only 20% across the whole of North London. Just under 30% of dwellings fall into the lowest tax bands A, B or C, compared to 40% of dwellings in North London.

Figure 25  
Council Tax Band for Barnet and North London (Source: Valuation Office Agency)



40. Figure 26 has been arranged to reflect boroughs in order of increasingly expensive house prices. All boroughs show a considerable price increase as dwellings increase in size. House prices differ

considerably according to Borough and bedroom size. The affordability problems affecting families is self-evident.

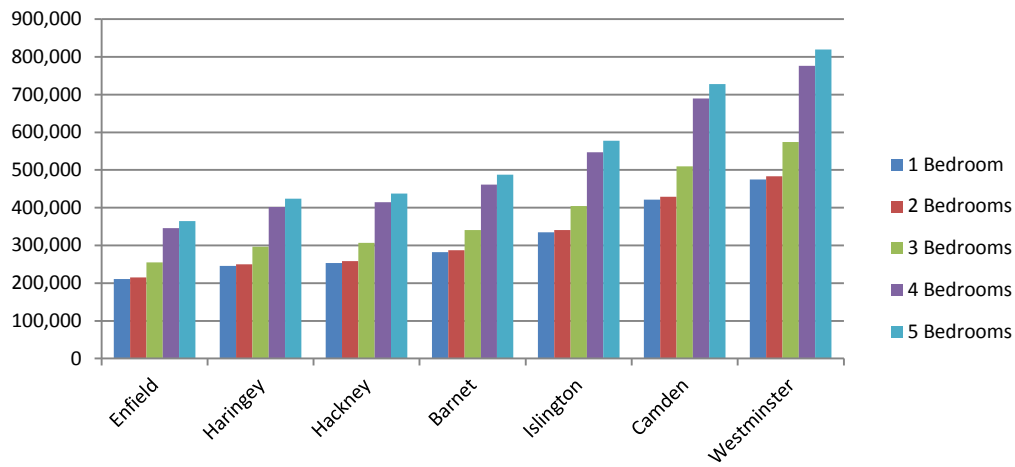
Figure 26

Data table of Median Prices by LA and Number of Bedroom for North London (Source: Land registry 2008-9)

	Enfield	Haringey	Hackney	Barnet	Islington	Camden	Westminster
<b>1 Bedroom</b>	211,211	245,461	253,485	282,054	334,508	421,315	474,596
<b>2 Bedrooms</b>	215,050	249,925	258,094	287,183	340,590	428,976	483,224
<b>3 Bedrooms</b>	255,373	296,785	306,486	341,029	404,452	509,408	573,829
<b>4 Bedrooms</b>	345,617	401,664	414,793	461,543	547,379	689,425	776,611
<b>5 Bedrooms</b>	364,818	423,979	437,837	487,185	577,789	727,725	819,756

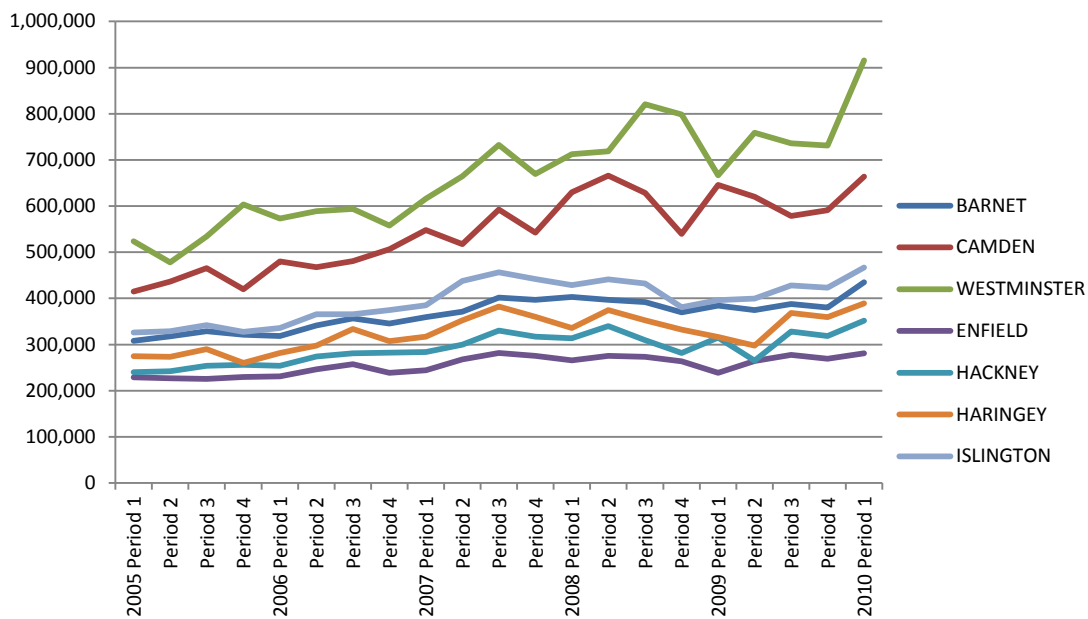
Figure 27

Median Prices by LA and Number of Bedroom for North London (Source: Land registry 2008-9)



- The recent trajectory of house prices reveals results in relation to the credit crunch rates of recovery and growth.

Figure 28  
Time series of Median House Prices for North London (Source: Land registry 2005-10)

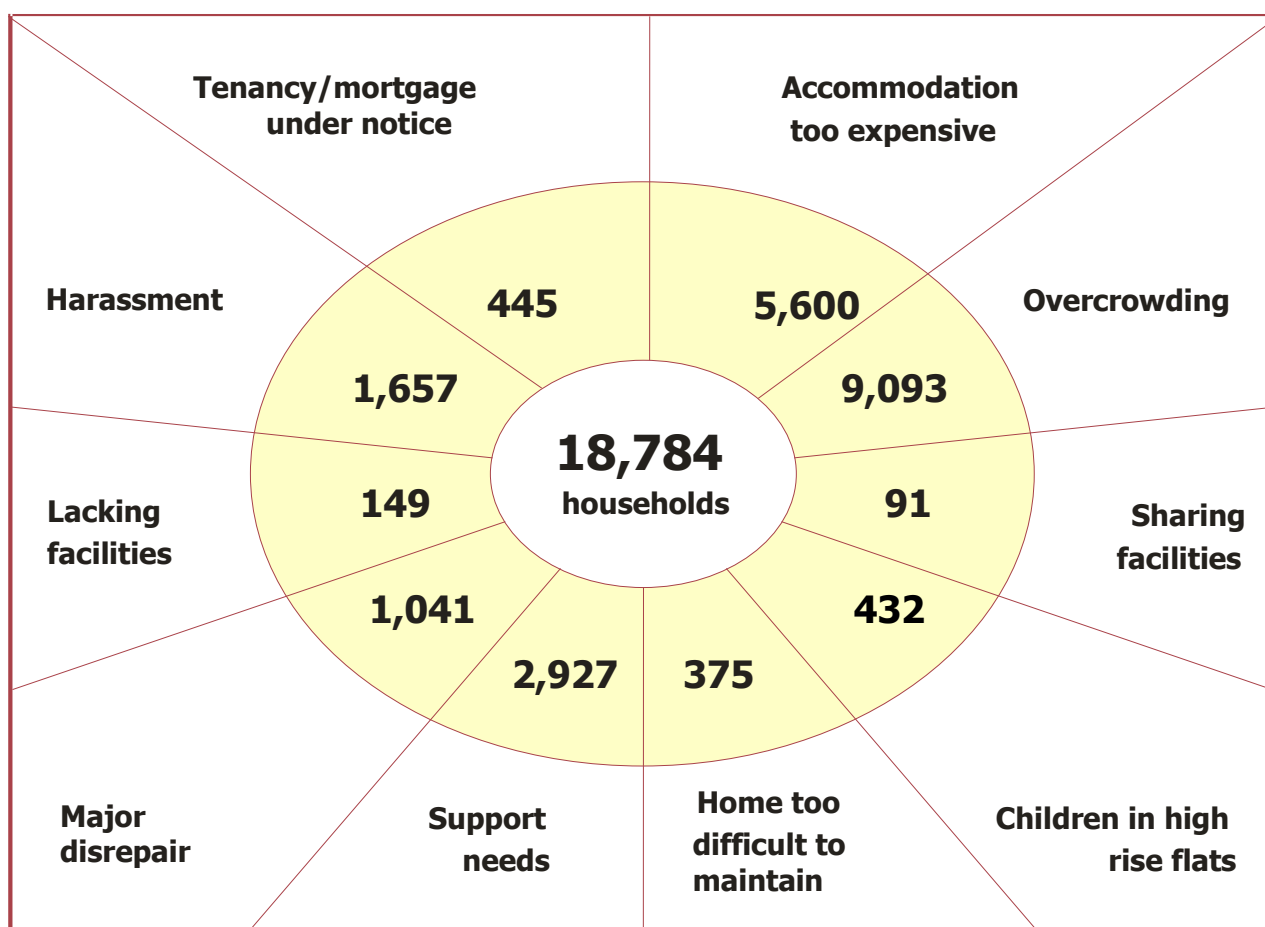


42. The price of housing in London has changed rapidly considerably in recent years. Figure 28 demonstrates the change in house prices from 2005 to early 2010. Median Values are used as opposed to average due to the prospect of a small number of highly priced houses exaggerating the average. Prices in Barnet were just over £300,000 at the start of 2005, rising to about £450,000 by the beginning of 2010. It is interesting to note that Barnet’s house prices have followed a similar pattern to that of Islington, especially throughout 2005 and at the end of 2010.

## Existing Households in Housing Need

43. An important element of housing requirements is housing need – households lacking their own housing or living in housing which is inadequate or unsuitable, who are unlikely to be able to meet their needs in the housing market without some form of assistance (Bramley and Pawson, 2000).
44. Overall, a total of 139,684 households across the sub-region were assessed as living in unsuitable housing due to one or more factors. 18,784 of these households were within Barnet. The unsuitability problems experienced are shown below. Note that the factors do not sum to the number of households as a household may have cited more than one factor in the survey.

Figure 29  
Established Households Living in Unsuitable Housing in Barnet (Source: Modelled from Local Authority Survey data)



45. Across Barnet 13.8% of all established households are living in unsuitable housing. Many of these households may not need to move to resolve the identified problems as in-situ solutions may be more appropriate.
46. Figure 30 shows that overcrowding and accommodation being too expensive were the main factors which caused households to be living in unsuitable housing in Barnet although overcrowding was a problem for a smaller proportion of households in Barnet than across North London as a whole.

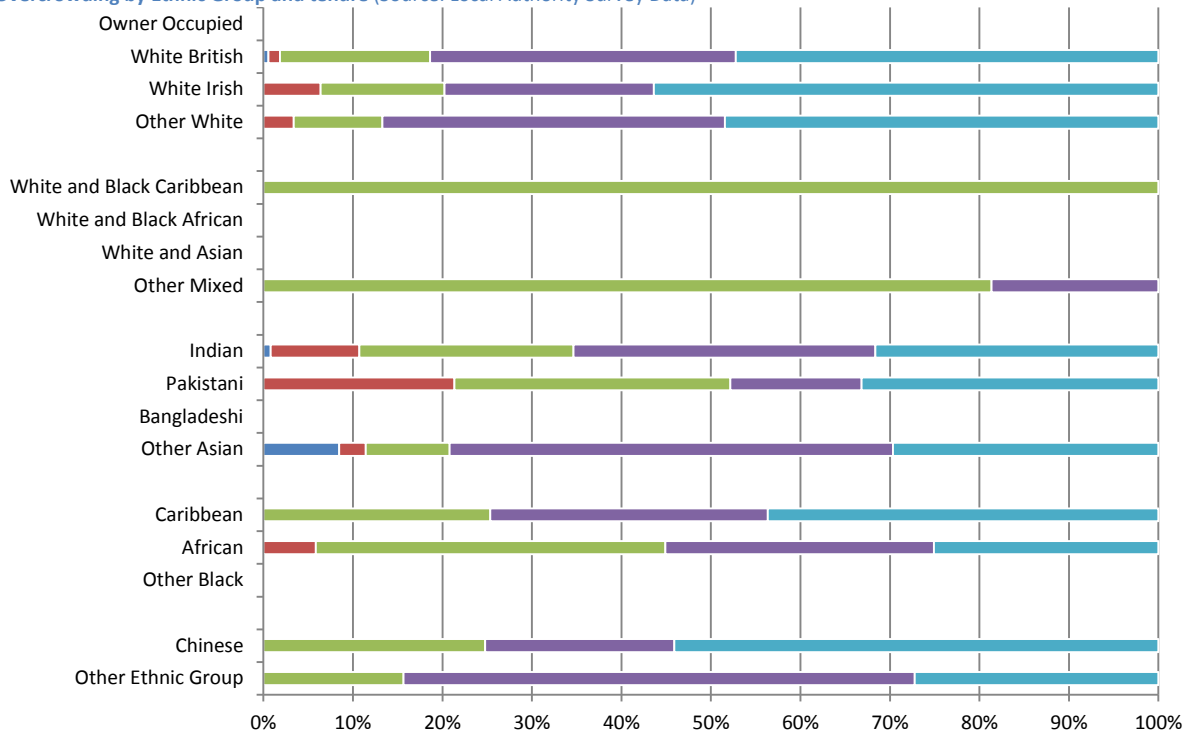
Figure 30  
Established Households Living in Unsuitable Housing in Barnet (Source: Modelled from Local Authority Survey Data).

Unsuitability Category	Barnet	North London
<b>Homeless or with Insecure Tenure</b>		
Tenancy under notice, real threat of notice or lease coming to an end	0.3%	0.6%
Accommodation too expensive	4.1%	4.0%
<b>Mismatch of Household and Dwelling</b>		
Overcrowding	6.7%	7.8%
Households having to share a kitchen, bathroom, washbasin or WC with another household	0.1%	0.4%
Home too difficult to maintain	0.3%	1.2%
Children living in high-rise flats	0.3%	1.1%
Households with support needs	2.2%	3.4%
<b>Dwelling Amenities and Condition</b>		
Major disrepair	0.8%	4.3%
Lacking facilities	0.1%	0.4%
<b>Social Requirements</b>		
Harassment	1.2%	1.7%
<b>One or more problems</b>	<b>13.8%</b>	<b>18.6%</b>

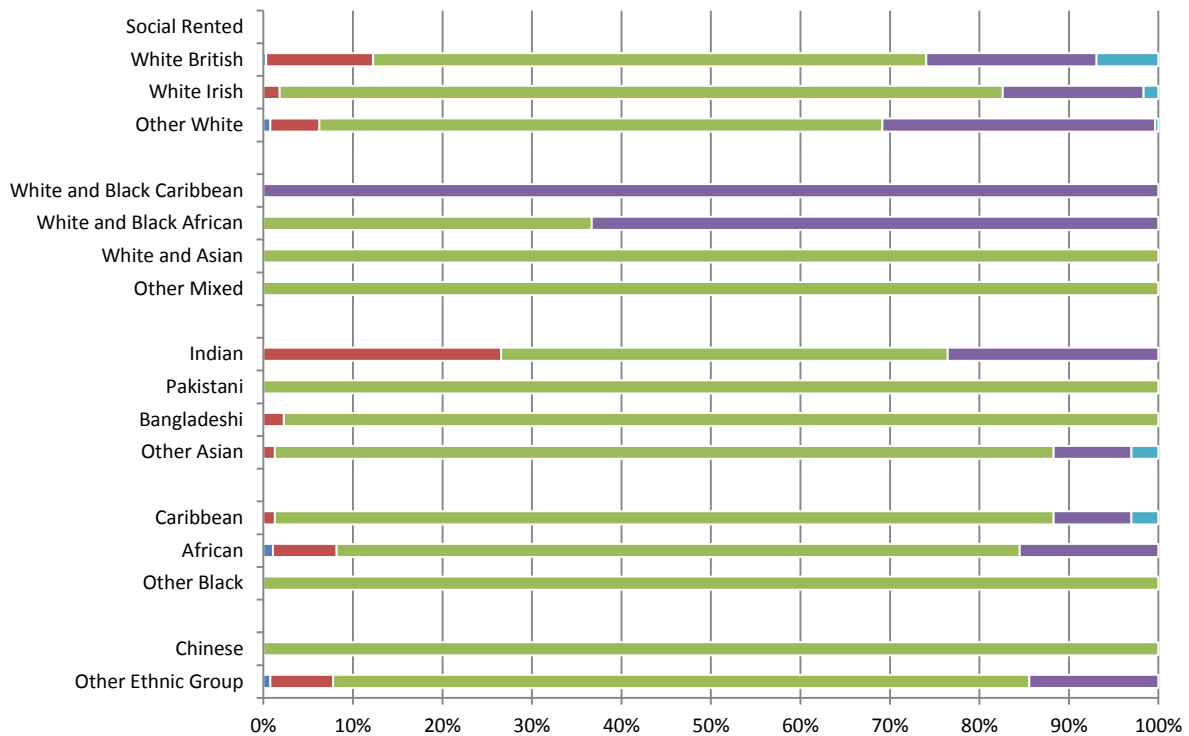
### Unsuitable housing ethnicity by tenure

47. To assess housing needs and requirements it is useful to look at households in overcrowded conditions in Barnet by ethnic origin Figure 31 (below) shows an analysis of household survey results of overcrowding by tenure for each ethnic group. Caution should be exercised with borough level results as they are based upon small sample sizes. There is no data for some groups. Data is more complete at the sub-regional level because all of the borough level results are aggregated.
48. In general terms, across all tenures within the sub-region just over 6% of households are living in overcrowded living conditions. It is evident from Figure 31 in Barnet, differences between owner occupied and social rented tenures are prominent. Red and blue bars represent overcrowding to some degree, green represent occupied to full capacity. Full capacity occupation is much more prevalent in social housing and under-occupation (remaining colours) is much more prevalent in the owner occupied sector.

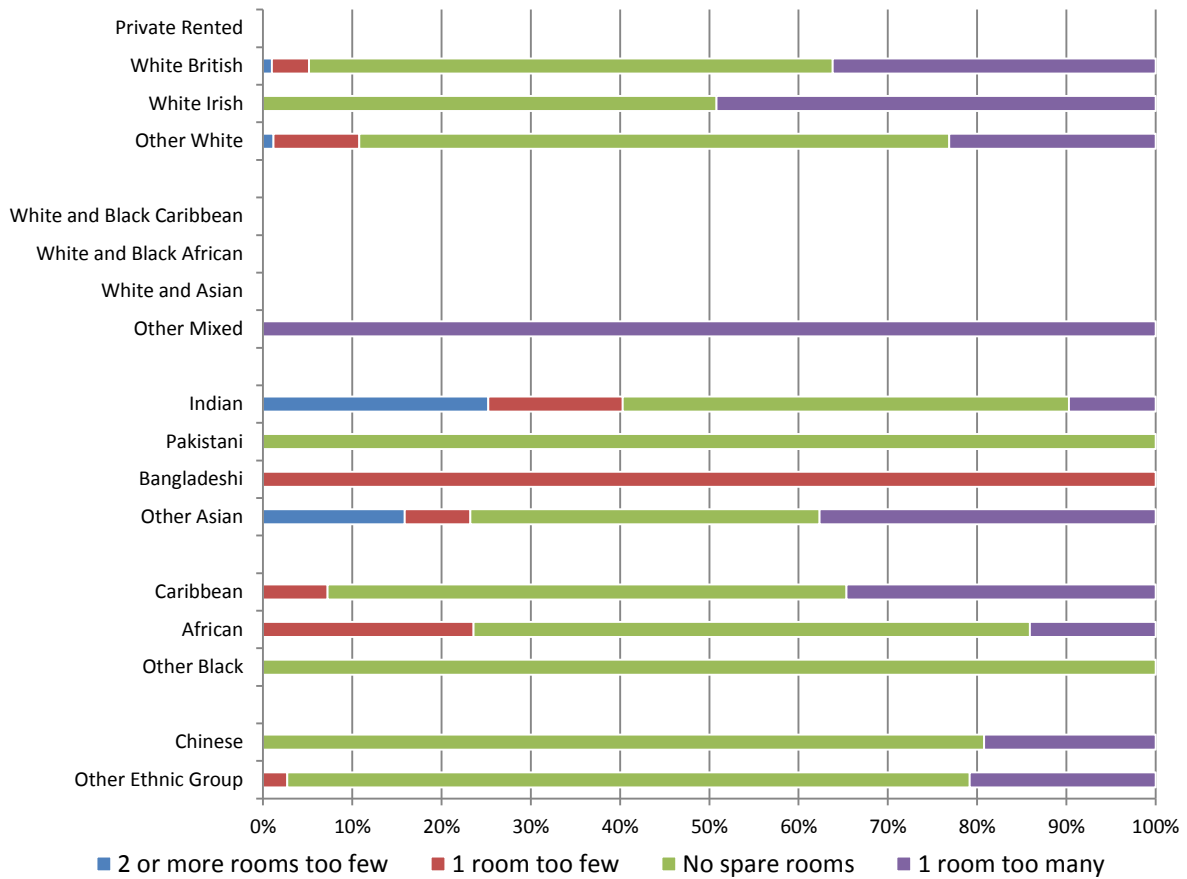
Figure 31  
**Overcrowding by Ethnic Group and tenure (Source: Local Authority Survey Data)**



■ 2 or more rooms too few ■ 1 room too few ■ No spare rooms ■ 1 room too many ■ 2 or more rooms too many



■ 2 or more rooms too few ■ 1 room too few ■ No spare rooms ■ 1 room too many ■ 2 or more rooms too many

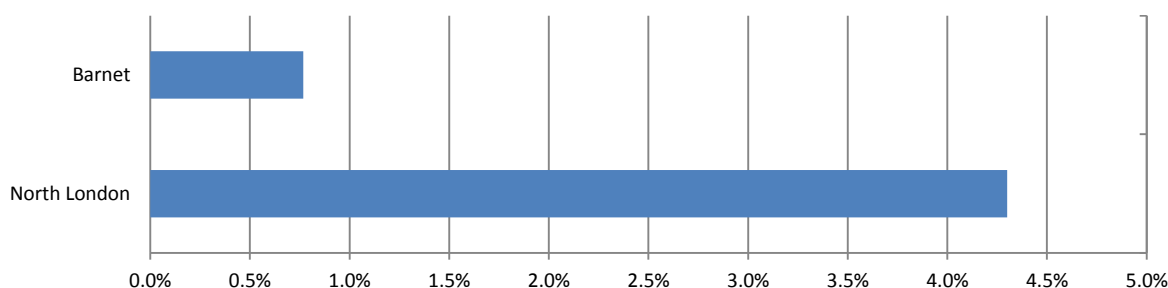


49. Interpreting results for policy purposes requires an understanding of differences in cultural attitudes and the socio economic characteristics between the groups reported more fully in the sub regional report. For example groups that choose to live within extended families will tend to have high occupancy rates and might perceive their situation as a lifestyle choice rather than being overcrowded. Some groups will have cultural reasons for preferring to rent or buy which should also be taken into account. For example, as reported in the sub-regional report Pakistani and Bangladeshi households are least likely to live in social housing therefore it is not surprising that a higher proportion of these households are overcrowded in the owner occupied sector.
50. Occupancy of social housing is interesting because compared to home ownership there is more overcrowding but less under-occupation. A large proportion of the stock is occupied to its capacity. This is due to social housing being allocated to households that matches their requirements. If during the tenancy the household size increases for whatever reason some degree of overcrowding will result.

### Problems with the Condition of the Stock

51. A total of 0.8% of households in Barnet reported that there was at least one serious problem with their property, notably lower than the sub-region average of 4.3%.

Figure 32  
**Proportion of Households with Serious Problems with their Property for Barnet and North London** (Source: Local Authority Survey Data)



### Resolving Housing Unsuitability

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

Figure 33  
**Resolving Housing Suitability Problems** (Source: Modelled from Local Authority Survey Data. Note: Figures may not sum due to rounding)

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

Factor	Number of Households	
	Discounted	Remaining
Households assessed as currently living in unsuitable housing	-	18,784
Households with an objectively assessed in-situ solution	930	17,855
Households with a subjectively assessed in-situ solution (where the household neither wants nor expects nor needs to move)	8,533	9,322
Households that need to move, but that will leave the sub-region	1,414	7,908
Household's that need to move, but will leave the local authority (but stay inside the sub-region)	134	7,774
Households that need to move, but will be moving into institutional housing or join another household	-	7,774
Households that need to move, but can afford to rent or buy market housing	1,095	6,679

54. Where a move is appropriate and required to resolve a housing problem, some households may need to move to homes outside the area (for

**Households that need to move, but cannot afford to rent or buy market housing** 6,679



example, those moving for care or support), and others will choose to move further afield for other reasons. Where unsuitably accommodated households are likely to willingly leave the area, their needs should not be counted within the estimate of net need. Nevertheless, in discounting the needs of likely out-migrants, any needs of in-migrants to the area will add to the total requirement

55. Finally, a proportion of the households remaining will be able to afford to buy or rent an appropriate dwelling at (or above) threshold market prices. Therefore, when considering households who are in housing need, we must also discount from the total those who are able to afford such prices.
56. The impact of each of these stages is summarised in Figure 33 (above). After discounting the households whose needs do not require alternative housing provision in Barnet, only 6,679 (35.5%) of the identified 18,784 unsuitably housed households remain. The other households previously identified can either afford to resolve their housing problems without financial subsidy or their needs will be satisfied without having to move from their current home.

### Existing Households in Housing Need

Figure 34

Summary of Existing Households in Housing Need (Source 1: Modelled from Local Authority Survey Data. Source 2: Local Authority P1E Homelessness Data Q4 2008. Note: Figures may not sum due to rounding)

57. When considering all current housing needs (including those established households living in unsuitable housing and homeless households housed on a temporary basis), the study identified a total of 9,054 households currently in housing need. This estimate is sometimes referred to as the backlog need and the annual housing requirement estimates take into account 10% of the backlog as suggested by practice guidance.

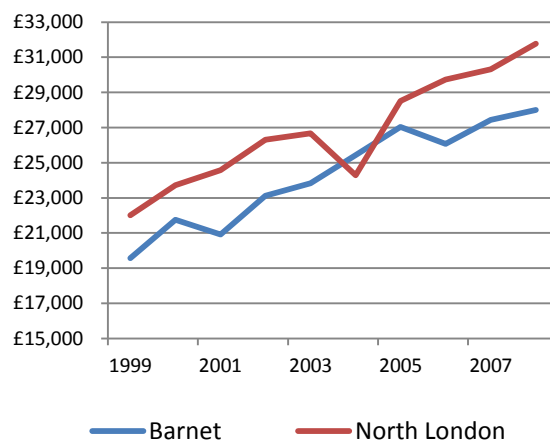
Local Authority	Number of Households
Households currently living in unsuitable housing that need to move and cannot afford to rent or buy market housing <sup>1</sup>	6,679
Households accepted as statutorily homeless currently housed in housing leased temporarily from the private sector (PSL housing, bed and breakfast or hostel accommodation) <sup>2</sup>	2,375
<b>Total</b>	<b>9,054</b>

## Assessing Affordability

58. Household affordability critically underpins the housing requirement analysis – determining both the ability to afford market housing (i.e. effective demand for market housing) and the inability to afford market housing (i.e. demand for affordable housing). For clarity, using PPS3 definitions housing need arises when a household is living in unsuitable housing and cannot afford suitable market housing.
59. Affordability is a complex issue and can be assessed in a number of different ways, but each method depends on common factors that are crucial to the analysis. The affordability of any particular household will depend on the relationship between:
- The cost of appropriate local housing, and
  - The amount that the household is able to afford.
60. The affordability tests used for this study are outlined below and seek to ensure that households are not committed beyond their means. Neither do they regard households as part of requirement for affordable housing if they can afford market housing and vice versa, although this does occur in practice.

61. Median income levels are also noteworthy and will be used later in a discussion regarding intermediate affordable housing. The median gross earning for people working in Barnet in 2008 was £28,000 p.a.

Figure 35  
**Median Gross Annual Earnings for Employed in North London Boroughs 1999-2008 (Full-time Employees)**  
 (Source: ASHE 1999-2008)



### Assessing Affordability for Owner Occupation

62. Most owner occupiers will normally rely upon a loan or mortgage from a building society or other lender. Therefore it is important that the householder is not only able to afford the repayments of such a loan but that also such a loan is accessible to that household. For this reason, a mortgage multiplier is normally applied to determine the amount households are able to afford when considering home purchase.
63. The assessment of mortgage eligibility adopted for this analysis is based upon the method proposed by CLG in the Practice Guidance for Strategic Housing Market Assessments – with lending for single incomes assumed to be 3.5x the income and lending for joint incomes based on a 2.9x multiplier. It is also important that the assessment of affordability for owner occupation considers other household resources, including:
- Savings;
  - Debts;
  - Equity (positive or negative) from current home (for current owners); as well as the
  - Amount that can be borrowed.
64. Perhaps the most important additional resource is any equity that a household may have in their existing home because, whilst the early years of a mortgage may not impact significantly on the amount of capital repaid, increases in house prices can bring significant additional resources.
65. In summary, the amount affordable for owner-occupation is therefore:

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

### Assessing Affordability for Rented Housing

66. Once again, the assessment for rent has been based upon that proposed in the Practice Guidance, with 25% of household gross income available to fund rent.

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

## Modelling the Housing Market

### The ORS Housing Market Model

68. For any housing market assessment, some of the key or core issues are:
- How many additional dwellings are required?
  - How many additional dwellings should be affordable homes?
  - For what type of open-market housing is there demand?
  - How will ‘demand’ and ‘need’ change under different assumptions?
69. The ORS Housing Market Model addresses these issues by analysing the whole housing market. Instead of focusing upon poorer households and social sector need, it interprets the interaction of requirement and supply across all sectors of the housing market. It takes account of the interaction of demands and needs with the likely supply from dwellings vacated within the existing stock.
70. The Model interprets the market dynamically – by likening the interchange between households and vacancies to “musical chairs”. This analogy brings out the dynamic relationship between requirement and supply – most households find suitable vacancies only because others move or suffer dissolution. The Model is concerned with households likely to move or need to move. It ignores households in housing need likely to stay in their current home as the appropriate solutions for such problems will be provided in-situ and will therefore not have an impact on the mix of additional housing provision.
71. Whether households want or need to move, and what housing is appropriate for them, depends upon their characteristics, requirements and current accommodation. Demand is driven primarily by choice but even high income households are limited to the vacant housing that arises. On the other hand, it is possible to establish a realistic assessment of housing need by evaluating households’ current housing circumstances alongside their ability to afford local housing.
72. Through analysing the creation and take-up of vacancies the Model recognises that it is only because some households wish to and do move that others can find suitable homes. Nevertheless, shortfalls identified in the existing stock determine the mix of new housing required.
73. Full details of the ORS Housing Market Model can be found in the technical appendix, but the key stages of the model and the main modelling assumptions can be summarised as follows:

<b>Housing Requirement =</b>	Established Households + New Households + In-migrant Households
<b>Housing Supply =</b>	Established Households + Household Dissolution + Out-migrant Households

- **Net Housing Requirement =** Gross Housing Requirement - Housing Supply

#### Core Modelling Assumptions

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

#### Housing Requirements

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

#### Housing Supply

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

### Understanding the Required Housing Tenure Mix

74. In seeking to understand the required housing mix, household affordability has been grouped into three classifications. Affordability is the determining factor:
- **Social rented housing** – households unable to afford any more than target social rents;
  - **Intermediate housing** – households able to afford more than target social rents, but unable to afford to buy owner-occupied housing or to rent privately at the market rent threshold; and
  - **Market housing** – households able to afford to buy owner-occupied housing or able to afford to rent privately at rents at or above the market rent threshold.
75. When considering the appropriate housing supply, the following sources of supply are used:
- **Social rented housing** – social housing provided to rent from local authorities and Registered Social Landlords and housing benefit supported private rented accommodation;

- **Intermediate housing** – dedicated intermediate housing products (such as shared ownership, discount market sale, sub-market rent) and a proportion of the housing in the private rented sector with rents below the market rent threshold (i.e. within the lowest quartile); and
- **Market housing** – owner-occupied housing and housing in the private rented sector.

76. The term ‘housing benefit supported private rented accommodation’ can more fully be described as households who are living in the private rented sector who are eligible for a means tested housing benefit subsidy, subject to limits imposed by the local housing allowance.

### Quantifying the sub-regional 5 year Net Housing Requirement

77. The sub-regional 5 year estimate of housing requirements as stated in Figure 36 is 49,544 net additional households. This has been built up from recent household flows for each local authority. The ratio of market, intermediate affordable and social housing of the total requirement is 58:6:37. This result assumes that the supply of social housing includes dedicated Council or RSL social housing plus the housing benefit supported private rent dwellings likely to be vacated over the 5 year period. The supply of intermediate affordable housing includes private rented dwellings at or below local lower quartile rents. This is the standard ORS approach to assessing housing requirements. Private rented sector supply is taken into account because it is a better reflection of households who cannot afford open market housing and cannot get access to social housing or intermediate affordable housing.

Figure 36

5-year Gross Housing Requirement by Origin and Tenure (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Affordability/Supply	Source of Housing Requirement/Supply		Net Requirement	%
	Gross Requirements	Gross Supply from All Sources		
Market (Requirements and supply of owner occupation and rents above market thresholds)	322,890	294,247	<b>28,603</b>	<b>57.7%</b>
<b>Intermediate affordable and private rented sector lower quartile prices</b>				
Intermediate affordable (can afford above social target rents but cannot afford market rents or owner occupation)	110,807			
Dedicated supply of Low Cost Home Ownership properties		<b>2,677</b>		
Supply of PRS LQ, no HB		105,340		
<b>Sub-Total</b>	<b>110,807</b>	<b>108,017</b>	<b>2,790</b>	<b>5.6%</b>
<b>Social rent and HB supported private rented sector</b>				
Social rent (can afford no more than social target rents)	97,962			
Supply of Rent from LA or RSL		<b>53,673</b>		
Supply of HB support to rent in PRS		26,178		
<b>Sub-Total</b>	<b>97,962</b>	<b>79,851</b>	<b>18,111</b>	<b>36.6%</b>
<b>Total</b>	<b>531,659</b>	<b>482,115</b>	<b>49,544</b>	<b>100%</b>

78. The information in Figure 36 can also be used to arrive at a sub-regional estimate of affordable housing requirements using dedicated affordable housing supply only as defined by PPS3. It is apparent when comparing figures 36 and 37 that the gross affordable supply is significantly reduced in figure 37 and

the net requirement increases from 49,544 to 154,419 dwellings. The ratio of market, intermediate and social rent within the overall requirement becomes 34:32:34 when rounded. This reflects the relative shortage of local authority and RSL social and especially intermediate affordable housing in comparison to the need for it and this is an output similar that of a housing needs assessment. There is no local authority level estimate using dedicated supply as the affordable housing requirement is undeliverable and does not reflect the 'real world' operation of the whole housing market.

Figure 37

**Net 5-year Net Affordable Housing Requirements Based on Supply from Dedicated Products** (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010. Note: Only Low Cost Home Ownership and Council or RSL Social Rent form supply of affordable housing)

Housing Type	Gross Requirements	Gross Supply from Dedicated Products	Net Requirements
Intermediate affordable	110,807	2,677	108,130
Social rent	97,962	53,673	44,289
<b>Affordable housing Total</b>	<b>208,769</b>	<b>56,350</b>	<b>152,419</b>

### Methods for estimating the tenure and size mix for individual borough housing requirements

79. In order to arrive at housing requirements at individual borough level methods are needed to both allocate the total housing requirements between the boroughs, and also to allocate housing need to each borough.
80. Two methods for estimating requirements at borough level are used. The first method uses the borough level gross requirements similar to Figure 36.
81. The second method uses the annual monitoring targets for newbuild housing set out in the draft replacement London Plan multiplied by 5 to give a 5 year total. This is because housing requirements within the sub-region will be predominantly met where dwelling delivery occurs.
82. The SHMA estimates that 49,554 dwellings are required to meet current and recent trends for housing requirements (Figure 36), however the consultation draft of the replacement London Plan identifies a five year monitoring target for the boroughs in the sub-region of 33,755 dwellings. The remaining 15,795 dwellings required is assumed to be met through a combination of local authorities exceeding their minimum monitoring targets, the sub-division of existing dwellings and potentially more out-migrant households or fewer household formations due to limited dwelling availability.
83. There are also two methods of estimating the proportion of the housing requirement that should be affordable housing, both based upon the London Councils' housing needs index (HNI).

### The London councils' housing needs index (HNI)

84. To allocate housing needs to each borough, we have adopted the London Councils' Housing Needs Index (HNI) 2007/08. The London Councils' HNI combines a range of measures of housing needs and has been accepted by each borough as a means of allocating affordable housing funding. Components of the HNI are:
  - Index of Multiple Deprivation 2007;
  - Vacant dwellings;

- Under-occupation;
- Overcrowding;
- Concealed households;
- Stock condition;
- Elderly households;
- Households containing a disabled member;
- Private sector households receiving housing benefit or income support;
- Households in temporary accommodation

### The adjusted London councils' housing needs index

85. Many of the measures contained within the London Councils' HNI directly cover housing needs, others are a more general reflection of the relative wealth and wellbeing on an area. In particular, the Index of Multiple Deprivation score from 2007 causes a potential skewing of housing needs towards less prosperous areas.
86. The Index of Multiple Deprivation 2007 is comprised of the following components:
- Income,
  - Employment;
  - Health Deprivation and Disability;
  - Education, skills and training;
  - Barriers to housing and services;
  - Living environment;
  - Crime.
87. The only component which directly relates to housing is the 'Barriers to Housing and Services' which includes overcrowding from the 2001 Census, households in temporary accommodation and affordability for owner occupation.
88. However, it also includes distance from a GP, Post Office, general store and primary school. These measures typically identify more deprivation in rural areas and not in urban centres.
89. Therefore, the Index of Multiple Deprivation 2007 does not directly relate to housing needs. It is therefore worthwhile exploring the consequences of removing the Index of Multiple Deprivation 2007 from the London Councils' HNI to leave only the components which directly relate to housing needs.

## Estimates of the tenure and size mix of the 5 year housing requirement for the LB Barnet

90. Based upon the methods described above four estimates have been made:

### Estimate 1: Requirements by tenure and size based upon recent household flows and the Housing Needs Index

#### Household Flows in Barnet

91. For Barnet Figure 38 is a key finding. Much of the following analysis is based upon the totals arrived at in this figure. It describes the estimated net 5 year requirement for additional housing due to households seeking dwellings and the estimated supply of housing in that period. Specifically for Barnet, the 5 year requirement is 3,215 dwellings which is based upon the effects of recent net migration to the borough plus household formation which has occurred in Barnet minus any dwellings projected to be vacated due to household dissolution (typically the death of a single person household). It is noteworthy that the net requirement is due to local households forming.

Figure 38

Summary of the Estimated 5 year Housing Requirements by Household Flows and Supply for Barnet (Source: ORS Housing Market Model, North London Strategic Housing Market Assessment 2010. Note: Figures may not sum due to rounding)

Housing Type	Households seeking dwellings	Supply of dwellings	Net Requirement
<b>5-Year Requirement</b>			
Migration – households moving to and from the sub-region	44,060	47,045	(2,985)
Indigenous change – household formations and dissolutions	11,385	5,185	6,200
Established household moves	31,062	31,062	-
<b>Total</b>	<b>86,507</b>	<b>83,292</b>	<b>3,215</b>

92. If this number of homes is not provided, one or more flows will have to change. The change in flows could include fewer new households forming, no resolution of overcrowding issues or households leaving the area due to a lack of available housing.
93. In this model the affordable housing element of the total requirement has been estimated on the basis of the borough's HNI. Therefore, Barnet has been allocated 8.7% of North London's needs which equates to 1,826 units of affordable housing based upon rounded statistics. The rounding convention applied is explained in the North London SHMA technical appendix.
94. These 1,826 units are split between intermediate and social requirements using a ratio. The ratio is arrived at by establishing the total affordable requirement for the sub region (2,790 intermediate + 18,111 social = 20,901). The intermediate and social requirement is divided by the total affordable housing requirement. So the intermediate share is  $2,790/20,901 = 0.133$ , and the social share is  $18,111/20,901 = 0.867$ .
95. Results for the affordable housing tenures round to 244 units of intermediate affordable and 1,582 of social rented dwellings in Barnet. The market housing requirement is the difference between the affordable requirement (1,826 units) and the total requirement (3,215 units).
96. In summary, if the need for affordable housing for Barnet is based upon its HNI the following results are obtained (Figure 39).



Figure 39:  
5 year housing requirement by tenure using the London Councils' HNI, (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
<b>TOTAL REQUIREMENT</b>	1,389	244	1,582	3,215
<b>PERCENTAGE REQUIREMENT</b>	43.2%	7.6%	49.2%	100%

97. The ORS housing mix model has produced the following size mix profile by tenure:

Figure 40:  
5 year housing requirement by tenure and size using the London Councils' HNI, (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
1 bedroom	78	816	895	<b>1,789</b>
2 bedrooms	940	(94)	181	<b>1,027</b>
3 bedrooms	195	(723)	329	<b>(199)</b>
4+ bedrooms	176	246	177	<b>599</b>
<b>Total</b>	<b>1,389</b>	<b>244</b>	<b>1,582</b>	<b>3,215</b>

## Estimate 2: Requirements by tenure based upon recent household flows and the adjusted Housing Needs Index

98. These estimates are arrived at as described in scenario 1 except the HNI multiplier is different due to the IMD component being removed. Therefore Barnet has been allocated 13.1% of North London's needs which equates to 2,740 units of affordable housing based upon rounded statistics. Note that the ratio for apportioning affordable housing into intermediate and social rented requirements is estimated using the same method as estimate 1.
99. In summary, Figure 41 below shows the impact on the modelled results of removing the IMD 2007 from the London Councils' HNI.

Figure 41:  
5 year housing requirement by tenure and using the adjusted HNI, (Source: ORS Housing Market Model, East London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
<b>TOTAL REQUIREMENT</b>	477	365	2,375	3,215
<b>PERCENTAGE REQUIREMENT</b>	14.8%	11.4%	73.9%	100%

100. This change leads to more of the total identified sub-regional need for affordable housing being allocated to the relatively less deprived Barnet compared to estimate 1 and this should be regarded as an extreme result. Such a high proportion of social rented housing might be considered undeliverable in terms of cost and undesirable as it would conflict with a policy of enabling a better social mix. Referring to the next figure it would also limit the potential for additional family housing.
101. The ORS housing mix model has produced the following size mix profile by tenure.

Figure 42:  
**5 year housing requirement by tenure and size using the adjusted London Councils’ HNI, (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010)**

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
1 bedroom	27	864	1,344	288
2 bedrooms	323	(88)	271	295
3 bedrooms	67	(680)	494	164
4+ bedrooms	61	270	265	143
<b>Total</b>	<b>477</b>	<b>365</b>	<b>2,375</b>	<b>3,215</b>

**Estimate 3: Housing requirements using the 5 year monitoring target of the draft replacement London Plan using the London Councils’ Housing Needs Index**

- 102. Further estimates were produced based upon the London Mayor’s proposed minimum delivery targets rather than the SHMA estimate of the 5 year requirement. This is believed to be the most likely scenario at this time for the supply of additional housing. The rationale for this scenario is that in practice, housing requirements within the sub-region will mostly be met where delivery of new housing occurs.
- 103. Therefore, as an alternative scenario to using recent household flow estimates the monitoring targets set out in the draft replacement London Plan have been used. For Barnet the 5 year target is 10,635 dwellings.
- 104. If the housing needs and requirements for Barnet is based upon its HNI and delivery equivalent to the draft replacement London Plan annual monitoring target, the results shown in Figure 43 are obtained.

Figure 43:  
**5 year housing requirement by tenure constrained to planned delivery using the London Councils’ HNI, (Source: ORS Housing Market Model, North London Housing Market Assessment 2010. Note: Figures may not sum due to rounding)**

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
<b>TOTAL REQUIREMENT</b>	7,415	430	2,790	10,635
<b>PERCENTAGE REQUIREMENT</b>	<b>69.7%</b>	<b>4.0%</b>	<b>26.2%</b>	<b>100%</b>

- 105. The ORS housing mix model has produced the following size mix profile by tenure for this scenario.

Figure 44:  
**5 year housing requirement by tenure and size for minimum Draft Replacement London Plan delivery and London Councils’ HNI, (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010)**

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
1 bedroom	415	890	1,579	2,884
2 bedrooms	5,020	(85)	319	5,254
3 bedrooms	1,042	(657)	581	966
4+ bedrooms	938	282	311	1,531
<b>Total</b>	<b>7,415</b>	<b>430</b>	<b>2,790</b>	<b>10,635</b>

#### Estimate 4: Housing requirements using the 5 year monitoring target of the draft replacement London Plan and the adjusted Housing Needs Index

106. Figure 45 shows the impact of removing the Index of Multiple Deprivation 2007 from the London Councils' HNI. This leads to more of the identified need going to Barnet.

Figure 45:  
5 year housing requirement by tenure constrained to planned delivery using the adjusted London Councils' HNI, (Source: ORS Housing Market Model, North London Housing Market Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
<b>TOTAL REQUIREMENT</b>	5,700	659	4,276	10,635
<b>PERCENTAGE REQUIREMENT</b>	53.6%	6.2%	40.2%	<b>100%</b>

107. The ORS housing mix model has produced the following size mix profile by tenure for this scenario.

Figure 46:  
5 year housing requirement by tenure and size constrained to planned delivery using the adjusted London Councils' HNI, (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010)

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
1 bedroom	319	981	2,420	3,720
2 bedrooms	3,859	(75)	489	4,273
3 bedrooms	801	(576)	890	1,115
4+ bedrooms	721	328	477	1,526
<b>Total</b>	<b>5,700</b>	<b>659</b>	<b>4,276</b>	<b>10,635</b>

#### Further remarks about size mix (all estimates)

108. The large requirement for 2 bedroom market housing compared to other sizes is noteworthy. Also the social housing requirement for 1 bedroom housing is estimated to an average of 62% of the total requirement for social rented housing although this varies considerably by borough;
- Enfield 44% (lowest)
  - Westminster 77% (highest)
  - Barnet 57%
109. Note that the model allocates bedroom sizes to social housing exactly in accordance with household requirements. Households with large families are likely to be in urgent housing need due to the shortage of 4 bedroom social rented homes and the high cost of market options (Figure 27).
110. Proposed changes to the housing benefit system announced in October 2010 will have implications for demand for young single people seeking private rented sector housing with housing benefit support. From 2011 any single person under the age of 35 years seeking private rented sector housing will be entitled to a maximum level of housing benefit equivalent to the rent of a room (the room rate). Many of these households have been identified within the model as requiring 1 bedroom social rent. It is likely that demand for self-contained 1 bedroom private rented sector homes will fall as a consequence.

## General Conclusions and policy issues with special reference to Barnet

### Barnet's role in the sub-regional housing market

111. The evidence suggests that the residential flow of households within the sub-region is mostly that of young childless households migrating to inner London Boroughs for work, education and lifestyle purposes. Over time they seek to relocate to the outer London Boroughs and the commuter belts. The presence of children in a household adds a further dimension to their choice of location as the availability and quality of childcare and education become important factors. The evidence shows that the inward flow of households to Barnet from other parts of the sub-region and the outflow of households into the London Commuter belts and other parts of the eastern region is very strong, (figures 8-11).
112. Markets for housing, retail, lifestyle and higher education are geared to this process as indeed are services such as public transport and education. Inner London has seen considerable growth in smaller dwellings through both new build and conversion of family houses. It has also attracted considerable capital from overseas investors operating in the prime market. The net result is that inner London housing is on average the most expensive in England and Wales and it is not possible for many residents to envisage or sustain family life in this environment unless they are tenants of social housing. Outer London Boroughs tend to be more sub-urban in role and character however all have been subject to a market response to the problem of affordability and shortages of social rented housing. The market response has been investment in existing or new build housing for rent rather than home ownership. The impact of this is that it leads to a more transient population in contrast to owner occupiers who tend to move home less frequently.
113. The characteristics of London Boroughs vary and each has a different offer in terms of house prices and character. The sub-regional SHMA concludes that these differences pull flows of households across the sub-region and therefore it can be described as a functional housing sub-market within the London region.
114. So what are Barnet's distinctive features compared to the rest of the sub-region?
  - its house prices are about average for the sub-region but the highest of the outer London Boroughs within the sub-region;
  - it has the smallest amount of social rented housing (comparable to Enfield) and the lowest proportion of social rented housing in its dwelling stock;
  - it has the largest amount of owner occupied housing and the largest proportion of owner occupied housing in its dwelling stock;
  - it has fewer flats and more detached and semi-detached housing than the average for North London; and
  - its dwelling stock is larger on average in terms of numbers of bedrooms.

### Barnet's policy aims in relation to SHMA findings

115. Barnet has developed a series of core objectives in the Core Strategy Publication Stage document (September 2010) in order to deliver the LDF vision. These appear as an edited version to that which appears in the sub regional in order to focus on the housing policy direction of travel and enable comparisons with the SHMA to be made. The housing related core strategies are:
- to manage housing growth to meet housing aspirations ;
  - to meet social infrastructure needs;
  - to promote Barnet as a place of economic growth and prosperity;
  - to promote strong and cohesive communities; and
  - to protect and enhance the suburbs.
116. The overall strategy is to manage growth in Barnet so that it meets needs for homes, jobs and services in a way that conserves and enhances the distinctive character of the borough.
117. Regenerative development will predominantly be delivered in three growth areas - Brent Cross - Cricklewood, Colindale and Mill Hill East. These areas will be the primary focus of housing and employment growth and are identified in the London Plan as having significant potential for accommodating new homes and jobs. The regeneration of Brent Cross - Cricklewood is expected to deliver 20,000 jobs by 2026/27 with Colindale and Mill Hill East adding a further 500 each. In terms of housing delivery these growth areas are expected to deliver up to 17,000 new homes within the next 15 years.
118. Policy CS 7 deals with providing quality homes and housing choice in Barnet. This recognises that in order to create sustainable and successful communities we have to maximise housing choice providing a range of sizes and types of accommodation that can meet aspirations and increase access to affordable and decent new homes. This includes homes for those who need large places to live including families, homes for smaller households such as single key workers, or older and vulnerable people who may require accommodation in order to live independently.
119. The Council wishes to help residents take a property and home journey from renting to home ownership through appropriate stages and recognises that housing affordability is a major challenge in Barnet.
120. Housing strategy key objectives under the general heading of "Providing housing choices that meet the needs and aspirations of Barnet residents" are:
- Increasing housing supply, including family sized homes, to improve the range of housing choices and opportunities available to residents;
  - Improving the condition and sustainability of the existing housing stock;
  - Promoting mixed communities and maximising opportunities available for those wishing to own their home; and
  - Providing housing related support options that maximise the independence of residents;
121. The policy aims regarding family housing, home ownership and mixed communities are noteworthy and it is necessary to relate these aims to SHMA findings and the housing market processes it describes. It is possible that the characteristics of the required size mix estimated by the SHMA might arguably

detract from increasing the supply of larger family sized homes. This is because the greatest level of demand is for 2 bedroom market homes. This will permit higher site densities and more favourable development economics. Regarding mixed communities, in most scenarios the proportion of affordable housing of the overall estimated requirement is high. If delivered this tenure mix might work against the aim of wider home ownership opportunities. However it must be remembered that the requirement for affordable housing is driven by the high house prices and affordability challenges facing households. In particular, larger family homes are demonstrated to be more expensive and less affordable to households seeking to enter the home ownership market.

### **What might be the impact of housing delivery on the housing market in Barnet?**

122. This leads to a discussion about what might be built in order to achieve policy aims in Barnet and what might be the impact of newbuild housing on the whole housing market.
123. Regarding market housing, the sub-regional report points out that the market housing requirement is not necessarily what should be built as other factors within the whole housing market come into play. It should also be recalled that the tenure mix is based upon affordability. The standard ORS housing model assumes that part of requirement for social and intermediate affordable comes from the market (private rented) sector. It concludes that newbuild housing initially considered as market housing may not in-fact perform the role of market housing in the market place.
124. The SHMA also explains that every new build market dwelling has an impact across the second hand market and potentially across other tenures. For every new build market home there is likely to be a resulting vacancy in the second hand housing stock. So if a greater proportion of larger newbuild family homes were to be built then it is possible that this would result in smaller cheaper second hand dwellings becoming available further down the chain of events. In this way the policy aim of achieving a better supply of larger family homes is apparently met and the supply of smaller homes is also met. However a number of factors may come into play that prevent this;
  - the smaller, cheaper vacancy may occur outside the housing market area;
  - newbuild or second hand market housing may be purchased by investors and form part of the effective social and intermediate supply and therefore not be available as market housing; and
  - larger dwellings may be occupied by multiple households rather than individual families either through subdivision or as house or flat shares.
125. It may be difficult to achieve the requirement for larger homes if sites coming forward are considered unsuitable for family housing or if market or development economic conditions are not favourable. Based upon the evidence of many viability studies and related case studies, developers will always seek to build dwelling types that maximise the economic potential of the site and this aim may work against the policy aim.
126. Policy aims might be easier to achieve within regeneration schemes where if the local authority is a key stakeholder and landowner.
127. In conclusion whole market processes mean that even if dwellings conducive to the policy aims of home ownership and family occupancy are built the policy outcome may be different.

### What are the consequences of not delivering the affordable housing requirements?

128. Turning to affordable housing it is important to note from the sub-regional SHMA the consequences for Barnet of not building the additional affordable dwellings. This is particularly important for Barnet given its small dedicated affordable housing stock, its reliance on the private rented sector for housing households in housing need and proposed changes to the housing benefit regime.
129. Scenarios investigated in this report indicate a minimum 5 year social housing requirement of 1,582 dwellings based upon household flows. There are significant implications for the housing market in Barnet if the minimum amount is not provided over 5 years. The households who are identified as requiring these homes will have to find alternative accommodation and this is likely to be in the private rented sector. This is evidenced by the increasing number of households who have been claiming housing benefit support in the private rented sector in London, which has been rising by around 25,000 per annum over recent years. The most obvious conclusion from not being able to deliver the required units of social rented housing is that demand for housing benefit supported private rented sector housing will continue to rise. If housing benefit payment levels reduce due to government spending cuts households may be forced to pay more than they can reasonably afford for decent suitable housing, rents could be driven down, more households will occupy non decent or unsuitable housing, more households will share and some will fail to form. Therefore the intensity of housing need will increase.
130. The intermediate affordable housing requirement represents the shortfall which is likely to exist between households requiring intermediate affordable housing and the supply of intermediate affordable housing products plus part of the supply from the private rented sector up to lower quartile rent levels. Both the supply and demand sides of the requirement are sensitive to market conditions and the private rented sector supply side is sensitive to change in the housing benefit system. If the anticipated supply does not come forward, households will again be forced to seek alternative accommodation. This could include paying more than they can afford for market rented dwellings and any of the alternatives described above for social rent.
131. There will be major consequences for market, intermediate and social housing requirements in the scenario of any dwelling vacated in the housing benefit supported private rented sector is returned to the open private rented sector due to proposed cuts in the availability of housing benefit. A full explanation is given in the sub-regional report but the implications are very important for Barnet. The consequence of these changes for the modelled results is that;
- the requirement for social housing rises significantly over 5 years;
  - there would be a surplus of intermediate affordable housing.
132. The surplus is due to a greater number of lower quartile private rented homes becoming available than would be required by households requiring intermediate affordable housing. This has housing policy implications beyond housing requirement issues. Public policy intervention may be required to deal with long term vacant homes and support for neighbourhoods that exhibit high volumes of vacant property, or high concentrations of households facing unaffordable housing costs. If this housing is offered for sale by landlords there is a prospect of prices falling.

### The backlog of housing need and overcrowding

133. The SHMA estimate of households in unsuitable housing needing to move home and cannot afford market housing is 9,054 households (Figure 34). Nearly half of all households in unsuitable housing cite overcrowding as a factor. However size mix estimates for Barnet's social housing requirement shows that over half the requirement is for one bedroom homes and around one third for 3, 4 bedroom and larger homes. This information prompts a policy question of priorities for new build social rented housing.
134. Understanding the affordability of local housing to existing and emerging households is fundamental to formulating appropriate policy. Evidence in the SHMA leads to a number of important conclusions:
- the price of market housing in Barnet is beyond the reach of many in-migrant and emerging households. Those forming the backlog of housing need can only, by definition afford social housing. The private rented sector has responded to this demand;
  - larger homes suited to large families is almost twice as expensive as 1 bedroom homes; and
  - the sub-regional SHMA report concludes that because intermediate affordable housing is currently too expensive for most households that are considered to be part of this group, a gap in the whole housing market exists for households on low income who are low priority for social housing (healthy households without children).
135. Barnet's existing housing stock across all tenures compared to the sub-region would appear to be more suited families as there are fewer flats and average dwelling size is larger. However larger homes are more expensive to buy or rent so it is likely that the affordability of the housing for home ownership or shared ownership works against the policy aim of retaining families.
136. Whilst larger homes are a smaller part of the housing required housing mix than smaller homes it is necessary to highlight the severe housing conditions faced by households with large families on low to median incomes. This is due to affordability factors cited above and lack of supply. The impact of the right to buy and private landlords subdividing or subletting family homes both lead to this situation. Barnet like all other London Boroughs is part of the CLG Overcrowding Pathfinder initiative. It is noteworthy that the characteristics of overcrowding differ by tenure and ethnic origin with some groups 7 times more likely to be living in overcrowded housing than the white British group.
137. Because social rented housing is normally allocated to meet a households exact size requirements the effect of building a greater proportion of larger homes can be predicted. Resulting vacancies from letting to existing social rented homes will release smaller homes. Building a greater proportion of smaller homes will not result in larger homes being released but may help to relieve overcrowding if it is caused by separate households sharing.
138. It is crucial that if additional affordable larger family homes are delivered they are allocated to the households most in need of it. Much of the requirement for small social rented homes identified by the SHMA is for households in relatively low housing need. Those in housing need are likely to have health problems or occupy unsuitable housing and this may be in the private rented sector. The resulting vacancy in the private rented sector may also be unsuitably housed. Therefore policy focus on housing conditions within the private rented sector can help to break the circularity of this situation.



### Intermediate affordable housing policy issues

139. The requirement for intermediate housing estimated by the SHMA needs to be reconciled to the Mayor's policy position and policy aims of the Borough of Barnet.

#### Intermediate affordable housing and the SHMA

140. The SHMA has based its estimate of the requirement for intermediate affordable housing on households in the income band of £16,800 to £37,400 gross income p.a. This is based upon the PPS3 definition of intermediate affordable housing and income to loan and rent ratios defined by the CLG (SHMA practice guidance). Social rent and private sector rent levels affecting North London have been used to support a the sub-regional requirement in accordance with PPS3 paragraph 29 and Annex B definitions.
141. The SHMA estimates that based upon this criteria that the 5 year requirement for intermediate affordable housing for Barnet is for between 430 (4%) and 659 (6.2%) of target delivery dependent upon varying the HNI calculation.
142. As previously noted the median gross income for employees in Barnet in 2008 was around £28,000 p.a.

#### Intermediate housing and the Replacement London Plan Consultation Draft 2009

143. This policy document describes the vision of how intermediate housing products will be targeted to enable communities to be more mixed and sustainable over time.
144. Overall the Plan envisages intermediate housing being available;
- to a wider income band than suggested by the SHMA and nationally;
  - for families;
  - as a larger proportion of the overall affordable housing requirement

#### Information from the HomeBuy Zone Agent

145. The zone agent provided a considerable amount of information regarding recent sales of a number of HomeBuy products. Our analysis focuses on Newbuild HomeBuy sales. From May 2008 to October 2009 there were 307 completed sales across the 7 Local authorities in the sub-region. A similar number of sales were achieved in all of the Boroughs but a much smaller number were achieved in the City of Westminster
146. The object of the analysis was to understand how sales related to the SHMA intermediate affordable band and the Mayors draft policy. In respect of new build HomeBuy sales in Barnet in the period;
- There were 27 sales;
  - 15 sales were to households below the median income for employees if a single household income is assumed;
  - Only 3 sales were within the CLG income to loan ratios if a single household income is assumed;
  - 66% of sales were within the HCA affordability benchmark;

- The household with the highest earnings (£51,000 gross per annum) bought a 30% share in a 2 bedroom flat with a market value of £287,000;
- The household with the lowest earnings (£20,000 gross per annum) bought a 25% share in a 2 bedroom flat with a market value of £215,000; and
- All but 2 sales were to people employed in the Borough.

#### Conclusions for Policy Consideration

147. The Mayor's policy is clearly aimed at a wider group than that measured by the SHMA. The political direction of travel is to enable as many households as possible into home ownership in order to achieve wider policy objectives. This is also a policy aim of Barnet. In the draft replacement London Plan the Mayor makes a very powerful argument for the role of intermediate housing and increasing the supply of it.
148. A cause for some concern is that based upon recent sales, a small number of households are clearly paying considerably more than they can reasonably afford. However the main picture that emerges from the sales data is that a high proportion of sales are being achieved at the higher end of the SHMA intermediate income band and just beyond with very few towards the Draft London Plan upper earnings limit.
149. The Mayor's Draft London Plan contains evidence of factors that suppress demand for HomeBuy products and results in a small proportion of enquiries resulting in sales. In addition we would also point to evidence in the SHMA that many households choose to migrate to areas outside London rather than seek affordable solutions within it.
150. The SHMA points to a smaller requirement for intermediate housing than the Draft London Plan aspires to. This is because the SHMA estimates are based upon the real affordability considerations present in the market rather than upper income limits. Factors such as understanding household aspirations that affect demand and the perceived value of shared ownership need further study. Nevertheless, based upon evidence from the zone agent it is apparent that there is a disconnection between affordability and demand for HomeBuy in that many of the sales have been to households that could afford other options in the housing market.
151. However it is also reasonable to consider the policy gap that is created by current delivery models for intermediate housing. In particular we highlight the large number of households with income at the lower end of the intermediate income band. One stakeholder described this group as a group of 'lost citizens'. There is no intermediate product affordable to this group. Those without children and in good health will have little opportunity to access social housing. Typically they rent in the cheaper end of the private rented sector/flat share or continue to live in the parental home. Those with large families have few options. They can only realistically afford social rented housing which is in short supply due to right to buy sales.

#### **Overall conclusion**

152. There is a risk that the monitoring target for housing delivery over the 5 year planning period may not be achieved due to the impact of the credit crunch and the economic recession. The limited supply of mortgage finance to households and investors and the need for higher deposits from first time buyers is severely limiting demand. This coupled with uncertainty about job security for many households is

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likely to prolong the low confidence in the house building industry. Government proposals in the Localism Bill (unpublished at the time of writing) are understood to include an incentive for local authorities to enable new build housing however it is hard to see that this will have a major impact as long as current market conditions prevail.

153. This situation also limits the potential for affordable housing delivery as supply from planning gain is affected. Severe public spending restrictions announced in the 2010 spending review will also reduce the capital available for affordable housing completions. The Government's policy response is to generate revenue to support building by increasing rents.
154. Further, Barnet has the smallest social housing stock of all boroughs in the sub-region. Accordingly the borough of Barnet is pro-active in its use of the private rented sector to house households in housing need who are unable to access local social housing. However proposed future changes to the local housing allowance may have implications for the number of households living in the private rented sector with housing benefit support. This situation will need careful monitoring by Barnet and the other local authorities in the sub-region.
155. The estimate of market housing requirements should not be taken to imply that this will result in owner occupation. An increased supply of decent housing in the private rented sector will be of value to households wishing to live in Barnet if they are unable to access affordable housing or are able to afford rented housing but not owner occupied housing.
156. Regarding intermediate housing it is clear that this will only benefit a larger number of local households seeking to get a foot on the housing ladder if it is offered at prices affordable to them.
157. There is a concern that families that require larger homes may be priced out of market housing of any type and the affordability of housing is a central part of any strategy to attract and retain working family households consistent with the aim of being a successful city suburb.