

North London Strategic Housing Market Assessment 2010

Report of Study Findings
March 2011



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Section 1: Introducing the Study

- 1.1 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. This includes the London Boroughs of Barnet, Camden, Enfield, Hackney, Haringey, Islington and the City of Westminster.

What Is A Strategic Housing Market Assessment?

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

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

- 1.3 SHMAs work at three levels of planning:

Regional

- Developing an evidence base for regional housing policy.
- Informing Regional Housing Strategy reviews.
- Assisting with reviews of Regional Spatial Strategies (Spatial Development Strategy in London).

Sub-regional

- Deepening understanding of housing markets at the strategic (usually sub-regional) level.
- Developing an evidence base for sub regional housing strategy.

Local

- Developing an evidence base for planning expressed in Local Development Documents.
- Assisting with production of Core Strategies at local level.

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

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

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

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

Figure 1
CLG SHMA Practice Guidance Figure 1.1 – Core Outputs

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

Figure 2
CLG SHMA Practice Guidance Figure 1.2 – Process Checklist

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

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

Satisfying the Process Checklist

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

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

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

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

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

1.11 The contextual information about housing market conditions presented in this report focuses on the administrative boundary for the sub-region but is generally considered within the context of the regional and national position

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

3. Involves key stakeholders, including house builders.

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

- **Project Group** – planning and housing officers of the 7 London Boroughs. It oversaw the progress of the work and dealt with the day to day enquiries and issues. It was responsible for seeing that the SHMA was a soundly based and agreed document and has overall responsibility for decision making for the project.
- **Stakeholder Group** – representatives from a wide range of national and regional organisations. It acts as a sounding board for the Project Group. Members comment on the development of the work programme and on the emerging findings. They provide insights on all policy areas that are relevant to housing. Invitations were extended to the following organisations:

- Government Office for London
 - The Greater London Authority
 - Home Builder’s Federation
 - Homes and Communities Agency
 - London Councils
 - London Development Agency
 - London Development Research
 - London Housing Federation
 - London Sub-regional Housing Partnerships
 - Individual RSLs
 - The HomeBuy Zone Agent
 - London Tenant’s Federation
 - London Landlord’s Federation
 - National Housing and Planning Advice Unit
 - National Housing Federation
 - Shelter
- **Consultant Team** – Opinion Research Services (ORS) provided the necessary contextual and analytical data to inform a full SHMA for the sub-region using both primary and secondary data, which sets out the information in an accessible form and considers the implications of that information for the sub-region.

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

^{1.14} Many aspects of the SHMA simply collate available evidence in order for it to be considered within the local context and a detailed technical explanation of such stages is therefore not normally necessary, and no assumptions or judgements have been taken. Nevertheless, some of the outputs from the study are dependent on more analytical work that does require a more technical explanation and are based on a series of assumptions.

^{1.15} The assessment of household affordability is a critical stage of the analysis that fundamentally underwrites the assessment of housing need. It determines the financial resources required to be able to access market housing. The methodology employed for this analysis is clearly set out in Section 6 under the heading “Assessing Affordability”. Once again, a number of assumptions have been made, but the methodology and assumptions are clearly set out as required by the CLG Practice Guidance (2007).

^{1.16} Other assumptions relating to the modelling analysis are clearly set out in Section 6 of the report.

6. Uses and reports upon effective quality control mechanisms.

^{1.17} The quality of the SHMA outputs are fundamentally underwritten by the robustness of the analysis methodology employed, coupled with the quality of the data that underwrites that analysis process.

^{1.18} The primary source for many of the Core Outputs for the SHMA is the ORS Housing Market Model, which was developed in partnership with a wide range of organisations and has been adopted as the basis of a number of key studies, including the Greater London Housing Requirements Study (2004) and Strategic Housing Market Assessments for Exeter and Torbay sub-region (2007) and Birmingham

City (2008). The model has also provided the evidence base for Greater Norwich (2007) and West Cornwall (2008) Strategic Housing Market Assessments.

- 1.19 A significant amount of the development time for the model was undertaken during work for English Partnerships and Milton Keynes Council, and was independently scrutinised by Three Dragons (a consultancy specialising in affordable housing policy) throughout the development process.
- 1.20 Results from the model have withstood scrutiny by Inspectors at numerous Local Plan Inquiries, and this independent scrutiny provides the necessary quality control in relation to the analysis methodology.
- 1.21 In terms of the quality of the adopted data sources, wherever possible information has been triangulated between the available information sources to identify any anomalies and avoid any dependency on erroneous data or erratic results attributable to small sample sizes.

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

- 1.22 This is the first SHMA for the North London sub-region. Where appropriate, Borough level reports provide commentary regarding earlier relevant studies.

Providing the Core Outputs

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

Figure 3
Referencing the SHMA Core Outputs

Core Outputs		References within the Report
1	Estimates of current dwellings in terms of size, type, condition, tenure	<i>Section 4 profiles the Existing Housing Stock</i> <i>More specifically:</i> <ul style="list-style-type: none"> – <i>Figure 40 gives a breakdown of property type; and</i> – <i>Figure 41 gives a breakdown of tenure.</i>
2	Analysis of past and current housing market trends, including balance between supply and demand in different housing sectors and price/affordability. Description of key drivers underpinning the housing market	<i>The study provides a wide range of information about trends within the housing market, with references throughout sections 4, 5 and 6.</i>
3	Estimate of total future number of households, broken down by age and type where possible	<i>The GLA 2007 Round Population forecasts provide overall household estimates for the region, and these are referred to throughout the report. The ORS Housing Market Model also identifies the flows of households into and out of the sub-region (Figure 59)</i>
4	Estimate of current number of households in housing need	<i>An estimate of the overall current number of households in housing need is detailed in Figure 54</i>

Core Outputs		References within the Report
5	Estimate of future households that will require affordable housing	<p><i>The gross housing requirement for Social Rented and Intermediate Affordable Housing and for Market Housing, together with the size mix of housing required by all households seeking housing (broken down by housing type) is comprehensively detailed in Section 6 of the report, where the outcomes of three future scenarios are reported. Full technical details on the modelling analysis are detailed in Appendix 2.</i></p>
6	Estimate of future households requiring market housing	
7	Estimate of the size of affordable housing required	
8	Estimate of household groups who have particular housing requirements e.g. families, older people, key workers, black and minority ethnic groups, disabled people, young people	<p><i>Section 7 of the report considers the needs of various sub-groups of the population, including:</i></p> <ul style="list-style-type: none"> – <i>Families;</i> – <i>Older People;</i> – <i>Black and Minority Ethnic Groups;</i> – <i>Disabled People;</i> – <i>Young People;</i> – <i>Students;</i> – <i>Key Workers; and</i> – <i>Luxury housing.</i>

Section 2: The Study Context

The National Policy Context

- 2.1 National housing policy has several crucial aims. In seeking to ensure that everyone has the opportunity to live in decent housing that they can afford, the government has embarked on a plan achieving a minimum standard of decency and new house building. This house building will be delivered within the principles of sustainable development and this is the underlying concept behind the review of the policy context in this section.
- 2.2 In 2003, the government set out its vision for housing in the Communities Plan. The Communities Plan set the framework for delivering sustainable communities over a period of 15-20 years. The Plan's main areas of focus are housing supply, new growth areas, a decent home for all, the countryside and local environment. Its main objective is for communities that;
- are economically prosperous;
 - have decent homes at affordable prices;
 - safeguard the countryside;
 - enjoy a well-designed, accessible and pleasant living and working environment; and
 - are effectively and fairly governed with a strong sense of community.
- 2.3 The Communities Plan acknowledged that housing and the local environment are vitally important issues. However, it recognises that communities are more than just housing and have many requirements. As such, it suggests that as past experience has shown, investing in housing alone whilst paying no attention to the other needs of communities, risks wasting money. What is required is:
- “A wider vision of strong and sustainable communities...flowing from the Government’s strong commitment to sustainable development. The way our communities develop, economically, socially and environmentally, must respect the needs of future generations as well as succeeding now. This is the key to lasting, rather than temporary, solutions to creating communities that can stand on their own feet and adapt to the changing demands of modern life. Places where people want to live and will continue to want to live” (CLG, 2003: p.5).*
- 2.4 Further, it argues that housing and planning policy must be placed firmly in the context of sustainable communities and integrated with wider public services and sustainability agenda.
- 2.5 Alongside encouraging sustainable communities, a second key element is community cohesion. The Community Plan suggests that some communities had been undermined by social and economic

deprivation and that social cohesion is key to building sustainable communities. In particular, it links perceptions of cohesion and positive attitudes about physical spaces.

- 2.6 To deliver the Communities Plan, the Government tasked the nine English regions with setting up a regional housing body or board. The emerging London policy is contained within the London Plan published by the Mayor of London.
- 2.7 The English Regions and the Local Authorities within them must have regard to the government's vision for sustainable communities and are reflected in a series of Planning Policy Statements (PPS).
- 2.8 PPS1 sets out the overarching planning policies for the delivery of sustainable development through the planning system. The policies set out in PPS1 need to be taken into account in the preparation of both regional and local planning documents. PPS1 states that to facilitate and promote sustainable and inclusive patterns of urban and rural development, planning should ensure, among other things, that new developments are of high quality and well designed, make the most efficient use of resources and support existing communities while creating safe, sustainable, liveable and mixed communities with good access to jobs and key services.
- 2.9 Planning Policy Statement 3 Housing (PPS3) replaced a series of policies including Planning Policy Guidance Note 3 (PPG3) and Circular 6/98. The principle definitions and requirements of PPS3 are summarised at the end of this section. They are of fundamental importance to the Housing Market Assessment.
- 2.10 PPS3 was developed in response to recommendations in the Barker Review of Housing Supply (March 2004) and reflects the need to improve the affordability and supply of housing in all communities. The government has set out the following aims in order to achieve this;
- provide a wide choice of high quality homes, both affordable and market housing, to address the requirements of the community;
 - widen opportunities for home ownership and ensure high quality housing for those who cannot afford market housing, to address the requirements of the community;
 - improve affordability across the housing market, including by increasing the supply of housing; and
 - create sustainable, inclusive, mixed communities in all areas, both urban and rural.
- 2.11 Notably one of the six principles of PPS3 is that an evidence-based policy approach to housing provision is taken:
- Local Development Documents and Regional Spatial Strategies policies should be informed by a robust, shared evidence base, in particular, of housing need and demand, through a Strategic Housing Market Assessment.

The Regional Policy Context

The London Plan 2004, 2008 and the Mayors Draft Consultation Plan October 2009

Background

- ^{2.12} The London Plan, the Mayor's Spatial Development Strategy, was first published in February 2004. The Plan's integrated and strategic policies inform delivery in a range of areas including housing, transport and supporting economic growth. The Mayor is legally required to keep the London Plan under review.
- ^{2.13} An updated plan containing alterations made since 2004 was published in February 2008. The election of a new London Mayor in May 2008 led to proposals for a new London Plan being published in April 2009 leading to formal publication of a replacement plan towards the end of 2011.
- ^{2.14} A Replacement Draft Consultation Plan was published in October 2009. However, the February 2008 version of the London Plan retains legal precedence until the replacement London Plan is published.

Key Themes

- ^{2.15} The London Plan recognises that London's economic growth depends heavily on an efficient labour market and this in turn requires adequate housing provision to sustain it. Lack of housing, especially affordable housing, is already one of the key issues facing London employers.
- ^{2.16} Reflecting the key national policy themes of sustainable communities and social cohesion, the London Plan acknowledges that a strategy for housing is not simply a matter of providing adequate accommodation, but also about ensuring access to key public services and local amenities. It emphasises that new housing should offer a range of choices for new households, including affordable housing via both homes for social renting and intermediate housing.

Key Objectives

- ^{2.17} The London Plan's main objectives are to;
- accommodate London's growth within its boundaries without encroaching on open spaces;
 - make London a better city for people to live in;
 - make London a more prosperous city with strong and diverse economic growth;
 - promote social inclusion and tackle deprivation and discrimination;
 - improve London's accessibility; and
 - make London a more attractive, well-designed and green city.

Future Housing Provision

- ^{2.18} The Plan has a strong focus on increasing London's supply of housing. It sets out the policy framework for distributing housing capacity among the boroughs and for realising and monitoring that development. Policy 3A.1 of the London Plan (2008) sets a minimum target for housing provision of 30,500 dwellings per annum. This is slightly below the target of 33,000 new homes per annum

identified by the Strategic Housing Market Assessment 2008 (ORS, Report of Study findings April 2009).

- 2.19 The Consultation Draft Replacement Plan (October 2009) suggests a slightly higher annual target of 33,380 new dwellings per annum between 2011 and 2021. However, as targets should be over a 15 rather than 10 year period, the Mayor is committed to reviewing targets by 2015/16.
- 2.20 The Replacement Plan proposes a different view of London’s Planning sub-regions to the 2008 Plan and proposes a different spatial framework for policy in Central London including the Central Activities Zone, Inner London and Outer London (see GLA map 2.1 below).
- 2.21 The housing sub-regions are unaltered.
- 2.22 Minimum targets for the London Planning sub-regions are shown below. The Planning North sub-region is made up of the Boroughs of Barnet, Enfield and Haringey.

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

Area	Total Target	Annual Monitoring Target
East London	148,450	14,850
North London	36,350	3,635
South London	43,250	4,325
West London	40,150	4,015
Central	65,600	6,560
Total	333,800	33,380

Map 2.1 Sub-regions



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

2.23 Minimum targets for the North London housing sub-region are shown below:

Figure 5
Future supply of dwellings by borough (Source: GLA London Plan Consultation Draft 2009)

	Annual Conventional supply	Vacants returned to use	Annual Additional self-contained dwellings	5-year dwelling delivery	% of sub-regional delivery
Barnet	2,048	79	2,127	10,635	31.50%
Camden	500	0	500	2,500	7.40%
Enfield	530	22	552	2,760	8.20%
Hackney	1,124	31	1,155	5,775	17.10%
Haringey	792	28	820	4,100	12.10%
Islington	922	0	922	4,610	13.70%
Westminster	594	81	675	3,375	10.00%
TOTAL	6,510	241	6,751	33,755	100.00%

2.24 Note that these targets include self contained housing and vacant housing being returned to use. They are based on a local authorities minimum capacity to deliver new homes, and not its full potential. The capacity numbers do not include potential sites that may come forward during the year that could not be planned for when setting targets. Therefore, they do not give a full picture of the ability to deliver new homes and meet housing need. The local authority Investment Plan is updated on a regular basis and gives an up-to-date indication of the current capacity to deliver new homes.

Affordable Housing

2.25 The London Plan (2008) places emphasis on affordable housing. It is seen as being important to meet the needs of households who cannot afford decent and appropriate housing in their borough and also to promote mixed and balanced communities. It states that a shortage of affordable housing has led to;

- increasing numbers of households in priority need being forced to live for long periods in temporary housing, overcrowded conditions and in bed and breakfast accommodation; and
- residents moving out of London and either travelling long distances to work or leaving the capital altogether.

2.26 The Plan highlights that those with lower incomes find it very difficult to access the housing they need, with many having no option but to seek social housing. This in turn can lead to social housing and deprivation being closely linked, with people finding it increasingly difficult to move on from social into other forms of housing.

2.27 The delivery of additional affordable housing has featured significantly in the development of the London Plan. The first London Plan (2004) adopted a strategic target that half of all additional housing should be affordable. However, in 2008, the new Mayor decided that this target has proved unachievable and unresponsive to local circumstances. In the Consultation Draft Replacement Plan he intends to propose a numeric rather than a rigid percentage based regional target, informed by the SHLAA and SHMA, working with boroughs in the light of their sub-regional and local housing market assessments to ensure their own affordable housing targets fully and realistically contribute to local and strategic need and conform to the London Plan.

- 2.28 The Consultation Draft Replacement Plan (October 2009) suggests that, an average of 13,200 additional affordable homes per annum is a more appropriate strategic target. This equates to an annual affordable housing target of 40% of all new dwellings. However, the Mayor proposes to engage with boroughs individually to enable them to set local affordable housing targets which are in general conformity with the London Plan's strategic targets. The proposed new affordable housing target is 60 per cent social housing and 40 per cent intermediate affordable housing.
- 2.29 Finally, in terms of affordable housing thresholds, the Consultation Draft Replacement Plan (October 2009) suggests that boroughs should normally require affordable housing provision on a site which has capacity to provide 10 or more homes (compared with the PPS3 threshold of 15 dwellings). It encourages boroughs to seek a lower threshold through the UDP process where this can be justified. They are encouraged to ensure that the affordable housing requirement applies to any site which has the capacity taking into account other policies of the plan to provide the minimum number of dwellings set in their threshold.

The London Mayor's Housing Strategy 2010

- 2.30 The housing strategy signals an abandonment of the former affordable housing target of making 50% of completions affordable in favour of the goal of 50,000 affordable units over the next three years. Of these 50,000 homes, 30,000 will be social rented, 21,000 will be for families, and 1,250 will be supported homes.
- 2.31 The document is very much concerned with providing opportunities to Londoners for home ownership and as such Low Cost Home Ownership opportunities are set to increase by a third, largely due to the new administration's 'First Step' housing programme. It is believed that this will ensure that Londoners earning at the basic rate of income tax can get a foot on the property ladder and is available up to a household income limit of £72,000 a year. The Mayor has earmarked £130 million for this endeavour.
- 2.32 The strategy aims to target empty homes in order to alleviate demand and has earmarked £60 million over the next three years to bring vacant properties back into use.
- 2.33 The Housing Strategy also hopes to halve the number of Londoners in temporary accommodation by 2010 and end rough sleeping by 2012.
- 2.34 In terms of the types of housing produced the housing strategy hopes to encourage the development of more family sized homes, particularly in the affordable sectors, with 42% of social rented and 16% of intermediate homes having 3 bedrooms or more. It also expresses a need for more housing to meet the requirements and needs of older people and disabled people.
- 2.35 The Housing Strategy states that the figures in the London Plan will be updated by the new administration once they have had adequate time to consider the results of the London Strategic Housing Market Assessment 2008, carried out by ORS.
- 2.36 It is made clear in the strategy that, although there exists a city-wide housing target, the targets of individual boroughs will be agreed separately. This process will be combined with that of the Local Area Agreements (LAAs).
- 2.37 Embodied in the strategy is the Mayor's vision for housing in London:

- to raise aspirations and promote opportunity: by producing more affordable homes, particularly for families, and by increasing opportunities for home ownership through the new First Steps housing programmes;
 - to improve homes and transform neighbourhoods: by improving design quality, by greening homes, by targeting and delivering regeneration and by tackling empty homes; and
 - to maximise delivery and optimise value for money: by creating a new architecture for delivery, by developing new investment models and by promoting new delivery mechanisms.
- 2.38 London's uniquely expensive housing market prohibits low and middle income households from accessing the owner occupied sector. In response, the Mayor is making progress towards agreeing targets for providing 50,000 new homes across London by 2011. Up to 20,000 of these new homes will consist of intermediate housing provided with financial support from the Homes and Communities Agency (HCA).
- 2.39 Rather than a 'one-size-fits-all' approach to affordable housing, Borough targets for 2008-11 will be based on their capacity to deliver and the circumstances of each local area.
- 2.40 The strategy acknowledges that low income Londoners and some groups are disproportionately affected by the shortage of good quality affordable housing. Others may face discrimination or need protection in the home or a move to alternative accommodation, such as women fleeing violence or those being harassed on the grounds of race or sexual orientation. As such, the Mayor is committed to providing more accessible housing to meet the needs of those disabled, deaf and older people living in unsuitable homes that prevent them from living independent lives.
- 2.41 The strategy seeks to avoid social and economic deprivation associated with the mono-tenure estates that were built during the 1960s and 1970s. As such, the Mayor's housing policies focus on improving the social mix of London's communities, by ensuring that new developments are mixed tenure and that other tenures are introduced into mono-tenure estates and by seeking to explore new ways of creating a more balanced tenure mix in the capital's existing neighbourhoods.
- 2.42 East London is the area of the capital with the greatest potential for growth, representing 51 per cent of London's total capacity. By 2016, 100,000 homes could be provided in the London Thames Gateway, which falls within seven East London boroughs. The Lower Lea Valley alone will provide more than 9,000 new homes as a direct legacy of the 2012 Olympic and Paralympic Games, part of around 40,000 new homes in the area over the longer term. Outer London also has a key role to play, with almost half (47 per cent) of the overall capacity for new homes in the outer London boroughs.
- 2.43 Finally, the strategy states that increasing the supply of housing in London must go hand in hand with improving the design and quality of the homes that are built. Homes must be well designed, sustainable and attractive. They must provide the accessibility, adaptability and flexibility required for 21st century living, meet the needs of London's diverse population, address the challenges of climate change and help to sustain thriving neighbourhoods.

The London Economic Development Strategy, 2010

- 2.44 The latest edition of London's Economic Development Strategy was published in May 2010. Similar to the consultation draft replacement London Plan (2009), the strategy highlights the interdependence of London's economic success with related issues such as housing, transport and the environment.

The report suggests that the state of London's transport system and shortage of affordable housing are regularly mentioned by businesses as major impediments to the city's competitiveness.

- 2.45 In particular, it highlights the negative impact that high housing costs can have on the economy. High housing costs can erode gains from employment for lower-paid workers, leaving families in a 'benefit trap', where out-of-work benefits provide a higher income than available employment. Competition for limited numbers of lower paid jobs means wages are low by London standards, further reducing opportunities for those with dependents to support. These problems are compounded by barriers to employment affecting many groups in London, including discrimination, accessibility and lack of affordable childcare.
- 2.46 Similarly, it suggests that concentrations of disadvantage arise in part because of housing market conditions, the location of social housing and other historical patterns. These help worsen the chances for already excluded households in such areas through loss of services, poor school performance, inadequate or very expensive access to credit, poor local employment opportunities, and so on. Regeneration policy to date has improved prospects for some residents in these areas. However, it has had far less impact on concentration effects because individual beneficiaries tend to move on and tend to be replaced by people moving into the area who continue to experience disadvantage.
- 2.47 Also, it argues that transport, environmental quality and essential services have all come under increasing pressure, both in terms of delivery and the ability to house key workers. London's high cost base reflects its value to the highly productive firms that are located here. Its success has resulted in rapid population growth and an increase in overall employment over the last two decades, putting more pressure on London's infrastructure, especially its transport systems and housing.
- 2.48 Falling travel speeds, lack of sufficient capacity on public transport and shortages of living and workspace will eat into London's productivity. The failure of housing supply to keep up with demand is both causing and reinforcing patterns of social injustice. High prices are making it increasingly difficult for essential workers in the public and private sectors to live in London and for people who depend on benefits to move into work. This is having a distorting effect on London's economy. Growth has also exacerbated other problems impacting on the city's economic success, for example, inaccessible transport systems and buildings and barriers to economic engagement, such as lack of affordable childcare facilities.
- 2.49 In response, it argues that new jobs and housing need to be supported by sufficient and appropriate, social infrastructure. It is also important to take account of the infrastructural needs of particular groups, such as the Asian community, the Irish community, disabled people or new migrant workers.
- 2.50 Finally, it states that although there will be a tension between particular uses of land, experience shows that other properly located uses, such as housing, are not necessarily the enemy of jobs and economic development. There is a clear link between some places becoming more residential and employment growth, particularly in town centres. It is also important to bear in mind the scope for including appropriate employment-generating uses as part of higher-density, mixed use developments.

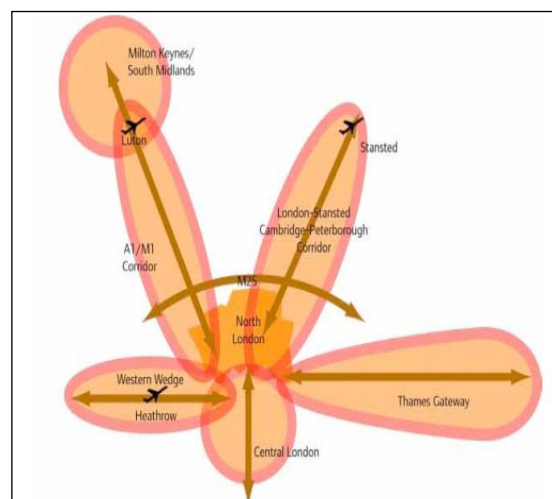
The North London Sub-region

- 2.51 The North London housing sub-region comprises the boroughs of Barnet, Camden, Enfield, Hackney, Haringey, Islington and Westminster as defined by the 2008 London Plan (with Alterations). It has a population of 1.7 million. Hackney is in the North London planning sub-region, but in the East London housing sub-region for housing investment purposes. Currently it is the only London borough which is in different planning and housing sub-regions.
- 2.52 According to the North London Housing Strategy (2003), the sub-region stretches from the Houses of Parliament and the British Museum in the South to the M25 in the North. It includes the very heart of central and inner London as well as areas more rural in character. It encompasses a whole spectrum of challenges and communities found in a major capital city.
- 2.53 Westminster, Camden and Islington are densely developed central London boroughs, while Barnet and Enfield, as outer London boroughs, comprise a mix of town centre urban communities with areas of open countryside to the north. Hackney and Haringey are mainly residential areas and can be described as urban communities with inner city challenges.
- 2.54 Almost a fifth of London's population live in the sub-region. Barnet is London's second most populous borough with nearly one quarter of the sub-region's population.
- 2.55 According to the London Plan 2008, one of the main priorities for the sub-region is to ensure that the substantial expansion of population expected in North London is accommodated in sustainable communities, taking into account their needs for social and community infrastructure and capacity building, access to employment and services, exemplary approaches to waste, energy and water use, management and provision.

The Strategic Priorities for North London

- 2.56 The London Plan cites these priorities;
- optimise the benefit for the sub-region of its proximity to Thames Gateway and to the Lea Valley, including the benefits from the Olympic and Paralympic Games; and
 - deliver the London element of the Government's priority for the London-Stansted-Cambridge-Peterborough corridor for development, regeneration and transport improvement, while recognising the links with other parts of the corridor.
- 2.57 The sub-region is part of the London Stansted Cambridge Peterborough (LSCP) growth area which runs from North London to the city of Peterborough. London Stansted Cambridge Peterborough (LSCP) spans both the East of England and the London regional planning frameworks.
- 2.58 The London LSCP boroughs face different challenges to other parts of the Growth Area. The continued growth of the London economy puts pressure on housing in the capital and its population

Figure 6
London Plan Priorities (Source: London Plan 2009 Consultation)



is forecast to grow considerably over the coming years. Changing land use patterns in North East London often present capacity for housing on brownfield land. However, the cost of remediation can prove a barrier to developers. Infrastructure improvements are often needed in areas where housing densities are set to increase.

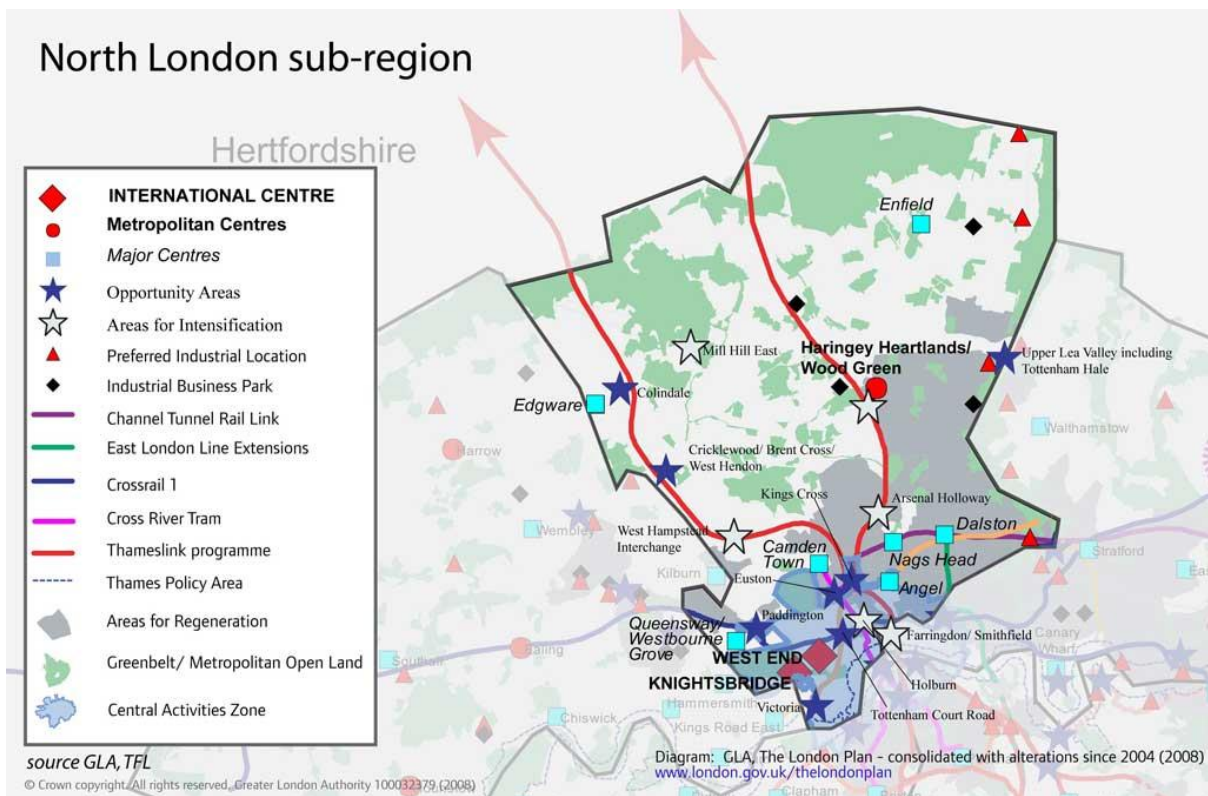
2.59 A further feature of the sub-region is the number of areas for opportunity intensification and regeneration. The London Plan defines these terms and the map below taken from the London Plan 2008 defines their location.

Opportunity Areas
 London’s principal opportunities for accommodating large scale development to provide substantial numbers of new employment and housing, each typically more than 5,000 jobs and/or 2,500 homes, with a mixed and intensive use of land and assisted by good public transport accessibility.

Areas for Intensification
 Areas that have significant potential for increases in residential, employment and other uses through development of sites at higher densities with more mixed and intensive use but at a level below that which can be achieved in the Opportunity Areas.

Areas for Regeneration
 These areas are the Census Local Super Output Areas (LSOAs) in greatest socioeconomic need, defined on the basis of the 20 per cent most deprived LSOAs in the Index of Multiple Deprivation.

Figure 7
 The North London Sub-region opportunity, regeneration and intensification areas (Source: London Plan 2008 map5b1)



2.60 The scale of development envisaged for these areas is significant (Figure 8 below)

Figure 8

The North London Sub-region opportunity areas (Source: London Plan 2008 table 5B1)

	Area (Ha)	Indicative employment capacity ^a 2001 – 2026	Minimum homes ^b 2001 – 2026
Opportunity Areas			
King's Cross	53	25,000	2,250
Paddington	38	23,200	3,000
Euston	16	5,000	1,000
Tottenham Court Road	19	5,000	1,000
Victoria	52	8,000	1,000
Upper Lea Valley (including Tottenham Hale)*	3,133	15,000	7,000
Cricklewood/Brent Cross	323	20,000	10,000
Colindale	201	500	10,000
Areas for Intensification			
Arsenal/Holloway	38	1,500	2,000
Mill Hill East	48	500	3,500
Haringey Heartlands/Wood Green	50	1,500	1,700
West Hampstead Interchange	17	500	2,000
Holborn	13	2,000	200
Farringdon/Smithfield*	10	2,000	100
Total	4,011	109,700	44,750

Pen picture of Boroughs in the sub-region

Barnet LBC

- ^{2.61} 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.
- ^{2.62} 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.

Camden LBC

- ^{2.63} The borough covers approximately 22 square kilometres (11 square miles) in inner London. The southern part of the borough forms part of Central London with its dynamic mix of uses, activities and facilities of London-wide, national and international significance. It is also home to a significant resident population. Camden has many residential areas and neighbourhoods with their own distinctive characteristics, many of which are of architectural or historic importance. It contains numerous parks and open spaces, ranging from Hampstead Heath, Primrose Hill and the Regents Canal to historic squares and local parks and playgrounds.
- ^{2.64} The borough has a range of centres providing shopping and services and local employment. These include town centres such as Camden Town, West Hampstead and Finchley Road, areas that contribute to the retail attraction of the West End like Tottenham Court Road and Seven Dials and a variety of neighbourhood centres, street markets and local shops.
- ^{2.65} Camden is a borough of diversity and contrasts. It contains wide inequalities in household income, health and other characteristics and every part of the borough has areas of relative affluence alongside areas of relative poverty. Camden is the most polarised borough in London with some of the wealthiest areas in England as well as some of the most deprived.
- ^{2.66} The Borough's population is ethnically diverse, with around 30% of residents from black or minority ethnic groups (compared to the England average of 9%). Camden has a relatively young population, with the highest percentage of people between 25 and 40 in the UK, relatively few children and older people and the highest proportion of full-time students in London.

Enfield LBC

- ^{2.67} The London Borough of Enfield covers 32 square miles of London's northern suburbs. Housing occupies one-third, another third is Green Belt, mainly farming, country parks and horticulture. The rest includes commerce, industry, shops and transport, although much is open land used as parks, sports fields, golf courses, allotments and back gardens and there are more waterways than in any other London borough. Traditionally, Enfield has combined leafy suburbs within easy reach of central

London with traditional working class areas in the east close to sub-regionally important manufacturing along the Lee Valley. In many ways Enfield continues to fulfil these roles.

- ^{2.68} The borough has also become increasingly diverse in terms of wealth, with wide variations between the most affluent and deprived wards. It is one of the most highly deprived outer boroughs, with most deprivation in the south and east and affluence increasing to the north and west. The borough's economic base continues to recover from severe damage caused by the economic recession of the late 1980s, but there remain significant pockets of deprivation, particularly amongst black and minority ethnic communities which face difficulties in breaking down barriers to employment.
- ^{2.69} Enfield has a particularly strong offer in terms of attractive pre-war family housing situated in peaceful suburbs. Owner occupation is higher than in neighbouring North London boroughs, and much higher than the London average.

Hackney LBC

- ^{2.70} The London Borough of Hackney is situated in the north east of the City of London. The borough contains 210,000 people and its population is the most ethnically diverse in the capital.
- ^{2.71} Hackney adjoins the boroughs of Tower Hamlets, Islington, Haringey, Waltham Forest and Newham and the River Lea forms the eastern boundary, providing quite a different environment from the rest of the borough. Hackney has a dense urban setting, scattered with celebrated parks and open spaces which provide crucial relief and recreation resources for the local residents and visitors.
- ^{2.72} The advent of globalisation has seen a reduction in the manufacturing sector within Hackney. In its place, employment in the creative, media, banking, fashion and technology industries have developed locally. The borough has seen huge change in recent years economically, socially and physically, and this transformation is set to continue for the foreseeable future as regeneration gathers pace.
- ^{2.73} Hackney has two existing town centres, Dalston, and a centre based on the northern end of Mare Street which is known as Hackney Central. These developed mainly in Victorian times and retain much of the physical fabric of that era, some of which has not been well maintained. In the southernmost part of the borough, known as South Shoreditch, there is major pressure for change on the City fringe from large commercial and mixed developments extending the City to the north. These present challenges to the existing local communities and opportunities for high quality regeneration to improve local conditions.
- ^{2.74} Despite this vitality and close proximity to the wealth of central London, Hackney still demonstrates significant levels of deprivation throughout the borough. Over half the borough's dwellings are socially rented, including rented from the Council and other social landlords. There are significant levels of homelessness and overcrowding and private housing prices are beyond most people's reach.
- ^{2.75} The last ten years have seen a burgeoning cultural and leisure scene developing, especially in Hoxton and South Shoreditch in the City Fringe, but also in areas like Stoke Newington and Dalston. Together with the Olympics and Paralympic Games and Legacy and other regeneration programmes such as the City Fringe, Thames Gateway and the London Stansted Cambridge growth corridors, these provide huge opportunities for Hackney in the years ahead.

Haringey LBC

- 2.76 Haringey is located in the centre of North London although, historically, considered an outer London borough. Large parts of Haringey have the social and economic characteristics of an inner London borough. It is strategically located in the London-Stansted-Cambridge- Peterborough growth area. With strong links to the City, West End and Stansted Airport, the borough is very well placed for both business and commuting. By 2016 it is estimated that approximately 350,000 new London jobs will have been created within one hour's commuting time of Haringey. These include the new job opportunities being created at Stratford City and the Olympic 2012 site and accessible by rail in 15 minutes from Tottenham Hale.
- 2.77 Haringey is home to 226,200 people (AMR 2009) living in an area of 30 square kilometres. Nearly half of the population comes from ethnic minority backgrounds. This diversity is reflected in the fact that almost half of all pupils in Haringey schools speak English as an additional language. Haringey has a relatively transient population.
- 2.78 Around one third of Haringey's population live in central and eastern areas in the borough which are amongst the 10% most deprived in England. This has been recognised in recent years by the award of Neighbourhood Renewal funding for deprived parts of the borough. Nevertheless, it is recognised that the borough has significant potential to deliver major growth and regenerate communities and has received growth area and community infrastructure funding from the Government to redevelop major opportunity sites in the borough at Haringey Heartlands and Tottenham Hale.

Islington LBC

- 2.79 Islington is the second smallest borough in the capital, covering an area of just over six square miles. However, it is one of the most densely populated. More than 190,900 people live in the borough and that figure is greatly increased during the working day. Islington also has a thriving night time economy and attracts many visitors.
- 2.80 It is also one of London's oldest boroughs, with a substantial built heritage as well as modern developments such as the N1 shopping and leisure centre and new apartment blocks. As such, it is an area of remarkable cultural and environmental diversity, with some of the most famous Georgian squares, a canal system, the New River Walk, Arsenal Football Club and Highbury Fields. Yet it has the least open green space of any London Borough. There is limited land available for development which means that pressures on existing buildings and land uses can be high.
- 2.81 Islington's economy mirrors the diversity of its population. There is a very vibrant small business sector and a very high number of VAT registered new businesses and business start-ups. There are local job vacancies, which are highest in business services, retail and the hotel and restaurant industry. 91% of jobs are in the service economy, compared with 81% in Great Britain. Islington has the 7th highest job density in the country at 2.19 jobs per working age resident.
- 2.82 However, Islington experiences high levels of 'population churn'; as people are assisted into work they often achieve a higher standard of living and move out of the borough. Evidence shows that, particularly for those who occupied social housing, they are generally replaced by people with lower levels of education and/or skills who may not speak English as a first language and who may have multiple health challenges. All of these factors serve to accentuate inequalities in the borough. Islington has a relatively high proportion of residents who are of working age. Islington's overall employment rate increased by 3% between 2000-01 and 2002-03 however, the employment rate for

the over 50s has decreased and Islington has a higher than average proportion of its population with no qualifications and a higher rate of unemployment than the London average.

The City of Westminster

- ^{2.83} Westminster contains vital elements that make London one of the most successful world cities. It is the home of Government and the Monarchy. It has a range of internationally important businesses and corporate headquarters and an unrivalled range of professional services and world renowned cultural and entertainment facilities. Its townscape contains internationally recognisable buildings, famous streets and squares. Westminster is also an area where rich and poor live side-by-side and is a first home for many migrants. Westminster has a residential population of 230,000 but its daytime population is closer to 1 million and Europe's largest night-time economy (over 3,000 eating, drinking and nightlife establishments).
- ^{2.84} The borough is the largest centre of employment in the UK with 577,000 jobs and has one of the busiest planning authorities in the UK (10,000 planning applications per year). It is the home to state and national ceremonies and many internationally famous buildings and tourist attractions (25m visitors in 2006 – 39% of London's hotel bed-spaces). The internationally renowned shopping streets of Oxford Street, Regent Street and Bond Street have between them almost 1.6m square metres of retail comparison shopping floor-space, the highest in the UK. Oxford Street's prime retail rents are the fourth highest in the world.
- ^{2.85} Westminster is a centre for the headquarters of national and international organisations associated with business and trade and a location of regional, national and international significance for retailing, higher education, religious affairs, the medical, legal and other professions, media, arts, culture, entertainment and tourism. Many of these activities are concentrated in the Central Activities Zone, where planning policies protect and encourage mixed uses. The service sector is by far the largest employer, with most of these jobs located within the Central Activities Zone and its Frontages and in the Paddington Special Policy Area, close to Paddington Station.
- ^{2.86} The city includes all or part of five Royal Parks, 4.7 kilometres of tidal Thames riverside, 21 English Heritage listed parks and gardens, over 11,000 buildings which are listed as having special architectural or historic interest and 55 conservation areas which cover 77% of the city's area. It has four of London's main line railway termini with two, Paddington and Victoria, having direct connections to Heathrow and Gatwick airports and ten out of twelve London Underground lines, including the network's busiest underground station at Victoria. To the north and west of the Central Activities Zone and to its south as far as the River Thames, housing, in a wide variety of built forms, is the principal land use.

Consultation with Stakeholders

- ^{2.87} Stakeholder workshops were held as part of the SHMA process. The first workshop focussed on the role and purpose of the SHMA. This led into a discussion about the scale and distribution of local housing markets within the sub-region and their characteristics.
- ^{2.88} Detailed discussion took place regarding the private rented sector. It was generally agreed that the sector contains 6 sub-markets;
- corporate/business sector;

- mobile young professionals (usually city dwellers);
- housing for households claiming housing benefit;
- regulated tenancies;
- dwellings with a resident landlord; and
- students.

2.89 It was also felt that these sub-markets were not uniformly distributed across the sub-region and that students housing issues mostly affected Islington within the sub-region. For example, one person suggested that the rental market within transport zones 1-3 was more expensive and different in character to the outer zones. More accommodation to rent was available in the central zones.

2.90 Stakeholders were questioned about the private sector leasing scheme. The private landlords' representative spoke positively about the scheme for both landlords and Local Authorities but raised concerns about the minority of troublesome tenants. He also advised the workshop of the interest and competition from overseas buyers. Some would purchase second or holiday homes and not be anxious to let. Further he noted a temporary general oversupply as people unable to sell were renting out for the time being.

2.91 Growth of the intermediate rent sector was considered as a possibility but discussion mostly centred on attitudes to wider Intermediate housing products. This was informed by proposals contained in the then recently published Mayors Replacement London Plan Consultation Draft. One attendee referred to 'lost citizens' those with income of around £20,000 for which there was little decent affordable housing available or envisaged.

2.92 The second workshop focussed on SHMA findings at available at that time. This workshop also picked up on the growing size, roles and importance of the private rented sector as part of a wider discussion centred upon meeting local housing requirements. Again the differing characteristics of each Borough were considered. The Mayor's view that there should be a focus on family housing was supported and there was discussion around how under-occupation could be tackled.

2.93 Much of the workshop considered supply and demand aspects of the housing market. One participant felt that the blunt reality was that that was very little choice available to households. Additional supply was constrained by the credit crunch and limited public sector finance. The role of the institutional investor was considered and it was concluded that if there was to be an impact here it would be as part of large scale redevelopment rather than infill sites.

2.94 Developers felt that the release of public sector land should be considered further. It generally takes a very long time and should be released for a clear purpose if policy aims are to be achieved through use of the land.

Section Summary

- This section has examined national, regional and local housing and planning policies. It is evident that national policies such as the Communities Plan have substantially impacted on regional, sub-regional and local policies. Such policies have emphasised the importance of sustainability and the need to consider housing policy alongside other issues such as the economy, transport and the environment. It also emphasises the important role that housing policy has in improving social cohesion.
- At regional level, the election of a new Mayor, the publication of the London Housing Strategy (Feb 2010) and the Draft Consultation London Plan (October 2009), all have important implications for housing policy. The London Plan recognises that London's economic growth depends heavily on an efficient labour market and this in turn requires adequate housing provision to sustain it. It will be some time before the impact of the Mayor's abolition of the 50% affordable housing target can be determined.
- The North London housing sub-market is one of contrasts. Although many areas of Boroughs such as Westminster are affluent, it also contains many areas of poor housing and social deprivation. The key factor connecting all local housing markets remains housing affordability. All local authorities will need to undertake a step change in affordable housing output if affordability is not to worsen. A key feature of the sub-region is its role in the LSCP corridor and the presence of several 'Opportunity Areas'.
- Also, it is apparent that, to varying extents, local housing policies reflect the key issues of sustainability and cohesion. Nonetheless, it is essential that future growth is balanced with environmental needs and that housing and planning policy is integrated with relevant policies such as economic, transport, health and education.

Section 3: Housing Market Drivers

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

National Level Household Changes

3.2 Recent figures show that the number of households in the UK has increased more rapidly than housing supply. There are several key reasons for the increase in household numbers. According to the Office for National Statistics (ONS), until the mid-1990s natural change was the main driver for population growth. However, more recent population growth has been predominantly based upon international migration.

3.3 Figure 9 shows that there is a natural increase in the UK population. The natural population increase between 2004/05 and 2005/06 was 170,100 people. This increase is commonly attributed to improvements in health care, the environment and social wellbeing, which reduces child mortality rates and allows people to live for longer.

3.4 Figure 10 demonstrates that there has been fairly rapid growth in net UK migration, with particularly high growth in 2004/05. The ONS reports that this increase was mainly due to the rise in the number of citizens coming from the ten accession countries (A10) that joined the European Union (EU) in May 2004. The figures for 2005/06 indicate that net international migration declined, due to a combination of lower in-migrant and higher out-migrant numbers.

Figure 9
Births and Deaths in the UK, 2001-2005 (Source: ONS, General Register Office for Scotland, NI Statistics & Research Agency)

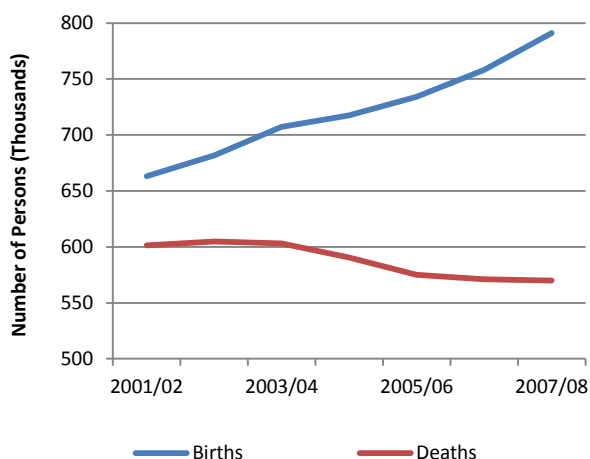
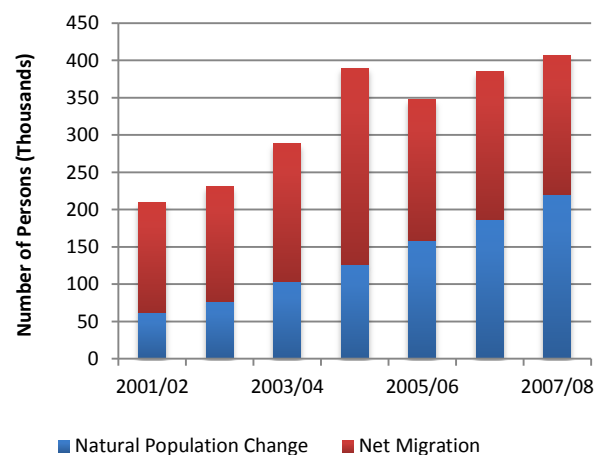


Figure 10
Population Change in the UK, 2001-2005 (Source: ONS, General Register Office for Scotland, NI Statistics & Research Agency)



3.5 In addition to a growing population, the size of households has been reducing over recent years, hence housing requirements have increased. The average household size in England was 2.67 in 1981 and is predicted to be 2.15 in 2021.

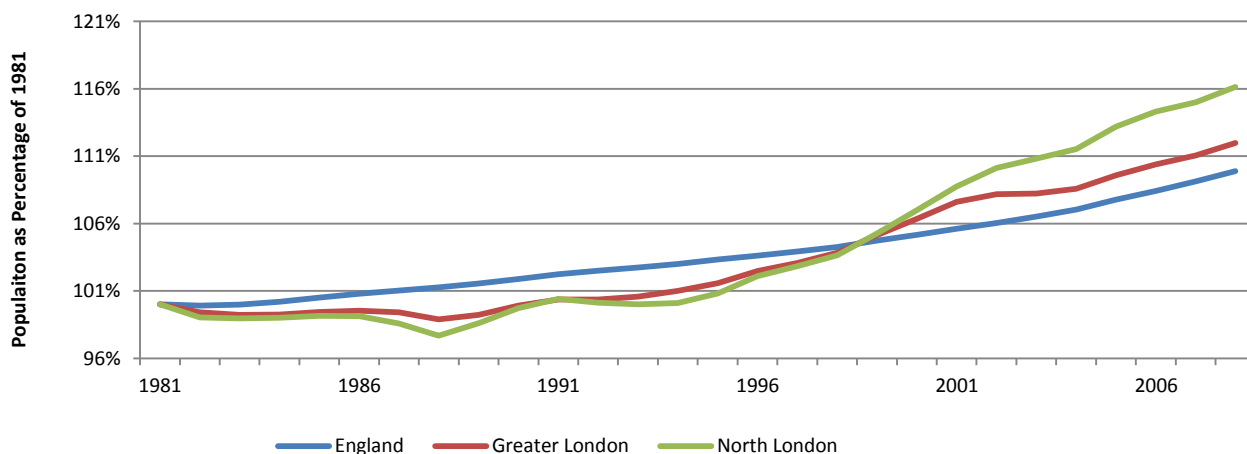
3.6 This significant reduction in household size has several possible causes. These include, young adults moving out of the parent home, increases in relationship breakdown and divorce, people choosing to have fewer children and many older people who outlive their partners continuing to live alone for significantly longer than older people lived in the past.

Population Trends and Projections

3.7 North London saw a decline and levelling off of its population in the 1980s and early 1990s. However, since the mid 1990s, and particularly between 1998 and 2001, it has seen a fairly rapid growth in its population and has since continued at a slightly lesser rate as illustrated in Figure 11. Taking the 1981 population as a base, it shows that the population of North London rose by 16% in the period up to 2007 from 1,481,000 to 1,720,100 people. This compares with a rise in population of 12% for Greater London and 9.9% for the whole of England.

3.8 International migration into North London has been high in the last 5 years and has contributed to a rise in the population, although this has almost been balanced by net out-migration to the rest of the UK. Also, as the households that move to the region tend to be younger than those that leave, migration has tended to lower the average age in North London and indirectly increase the rate of natural change, that is, births minus deaths.

Figure 11
Population of Greater London and England: 1981-2008 (Source: ONS Mid-Year Population Estimates)



3.9 Figure 12 shows that this rise in population of North London is expected to continue in the future. Based on the 2007 Round Demographic Projections, the GLA estimate that the sub-region’s population will increase to between 1,832,600 and 1,908,400 by 2026. This would represent a rise of 13.8-18.5% over the period 2001-2026.

3.10 The age structure of the population of North London (Figure 13) shows that there are far more young adults and young families with children aged 0-4 years in the area than in England and Wales as a whole. In particular, there is a higher population share for those aged 20-44 years, while those aged over 45 years are underrepresented in the population.

Figure 12
Population of North London 1981- 2001 and Population Projections for North London 2006-2026 (Source: ONS Mid-Year Population Estimates , GLA 2007 Round Demographic Projections. Note: Light band shows range from low to high estimates)

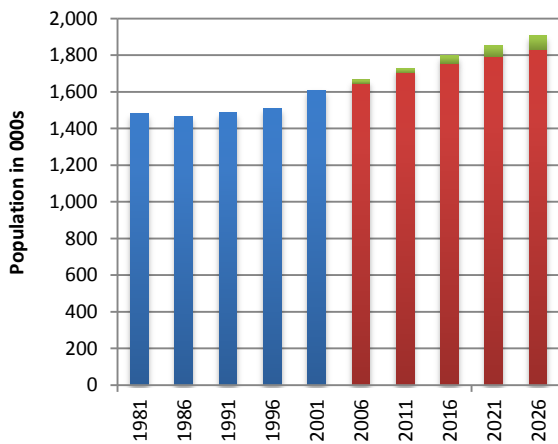
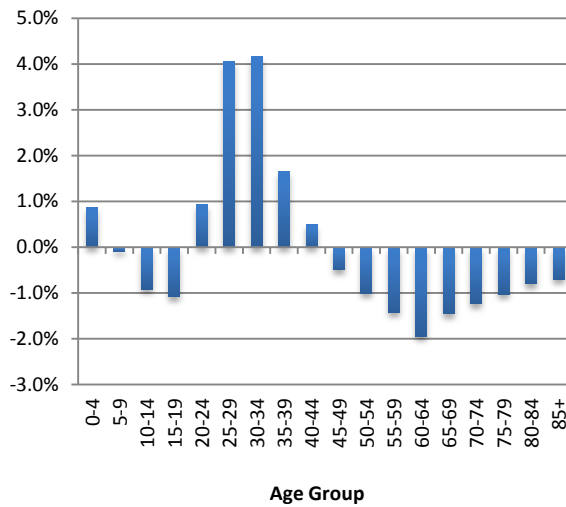


Figure 13
Age Profile for North London Compared with England: 2008 (Source: ONS Mid-Year Population Estimates)



Household Type

3.11 It is important to consider the structure of households when assessing housing needs. An area with more single people requires more separate accommodation, while an area with large families will require larger houses to accommodate them. The household structure of Greater London follows from its slightly younger than average population. In particular, in 2001, 22% of all households were comprised of a single, non pensioner persons, while 8% were lone parents (Figure 14). DMAG (Data Management and Analysis Group) data from 2006 suggests that the proportion of single non-pensioner households has decreased, while the proportion of adult couple households has increased.

3.12 Figure 16 shows household composition in North London in 2001. Here around 26% are single non-pensioner households, with fewer couple households than in Greater London. However, if it is assumed that there have been similar changes in North London since 2001 as there have been across London, then it is likely that there is now a slightly smaller proportion of single persons and slightly higher proportion of couples.

Figure 14
Household Type for Greater London in 2001 (Source: Census 2001)

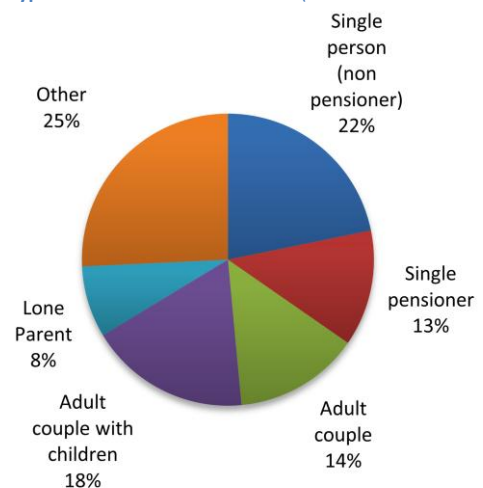


Figure 15
 (Source: A Profile of Londoners by Housing Tenure:
 DMAG Briefing 2007-17)

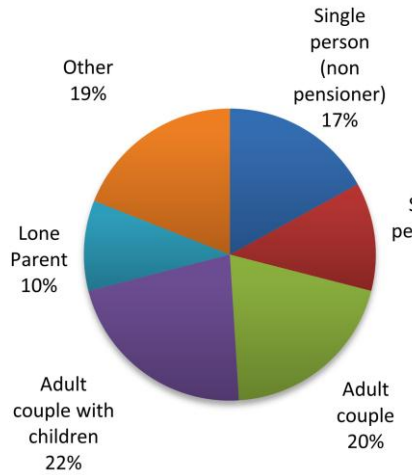
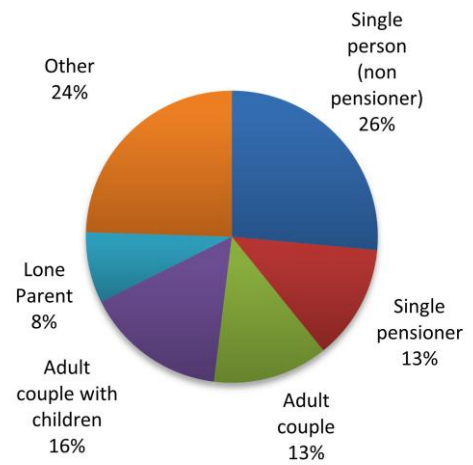


Figure 16
 Household Type for North London in 2001 (Source: Census 2001)



Migration

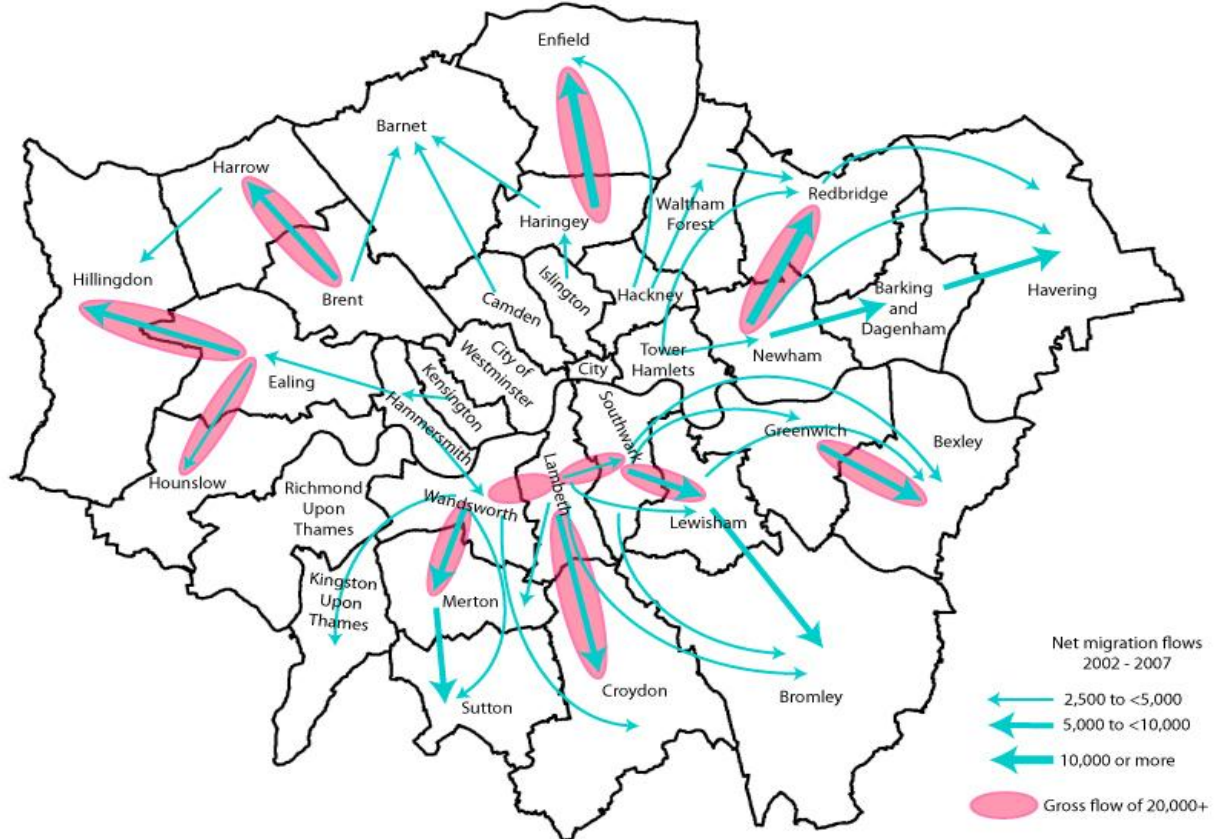
^{3.13} Since 1996-97, the ONS has published relatively localised migration data using information from the NHS Central Register (NHSCR) which records the movement of individuals who change GP. The NHSCR data provides an effective way of monitoring changes in migration over time, but it is important to recognise the limitations of the data for not everyone who moves will register with a doctor, so some migration will not be counted. Nevertheless, as the data provides the best available basis for analysis, the following information details migration patterns for North London over the period 2002-2007.

Migration within London

^{3.14} Figure 17 shows this net migration between the local authorities in London between 2002 and 2007 with thicker lines representing higher levels of net migration. The map only refers to the existing population of London and does not include the impact of migrants arriving from abroad or regions outside London.

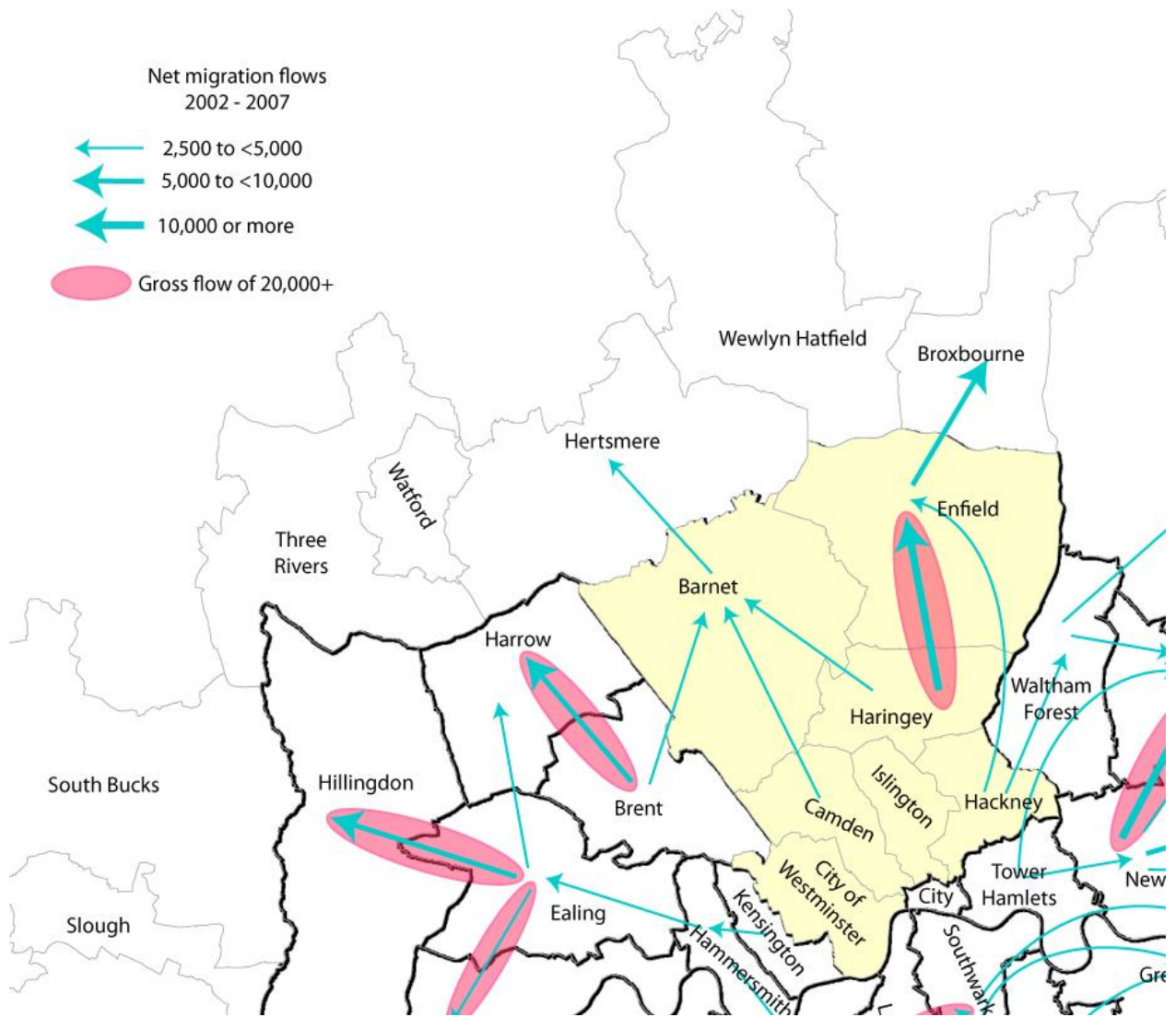
^{3.15} This shows a clear split between north and south London, with population leaving the northern central area of London moving to other northern boroughs and those leaving southern central boroughs moving to other southern boroughs. Therefore, the River Thames appears to act as a natural barrier to separate the north and south London housing markets.

Figure 17
Migration Between London Boroughs 2002-2007 (Source: ONS Migration Statistics Unit)



3.16 Figure 18 highlights internal migration flows within North London as well as links to neighbouring boroughs/districts. It can be seen that in general the population is moving northwards to the outer boroughs and then into Hertfordshire. In particular, there is significant movement from Haringey into Enfield and from Enfield to Broxbourne.

Figure 18
Migration Between Boroughs in North London 2002-2007 (Source: ONS Migration Statistics Unit)



UK Migration

- 3.17 The age structure of the net migrants to North London from the rest of the UK is shown in Figure 19. While the area has experienced a net loss of over 105,000 migrants across all age categories, it has gained over a net 20,000 people in the 16-24 age category. This is the equivalent of around 1.2% of the entire population of the area.

Figure 19

Migration to and from North London by Age Group 2002-2007 by Year (Source: ONS Migration Statistics Unit)

Age Group	2003	2004	2005	2006	2007	Total
In Migrants						
0-15 years	7,310	6,780	6,680	7,090	6,400	34,260
16-24 years	21,950	19,180	20,210	20,670	20,840	102,850
25-44 years	39,040	35,890	38,240	39,510	40,890	193,570
45-64 years	5,250	4,730	5,180	5,370	5,610	26,140
65+ years	190	1,450	1,440	1,560	1,490	7,530
Total	75,120	68,060	71,630	74,090	75,300	364,200
Out Migrants						
0-15 years	15,070	15,090	13,630	14,110	14,540	72,440
16-24 years	17,380	16,840	16,150	16,070	15,970	82,410
25-44 years	50,150	49,950	47,970	48,180	49,300	245,550
45-64 years	9,990	10,150	9,490	9,700	10,080	49,410
65+ years	4,340	4,440	3,760	3,730	3,920	20,190
Total	96,860	96,410	91,020	91,710	93,880	469,880
Net Migrants						
0-15 years	(7,760)	(8,310)	(6,950)	(7,020)	(8,140)	(38,180)
16-24 years	4,570	2,340	4,060	4,600	4,870	20,440
25-44 years	(11,110)	(14,060)	(9,730)	(8,670)	(8,410)	(51,980)
45-64 years	(4,740)	(5,420)	(4,310)	(4,330)	(4,470)	(23,270)
65+ years	(2,750)	(2,990)	(2,320)	(2,170)	(2,430)	(12,660)
Total	(21,740)	(28,350)	(19,390)	(17,620)	(18,580)	(105,680)

- 3.18 Figure 20 overleaf shows the net migration to North London from every region of England and Wales in the past 5 years. Overall, migration accounted for a fall in the region's population of 105,680 people from 2002 to 2007. This represents over 6% of the current population of the area. The major regions that migrants have moved from the North London region to are the Eastern, South East, and South West as well as to other parts of London.

Figure 20

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

UK Region	2003	2004	2005	2006	2007	Total
North East	(110)	(10)	220	270	390	810
North West	60	(250)	120	230	630	900
Yorkshire & Humberside	(210)	(250)	210	450	570	1,010
East Midlands	(710)	(800)	(300)	230	290	(760)
West Midlands	(50)	(20)	190	500	700	1,630
Eastern	(11,810)	(12,160)	(10,230)	(9,390)	(10,170)	(52,920)
London	(3,560)	(9,240)	(6,640)	(7,310)	(8,780)	(36,200)
South East	(3,450)	(3,670)	(2,000)	(1,940)	(1,770)	(12,770)
South West	(1,690)	(1,660)	(900)	(780)	(570)	(5,480)
Wales	(210)	(290)	(60)	(120)	(130)	(130)
Total	(21,740)	(28,350)	(19,390)	(17,620)	(18,580)	(105,680)

- 3.19 Figure 21 shows the individual local authorities which have had the highest net migration to the sub-region. Apart from the neighbouring London Borough of Brent, the next nine authorities with the largest net migration to the area are all major university cities from across England. This is unsurprising given that the only net in-migration experienced is in the 16-24 years age category, as well as a high level of in-migration in the 25-44 years age category.
- 3.20 Figure 22 shows the local authorities to which North London lost population through migration. It is apparent that of the majority of the top ten authorities that receive population from the sub-region are either in Hertfordshire or in other parts of London indicating that while the population of North London is migrating northwards and out of London, there is significant movement between North London and London boroughs outside the sub-region.
- 3.21 It should be noted that a total of 20,560 people moved from the sub-region to neighbouring Brent (the highest out-migration), although this is outweighed by the 22,480 people moving into North London from Brent, indicating that Brent has very strong links with the North London sub-region.

Figure 21

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

Local Authority	In-migrants	Out-migrants	Net
Brent	22,480	20,560	1,920
Oxford	5,700	3,780	1,920
Cambridge	5,010	3,330	1,680
Newcastle upon Tyne	1,800	1,130	670
Birmingham	5,340	4,670	670
Leeds	4,350	3,710	640
Nottingham UA	3,250	2,660	590
Sheffield	2,430	1,890	540
Liverpool	1,980	1,530	450
Manchester	4,360	3,930	430

Figure 22

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

Local Authority	In-migrants	Out-migrants	Net
Broxbourne	2,300	10,620	(8,320)
Waltham Forest	10,730	17,830	(7,100)
Hertsmere	3,280	9,980	(6,700)
Welwyn Hatfield	1,930	5,950	(4,020)
Redbridge	4,790	8,240	(3,450)
East Hertfordshire	1,380	4,670	(3,290)
Wandsworth	10,280	13,300	(3,020)
Epping Forest	1,540	4,550	(3,010)
St Albans	1,860	4,870	(3,010)
Barking and Dagenham	2,320	5,290	(2,970)

International Migration

- 3.22 Records for international migration for local authorities have recently begun being published by the Office for National Statistics. The records are drawn from the International Passenger Survey which interviews approximately 1 in 500 people who travel to and from the UK. Figure 23 shows that between 2001 and 2006, a net 126,600 international migrants moved to North London from overseas.

Figure 23
International Migration for North London 2001-2006 (Source: ONS Migration Statistics)

Area	International in-migration	International out-migration	Net international migration
Greater London			
2001/02	54,000	24,200	29,800
2002/03	53,500	30,200	23,300
2003/04	52,400	26,100	26,300
2004/05	55,600	26,500	29,100
2005/06	47,600	29,500	18,100
Total	263,100	136,500	126,600

Migrant Workers

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

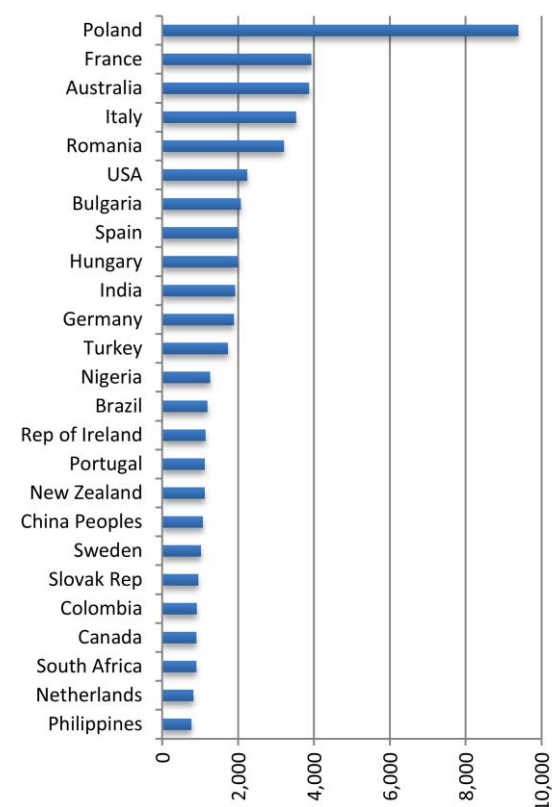
- 3.24 Figure 24 shows that in 2007/08 a total of 65,700 new National Insurance numbers to non-UK nationals were issued across the boroughs of North London. This group of workers represent around 3.9% of all people residing in North London.

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

- 3.26 Figure 24 shows that over 14% of all new National Insurance registrations in North London were issued to Polish nationals.

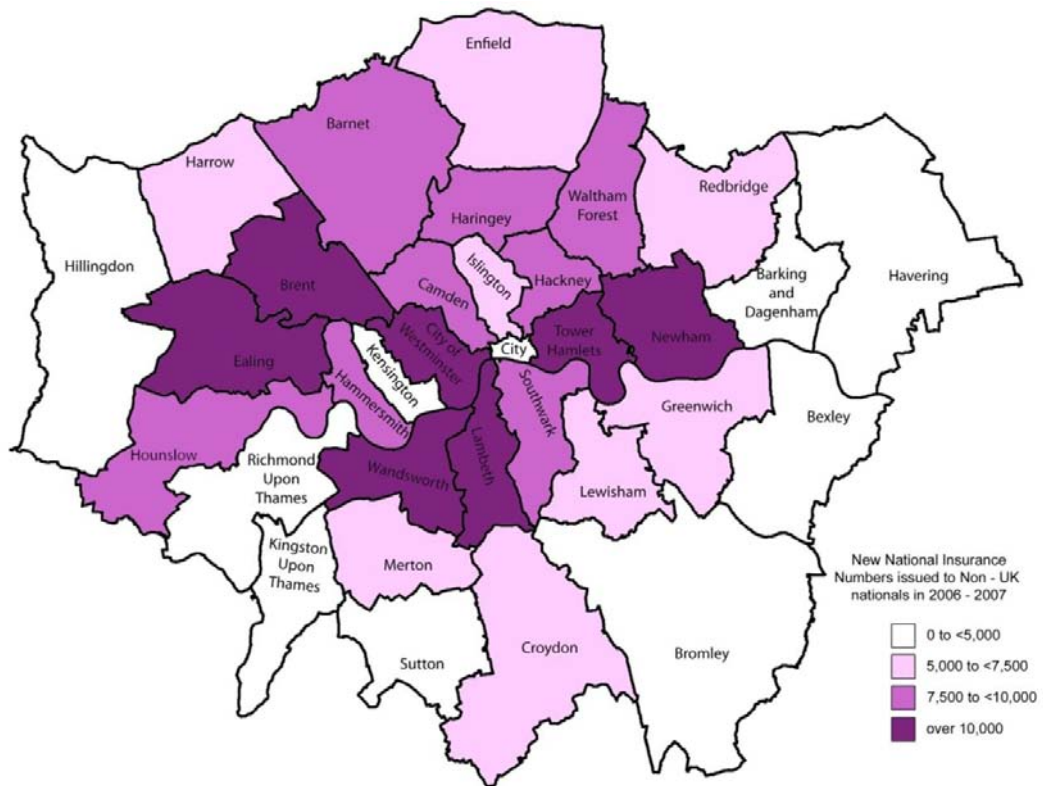
- 3.27 To place the results for new National

Figure 24
New National Insurance Registrations of Non-UK Nationals in London 2007/08 by Country of Origin (Source: DWP)



Insurance numbers for non-UK nationals into context, Figure 25 shows the numbers for each London borough.

Figure 25
New National Insurance Registrations of Non-UK Nationals by London Borough 2006/07 (Source: DWP)



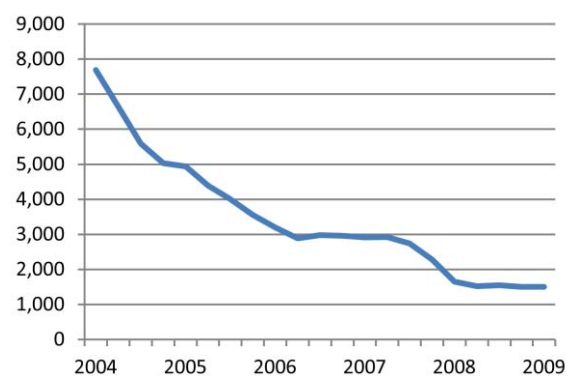
Asylum Seekers

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

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

3.30 Figure 26 shows that the number of asylum seekers in North London who receive either accommodation or financial support from the National Asylum Seeker Service (NASS) is currently around 1,500, but has been as high as 7,700. However, this number is still only a small fraction of the number of migrants to North London from overseas and therefore is unlikely to have a major impact on the region.

Figure 26
Asylum Seekers in NASS Accommodation or Receiving Subsistence Only Support from NASS in North London 2004-2009 (Source: Home Office Asylum Statistics)



Economic Factors

Economic Activity

- 3.31 Figure 27 shows that unemployment in North London reduced dramatically between 1993 and 2001 and fell again in 2008 to a low of 2.6%. However, it has begun to rise again and by May 2009 stood at 4.2%, levels not experienced since 1999. The long term 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.
- 3.32 Figure 28 shows how unemployment rates vary between boroughs in North London where it is clear that unemployment rates in Hackney, Haringey and Islington are much higher than in Barnet, Westminster and Enfield.

Figure 27
Unemployment Rate for Working Age Population for North London, London and England: 1993-2009 (Source: Claimant Count. Note: Data relates to May each year)

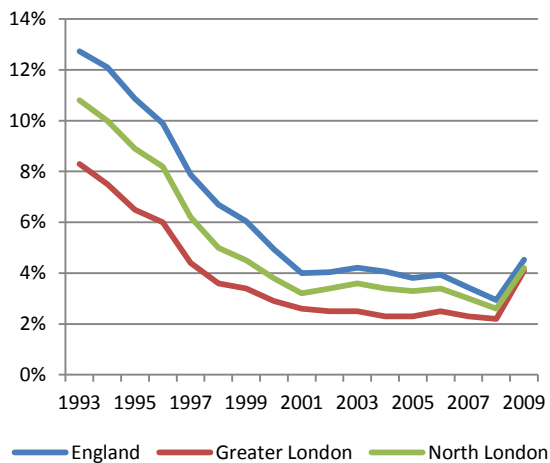
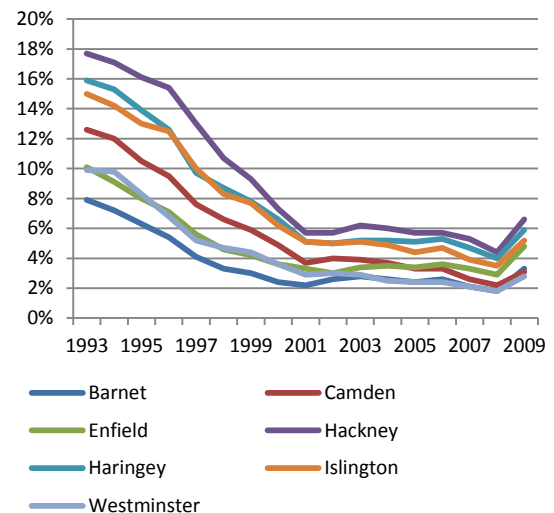
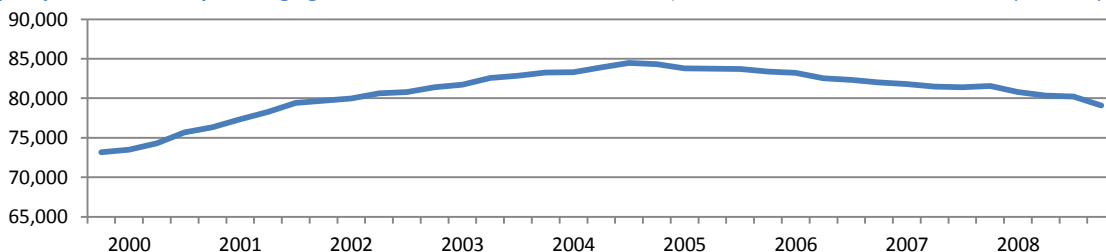


Figure 28
Unemployment Rate for Working Age Population for North London by Borough (Source: Claimant Count. Note: Data relates to May each year)



- 3.33 Figure 29 shows that the number of working age residents of North London claiming incapacity benefit rose until 2005 but has since begun to fall again. Incapacity benefit is more generous than unemployment benefit and also places less onus on the individual to seek a job. The growth in incapacity benefit claimants may have prevented a rise in unemployment rates between 2001 and 2005.

Figure 29
Incapacity Benefit Claims by Working Age Persons for London Q3 1999-Q2 2007 (Source: DWP. Note: Data relates to May of each year)



Incomes and Earnings

3.34 Average earnings are another key indicator of the health of the local economy. There are two ways to analyse average earnings in an area. One is to examine those who are employed within the area (but may not live there). The other is to examine the earnings of the residents of the area (who may not work there).

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

3.36 Figure 30 shows that residents in North London on average earn more than those employed in the sub-region. However, both figures are significantly higher than the English average. Figure 31 compares growth rates in average earnings in North London and England for the period since 2001.

3.37 The above data refers only to those in full-time employment, whereas many employees in North London work part-time or seasonally. Figure 32 shows the average person resident in the North London sub-region earns around £3,500 less than the average full-time employee.

3.38 Figure 33 shows that average salaries have risen for full time employees resident in all North London Boroughs albeit at different rates. Median gross annual earnings for Haringey residents rose by around £11,100 (59%) for those full time employees since 1999 whereas earnings for Enfield residents only increased by £6,200 (32%). It also shows that median earnings for full-time employed residents in Islington and Westminster are higher than the other boroughs in the sub-region.

Figure 30
Comparison of Workplace and Residence Median Gross Annual Earnings in North London and England in 2008 for Full-time Employees' (Source: ASHE 2008)

Local Authority	Employed in Area	Resident in Area
North London	£27,501	£32,381
England	£25,541	£25,520

Figure 31
Annual Growth in Median Gross Annual Earnings for Workplace in Greater London and England for Full-time Employees 2001-2008 (Source: ASHE 2001-2008)

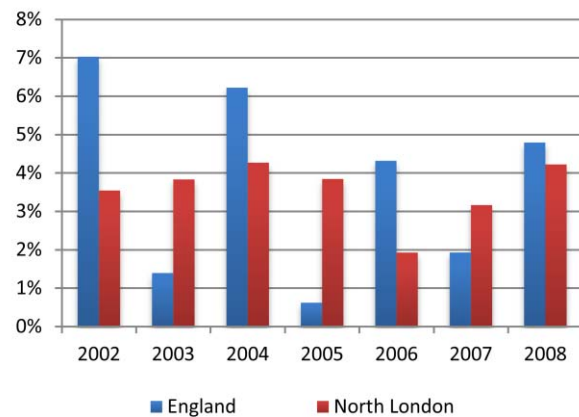
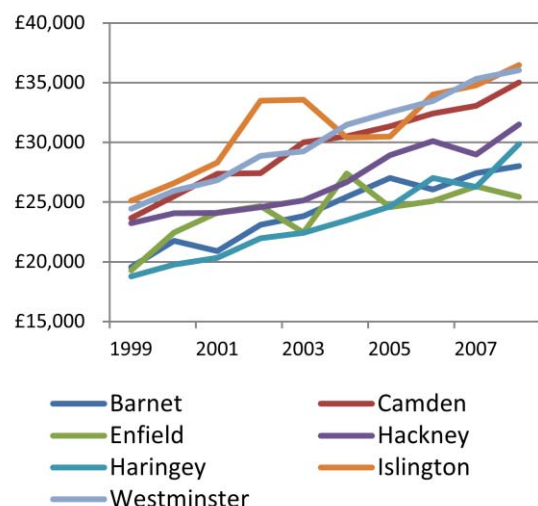


Figure 32
Median Gross Annual Earnings for Residents in North London and England in 2007 (Source: ASHE 2007)

Local Authority	Median Earnings		
	Overall	Full-time	Part-time
North London	£28,721	£32,381	£9,035
England	£21,147	£25,520	£7,970

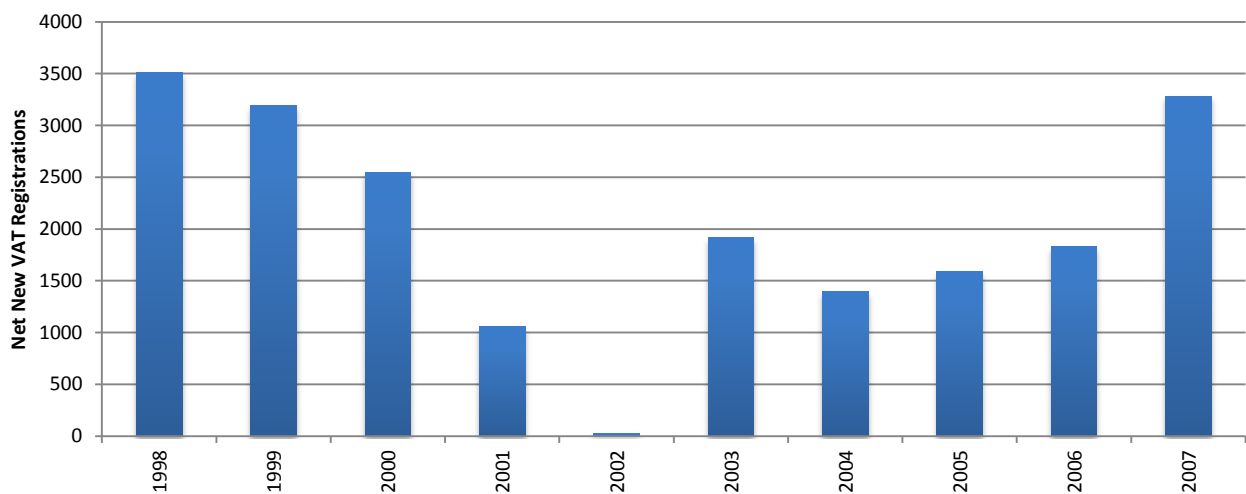
Figure 33
Median Gross Annual Earnings for Employed in North London Boroughs 1999-2008 (Full-time Employees) (Source: ASHE 1999-2008)



Employment

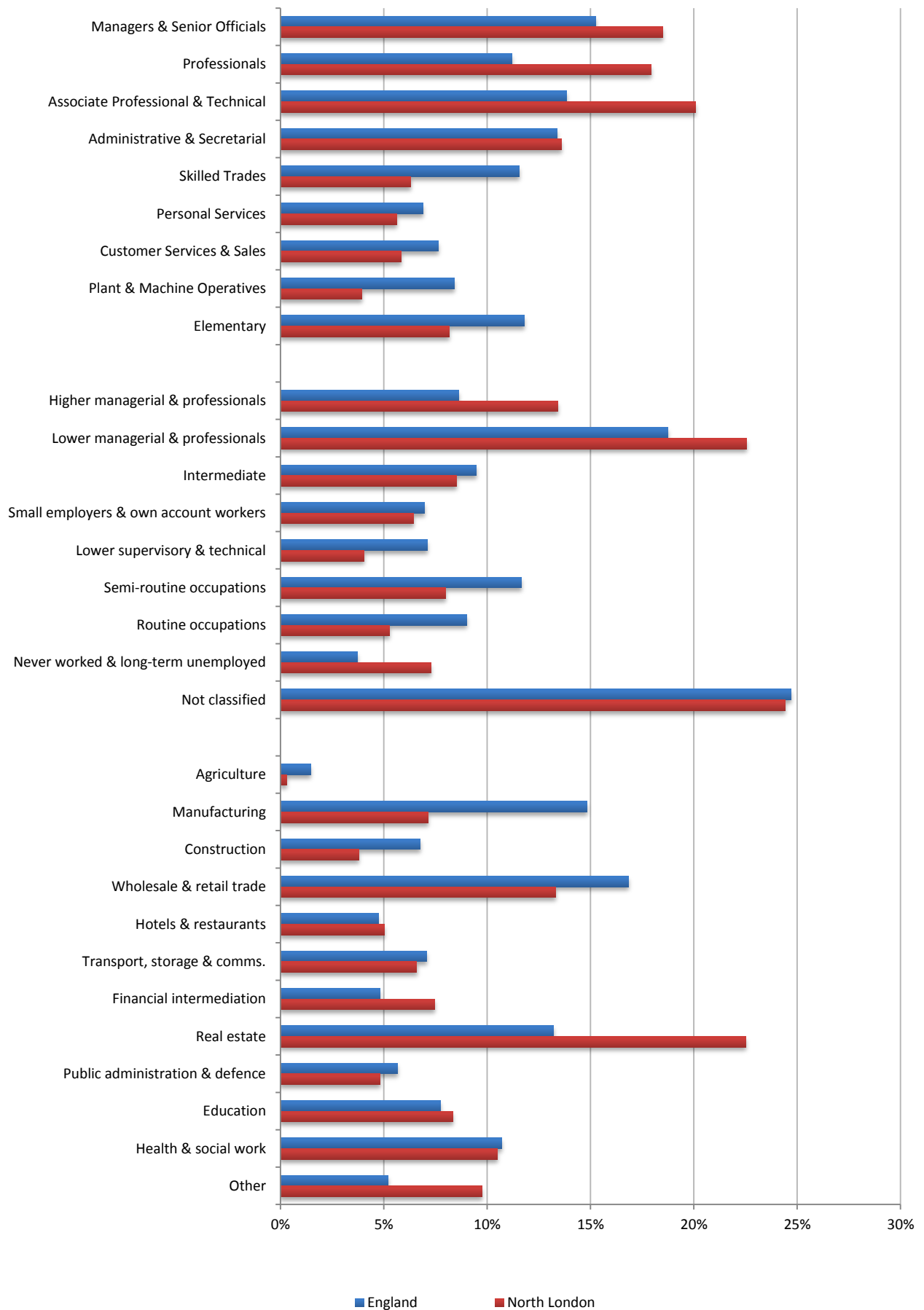
- 3.39 A measure of innovation and entrepreneurship is the number of new VAT registered businesses in a year. A business must register for VAT if its turnover exceeds £64,000 per year. It can de-register if its turnover falls below £62,000. In practice most de-registration is likely to be due to the business being acquired, merged or liquidated. Figure 34 shows the net new VAT registrations in North London per annum. In total, since 1998 the number of VAT registered businesses has grown by 20,365. This represents a 21.1% growth in the number of VAT registered business since 1997, which is slightly below the average across England as a whole (21.8%).

Figure 34
Net New VAT Registered Businesses in North London: 1998-2007 (Source: VAT Registrations)



- 3.40 The range of occupations of North London residents show that a far smaller proportion are employed in manufacturing and related occupations, while more are in professional and managerial roles. Financial services and real estate are also particularly important in North London (Figure 35).
- 3.41 The population of North London contains proportionally more people who are long-term unemployed or who have never worked (7%) and proportionally less people in routine or semi-routine categories.

Figure 35
Occupation, NS-SeC and Industry of Employment for North London Compared to England (Source: UK Census of Population 2001)



Skills and Education

- 3.42 Figure 36 shows the proportion of the population over 16 years who are educated to NVQ 4 or higher level, and those with no formal qualifications. NVQ 4 is considered to be the equivalent of a university degree. A full definition of qualification levels is given in the Technical Report.
- 3.43 Compared with England as a whole, North London has fewer residents with no qualifications and a much larger proportion that is highly educated.

Figure 36

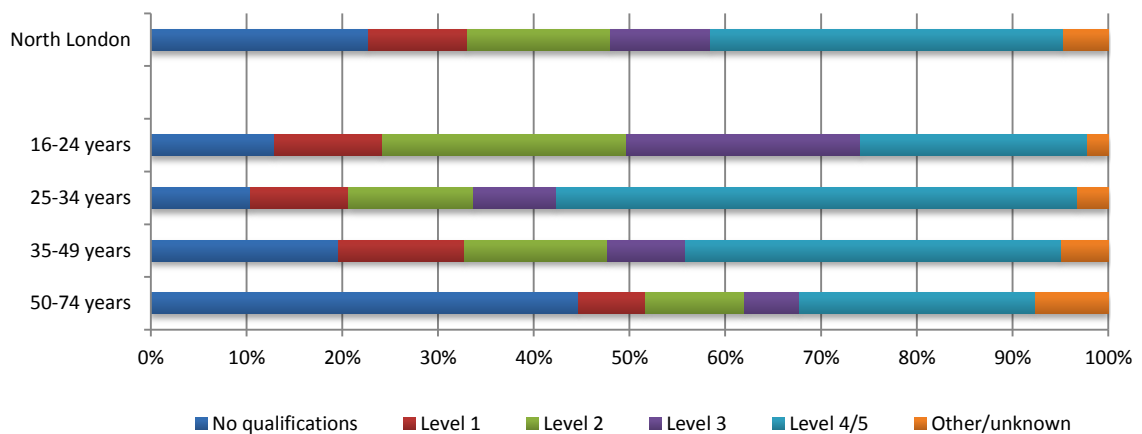
Qualification Levels for North London and England (Source: UK Census of Population 2001)

Education Level	Barnet	Camden	Enfield	Hackney	Haringey	Islington	Westminster	North London	England
Level 0	19.6%	17.4%	28.3%	29.0%	23.4%	25.1%	16.0%	22.7%	28.9%
Level 1	11.2%	7.6%	15.2%	10.5%	9.8%	9.2%	7.3%	10.4%	16.6%
Level 2	18.0%	12.0%	19.0%	13.8%	14.2%	12.0%	12.7%	15.0%	19.4%
Level 3	10.8%	12.4%	8.9%	8.6%	10.2%	9.4%	12.4%	10.4%	8.3%
Level 4 / 5	35.5%	47.0%	22.4%	32.9%	37.9%	39.9%	47.8%	36.9%	19.9%
Other / unknown	4.8%	3.7%	6.2%	5.1%	4.6%	4.3%	3.7%	4.7%	6.9%

- 3.44 Figure 37 shows that around 45% of the population of the sub-region aged over 50 years possess no formal qualifications, while almost 50% of everyone aged 25-49 years having the equivalent to a degree or higher.

Figure 37

Qualification Levels for North London by Age (Source: UK Census of Population 2001)



Travel to Work

3.45 Travel to work patterns are arrived at through analysis of the 2001 Census data.

Figure 38
Travel to Work Patterns affecting North London in 2001 (Source: Census 2001)

Rest of London/UK Region	Travel to Work				
	Area of Residence for Employees Working in North London		Area of Workplace for Employees Living in North London		Net
	N	%	N	%	
Barnet	103,204	8.50%	71,862	10.30%	31,342
Camden	63,870	5.30%	88,683	12.70%	-24,813
Enfield	92,722	7.70%	64,615	9.20%	28,107
Hackney	54,398	4.50%	37,603	5.40%	16,795
Haringey	70,979	5.90%	47,785	6.80%	23,194
Islington	55,929	4.60%	60,865	8.70%	-4,936
Westminster	57,083	4.70%	126,772	18.10%	-69,689
North London sub-total	498,185	41.10%	498,185	71.20%	0
City of London	1,369	0.10%	49,885	7.10%	(48,516)
Wandsworth	36,633	3.00%	3,849	0.50%	32,784
Lambeth	38,987	3.20%	8,381	1.20%	30,606
Waltham Forest	29,990	2.50%	5,085	0.70%	24,905
Brent	35,157	2.90%	11,188	1.60%	23,969
Lewisham	23,276	1.90%	1,114	0.20%	22,162
Bromley	19,757	1.60%	513	0.10%	19,244
Redbridge	20,017	1.70%	1,801	0.30%	18,216
Ealing	22,255	1.80%	5,365	0.80%	16,890
Newham	19,176	1.60%	3,453	0.50%	15,723
Southwark	27,863	2.30%	12,257	1.80%	15,606
Croydon	16,710	1.40%	1,159	0.20%	15,551
Harrow	19,045	1.60%	3,892	0.60%	15,153
Merton	15,325	1.30%	959	0.10%	14,366
Greenwich	15,056	1.20%	1,014	0.10%	14,042
Bexley	12,777	1.10%	252	0.00%	12,525
Hammersmith and Fulham	22,151	1.80%	10,647	1.50%	11,504
Richmond upon Thames	12,426	1.00%	1,242	0.20%	11,184
Havering	11,020	0.90%	712	0.10%	10,308
Rest of London	83,309	6.90%	43,360	6.20%	39,949
London sub-total	980,484	81.00%	664,313	94.90%	316,171
East	111,518	9.20%	22,770	3.30%	88,748
East Midlands	6,179	0.50%	839	0.10%	5,340
North East	1,143	0.10%	169	0.00%	974
North West	3,236	0.30%	714	0.10%	2,522
Northern Ireland	263	0.00%	24	0.00%	239
Scotland	898	0.10%	238	0.00%	660
South East	93,449	7.70%	8,842	1.30%	84,607
South West	6,081	0.50%	772	0.10%	5,309
Wales	1,311	0.10%	200	0.00%	1,111
West Midlands	3,754	0.30%	800	0.10%	2,954
Yorkshire and The Humber	2,467	0.20%	419	0.10%	2,048
Total	1,210,783	100.00%	700,100	100.00%	510,683

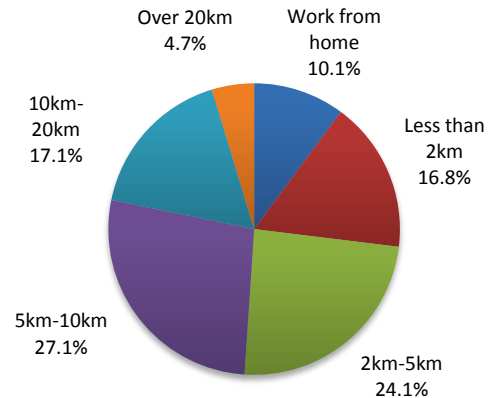
3.46 The data identifies that 498,185 people both live and work in North London. This represents around 71% of all those living in the area who have a job, and just under 41% of all those who work in North London. Of the group 67,300 work mainly at or from home, this represents around 10% of all residents of North London who have jobs.

3.47 The vast majority of people who travel to work in and out of North London do so to and from other parts of London, with 81% of all workers in North London living somewhere in London and 95% of residents of North London working somewhere in London. Of those who leave North London to work in other parts of London the majority travel into the City, while almost all other boroughs export net workers to North London.

3.48 North London also attracts 9.2% of workers from the Eastern region and 7.7% from the South East region. Very few people leave North London to work outside of London, with the highest out-migration standing at 3.3% to the Eastern region.

3.49 Figure 39 shows the travel to work distances for North London residents. This shows that the over half of the working population travel less than 5km to work every day, while only just over 20% travel 10km or more.

Figure 39
Travel to Work Distance for North London Residents
(Source: UK Census of Population 2001)



Summary of Key Points

Population Trends

- The number of households in the UK has increased more rapidly than housing supply. There are several key reasons for the increase in household numbers. Until the mid-1990s, natural change was the main driver for population growth, however, more recent population growth has been predominantly based upon international migration.
- In addition to a growing population, the size of households has been reducing over recent years, hence housing requirements have increased. The average household size in England was 2.67 in 1981 and is predicted to be 2.15 in 2021.
- Taking the 1981 population as a base, the population of North London sub-region rose by 16% in the period up to 2007, from 1,481,000 to 1,720,100 people. This compares with a rise in population of only around 9.9% for England and 12% for the Greater London region.
- The age structure of the population of North London is that there are far more young adults and young families (adults aged 20-44) with children aged 0-4 years in the area than in England and Wales as a whole.
- In 2001 over a quarter of households in North London were single non-pensioner households and there are fewer couple households than across the whole of London. However, if similar changes have occurred across the sub-region as across the region, it is likely that there has been a slight shift away from single non-pensioner towards adult couple households.
- Within North London the population is generally moving northwards to the outer boroughs, in particular, from Haringey into Enfield and then out into Hertfordshire.
- Through movements within England and Wales the sub-region has experienced a loss of 105,700 migrants between 2002 and 2007. However, while there has been a net loss across most age groups there has been a net in-migration of 20,000 in the 16-24 age category. The major regions that migrants have moved to from the North London region to are the Eastern, South East and South West as well as to other parts of London.
- Along with the neighbouring authority of Brent, the main sources of in-migrants are university towns and cities across England. The main authorities receiving population from North London are in Hertfordshire or other London boroughs outside of the sub-region.
- ONS data shows that a net 126,600 international migrants moved to North London from overseas between 2001 and 2006. It is also the case that in 2007/08, 65,700 new national insurance numbers were issued to non-UK nationals (particularly Polish) across North London, representing 3.9% of the sub-region's population. From this the GLA estimate that an average of 60,000 additional short term migrants were present at any time over the past two years. Asylum seeker numbers have, in contrast, fallen over recent years.

Economic Factors

- Unemployment had been in long-term decline in North London and fell to a low of 2.6% in 2008. However, it has since begun to rise again and in May 2009 stood at 4.2%. Unemployment rates in Hackney, Haringey and Islington are much higher than in Barnet, Westminster and Enfield.
- Residents in North London on average earn more than those employed in the sub-region, but both figures are higher than the English average. Average salaries for full-time employees resident in North London have risen in all boroughs albeit at a different rate. Haringey experienced a growth of 59% compared to 32% in Enfield. Median earnings for employed residents in Islington and Westminster are generally higher than in other boroughs.
- There has been a 21.1% growth in the number of VAT registered businesses since 1997, which is slightly below the average across England as a whole.
- When compared to the whole of England, a far smaller proportion of North London residents are employed in manufacturing and related occupations, while more are in professional and managerial roles. Financial services and real estate are also particularly important in North London.

Summary of key points continued

- Compared with England as a whole, North London has fewer residents with no qualifications and a much larger proportion that is highly educated.
- 498,185 people both live and work in North London, representing 71% of all those living in the area who have a job and just under 41% of all those who work in North London. The vast majority of people who travel to work in or out of North London do so to and from other parts of London, in particular, North London residents travel to work in the city while almost all other boroughs export net workers to North London. Residents also leave the sub-region to work in the Eastern region and the South East.

Section 4: Existing Housing Stock and the Housing Market

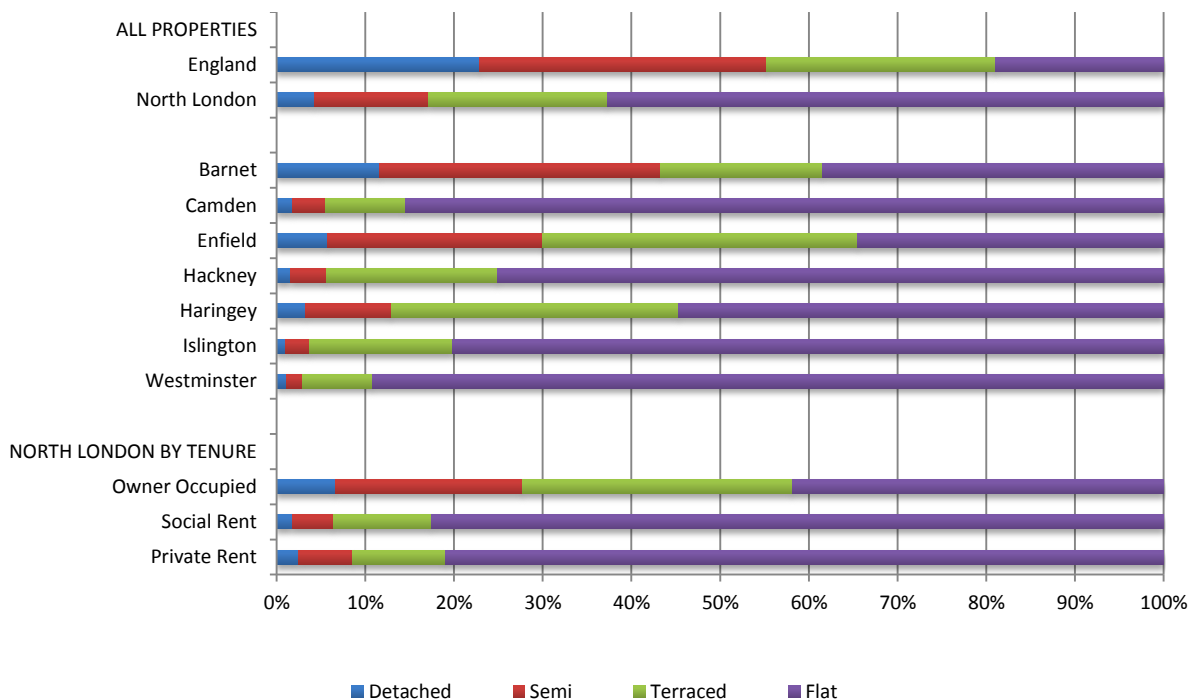
4.1 The general character of dwelling stock is important in understanding the type of housing available to residents of an area and the impact that dwelling type, age and location has on dwelling condition. The mix of property type available will have a bearing on home-owners' choices in terms of accommodation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

Dwelling Type

4.2 Figure 40 shows the mix of existing housing in North London in terms of dwelling type compared to all England at the time of the 2001 Census as well as how types vary by borough. This shows that over 60% of the housing stock is in the form of flats, compared to less than 20% across the whole of England. Westminster and Camden have the highest proportion of flats (90% and 86% respectively), while Enfield and Haringey have a relatively high proportion of terraced homes (35% and 32% respectively).

4.3 Figure 40 also shows the difference in house type by tenure in North London. Almost 30% of owner occupied housing in North London is either detached or semi-detached houses and only just over 40% is flats. In contrast, over 80% of both private and social rent housing is in the form of flats.

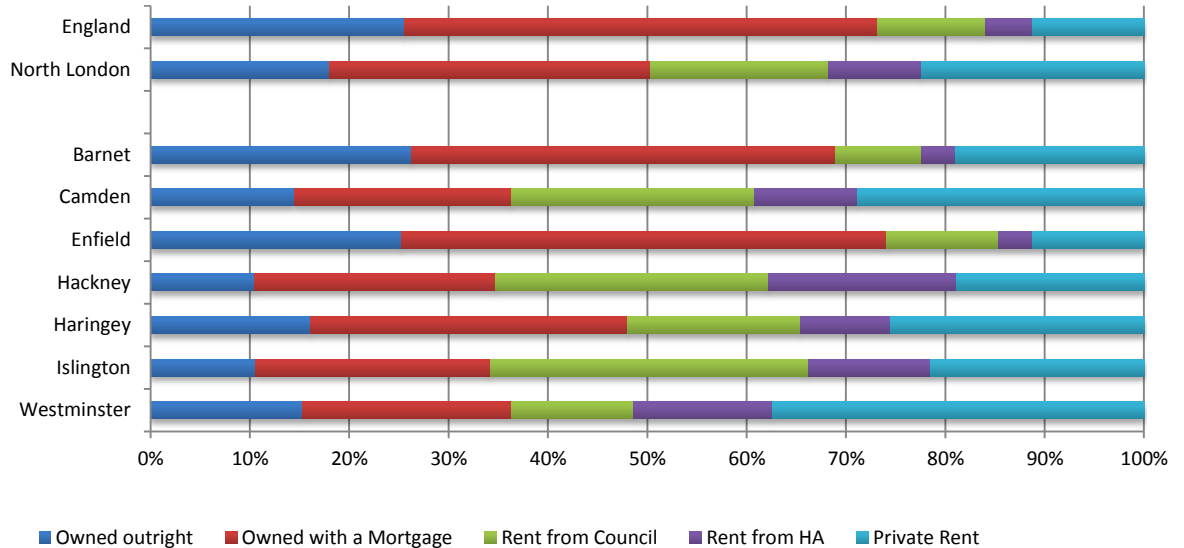
Figure 40
Property Type by Borough and Tenure (Source: UK Census of Population 2001)



Housing Tenure

4.4 Figure 41 shows the differences in tenure which exists between boroughs in North London and North London compared with England as a whole.

Figure 41
Tenure by Borough (Source: Census 2001)



4.5 Only around 50% of dwellings in North London are owner occupied, with almost 30% being social rent and over 20% private rent, compared to over 70% owner occupation across England as a whole. Tenure also varies significantly between inner and outer boroughs in North London. Around 70% of the housing stock in Barnet and Enfield are owner occupied with less than 15% social rent while owner occupation rates in Camden, Hackney, Islington and Westminster are around 35% with social rent in Hackney and Islington over 40%. Private renting rates are particularly high in Westminster where almost 40% of the dwelling stock is in this category.

4.6 Figure 42 shows the proportion of dwellings in each of the local authorities in London that were classified as **social housing** in 2008. It is apparent that the overall proportion of social housing in North London is higher than both the Greater London and English average, but varies enormously by borough.

4.7 Hackney has the highest proportion of socially rented dwellings of all London boroughs at 47% of the total stock. Islington also has a relatively high proportion at 40%.

4.8 Over recent years, **the private rented sector** has seen considerable growth. The impact of low interest rates and concerns about the rate of returns on long-term investments and pensions has led to many people investing in the buy-to-let housing market.

4.9 The private rented sector is important because of its role in housing particular household groups. Many households who cannot afford to move into owner occupied accommodation form in the private rented sector. The Houses in Multiple Occupation sector (HMO) sector plays an important role in providing (relatively) affordable housing especially within the private rented sector in Central London boroughs.

4.10 Many students occupy housing in the private rented sector which is particularly relevant for London as it is home to numerous students. It is also the case that many migrant workers seek to live in private rented housing because they are not eligible for social housing and are not seeking to buy a permanent home in the area they are working. According to the Annual Population Survey, 61% of working age individuals in the private rented sector in London were born overseas (DMAG Briefing 2007-17 'A Profile of Londoners by Housing Tenure; September 2007).

4.11 Figure 43 demonstrates the growth in the private rented sector in London since 2001. The number of private rented properties has grown from 476,000 to 597,000, a 25% growth in five years.

Figure 42
Proportions of Social Rented Housing in Greater London by Borough 2008 (Source: Housing Strategy Statistical Appendix, CLG)

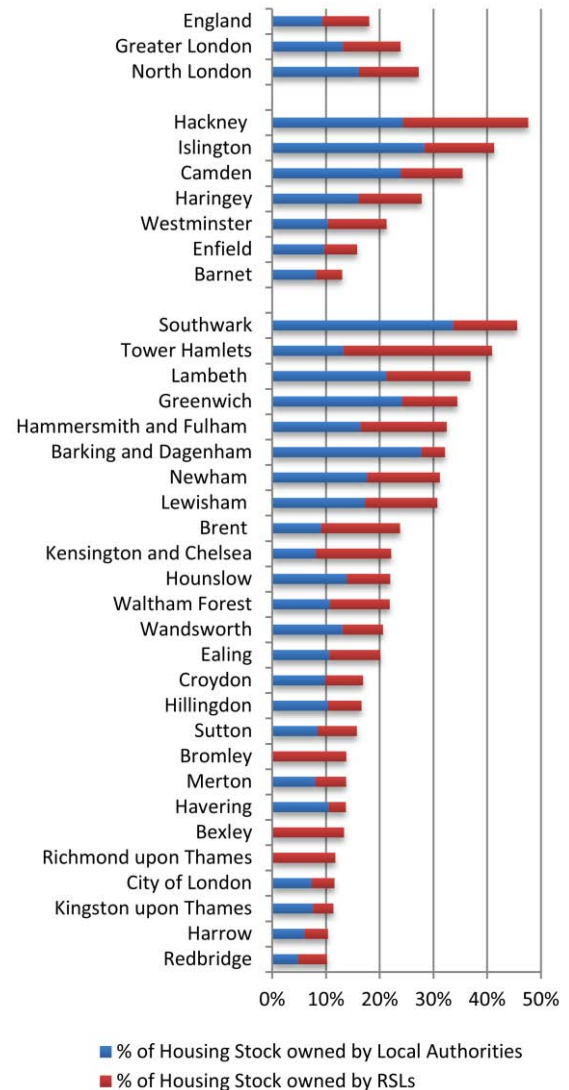
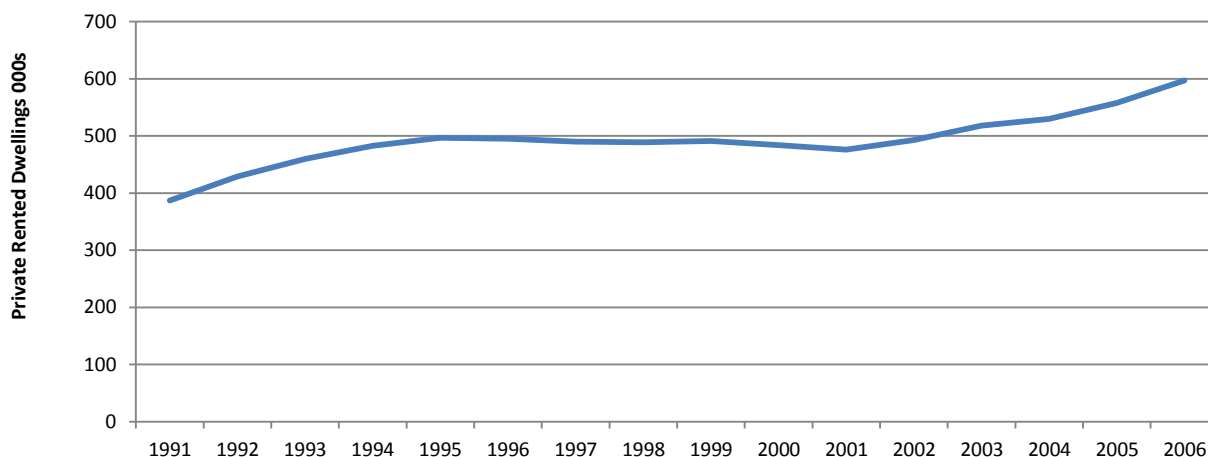


Figure 43
Private Rented Households in Greater London: 1991-2006 (Source: CLG)



Houses in Multiple Occupation and Communal Establishments

^{4.12} When looking at housing needs it must be remembered that not all people live in self contained dwellings occupied by a single household. Many households occupy houses in multiple occupation (HMOs). An HMO is currently defined by the Housing Act 2004;

- 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.

^{4.13} The accommodation must be used as the tenants' only or main residence and it should be used solely or mainly to house people. Properties let to students and migrant workers are treated as their only or main residence.

^{4.14} Across Greater London HMOs form a significant part of the private rented housing stock. There are an estimated 47,000 HMOs, a large proportion of which are occupied by students and single workers who share facilities.

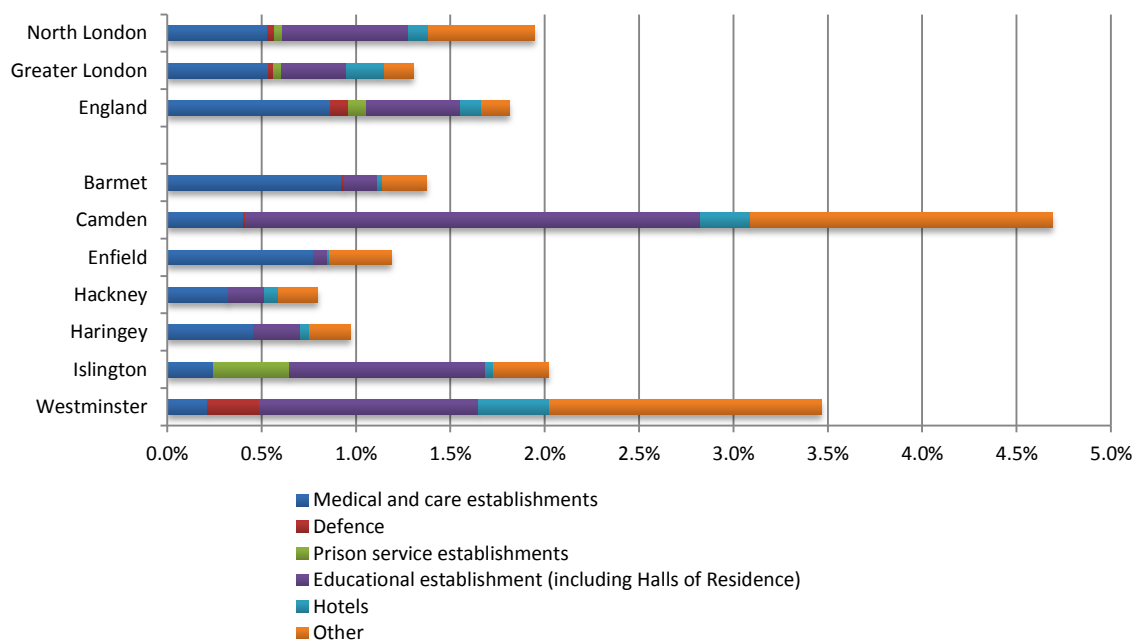
^{4.15} HMOs make an important contribution to the private rented sector by providing housing to meet the needs of specific groups/households and by making a contribution to the overall provision of affordable housing stock. This classification of housing must be considered alongside accommodation for people who share housing and housing costs in order to afford self contained market housing. This is an important feature of the London Housing Market – the 'flat share' market. It is clear from the above definitions that there is likely to be an overlap in that some flat shares can be regarded as

HMOs but these may be very different in character and location to HMOs that house low income groups. An attempt to ascertain the cost and affordability of HMO accommodation by desktop research has been unsuccessful. This is because it is impossible to distinguish HMO bedsits from other types of flat share all of which tend to be classified under the general term 'rooms'. Only the flat share market is visible from internet based information. Ascertaining the cost of HMO accommodation would require street level research.

- 4.16 It is also important to note that not all people live in traditional household units. Figure 44 shows that at the time of the 2001 Census, 1.9% of the population of North London lived in communal residences. In Camden this is as high as 4.7%, with 2.5% in educational establishments. The other residences in Camden and Westminster include a large number of hostels, for example youth hostels and homeless hostels.

Figure 44

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



The Niche Markets of the Private Rented Sector

- 4.17 Market housing provided by the private rented sector market mainly consists of assured shorthold tenancy lettings that meet demand from a diverse group of households. This is referred to as open market rented housing. The open market offers a great deal of choice due to its high turnover, enabling tenants to live in the best quality housing that they can afford allowing for the usual constraints over location factors. The characteristics of open market housing are of central importance to the SHMA housing market modelling (Section 6 of this report).
- 4.18 Also central to the understanding of the market modelling in Section 6 is the extent to which the sector has been successful in meeting the housing needs of households whose income means that they are unable to afford housing without housing benefit support or the current supply of intermediate housing, but who are not in a priority group for social housing.
- 4.19 The Rugg Report; 'The Private Rented Sector: its Contribution and Potential (Julie Rugg and David Rhodes, Centre for Housing Policy, University of York 2008) concludes that the private rented sector

has expanded to meet the housing requirements of this group as well as younger working households. Data from the Survey of English Housing that indicates that increasing proportions of the 'older' younger age group are renting. Rugg believes that the key factor behind this trend is that rent levels have generally kept in line with earnings rather than reflecting the substantial recent house prices increases.

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

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

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

4.22 The housing benefit market is noteworthy in the context of the SHMA and this is considered next.

The Housing Benefit Household Niche

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

4.24 Local authorities have been seeking properties in the PRS to help deal with their responsibilities to eligible, unintentionally homeless households under homelessness legislation. This has driven the growth of private sector leasing (PSL) arrangements between the private rented sector and local authorities which tie local authorities into arrangements to guarantee rental payments to landlords over three or five years.

4.25 The private rented sector has a distinctive housing benefit sub-market. However, some landlords can be reluctant to deal with households in receipt of housing benefit and, as a consequence, there is a substantial amount of unmet need for accommodation in the housing benefit sub-market of the PRS.

A range of incentives has been developed to assist existing housing benefit landlords to expand their portfolios and to induce wider-market operators to enter the sector.

^{4.26} Furthermore, increased use of the private rented sector has been made by single people or young couples without children who have always relied on the private rented sector as the principal source of accommodation. A proportion of these households will claim housing benefit. The proportion that can afford to live in cheaper private rented sector self-contained housing are also likely to be regarded as households in the intermediate affordable housing band. This is noted by the Rugg Report and is considered further in Section 6 of this report.

Proposed Changes Local Housing Allowance in the June 2010 Budget.

^{4.27} The Coalition Government's first budget in June 2010 budget contained a number of proposed reforms to the local housing allowance. Changes to implementation dates and minor modifications were subsequently announced at the end of November 2010. These are likely to have a major effect on the housing market in London in the medium term affecting the benefit supported housing and private rented sector housing leased by local authorities identified above. The proposals include:

- from April 2011, local housing allowance rates will be capped at £250 per week for a one bedroom property, £290 per week for a two bedroom property, £340 per week for a three bedroom property and £400 per week for four bedrooms or more;
- from April 2011, local housing allowance rates will be set at the 30th percentile of local rents (previously the 50th percentile) for new HB claims;
- from January 2012, local housing allowance rates will be set at the 30th percentile of local rents (previously the 50th percentile) for existing claims;
- from 2013-14, local housing allowance rates will be uprated in line with the consumer price index rather than the retail price index;
- from April 2011, housing benefit claimants with a disability and a non-resident carer will be entitled to funding for an extra bedroom.

^{4.28} Further changes were announced in the 2010 spending review notably that the single people under 35 years will have a maximum benefit entitlement equivalent to a local 'room rate'.

^{4.29} There could be a significant impact for North London from:

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

^{4.30} Figure 45 shows the local housing allowance rates for June 2010 and also the impact applying the 30th percentile will have on these rates. The indicative rates include the impact of the capped rates for each bedroom size. Those authorities covered by the Central London and Inner North London Broad Market Rental Areas will see the amount they will be able to pay as local housing allowance capped at the maximum allowances.

Figure 45:
Current and Projected Local Housing Allowance Thresholds for Broad Market Rental Areas in North London. (Source: LHA Direct)

Broad Market Rental Area	June 2010 LHA				Indicative October 2011 LHA			
	1 bed	2 bed	3 bed	4 bed	1 bed	2 bed	3 bed	4 bed
North West London (Barnet)	£172.60	£218.63	£276.16	£333.70	£166.85	£205.97	£258.90	£310.68
Outer North London (Barnet, Enfield, Haringey, Islington)	£178.36	£230.00	£287.67	£380.00	£170.00	£218.63	£275.70	£345.53
Inner North London (Barnet, Camden, Hackney, Haringey, Islington, Westminster)	£245.00	£330.00	£425.00	£575.00	£215.00	£290.00	£370.00	£478.00
Central London (Camden, Hackney, Islington, Westminster)	£350.00	£480.00	£700.00	£1,000.00	£310.00	£414.63	£600.00	£800.00
Inner East London (Hackney, Islington)	£235.00	£300.00	£350.00	£430.00	£210.00	£265.00	£315.00	£400.00

^{4.31} Note that the indicative LHA for Inner North London, Central London and Inner East London highlighted in the above chart will be subject to the LHA caps as stated in paragraph 4.27 above. The implications of these proposals are more fully analysed and considered in Section 6 of this report (scenario 3).

Proposals Affecting Social Housing within the Government's June 2010 Budget

^{4.32} The key issue to consider is how the changes to the local housing allowance will affect the active demand for affordable housing. Some considerations are set out below.

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

^{4.33} Example: a working age couple with two adult children occupy a 3 bed social rented property and are receiving housing benefit. If the adult children move out of the house, the couple will technically only require a 1 bed dwelling. The policy impact is that they will no longer receive housing benefit for a 3 bedroom property but a 1 bed – they will either

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

^{4.34} There are a range of possible implications arising from such a change (and we have not considered the ethical implications of the change):

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

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

^{4.35} Example: a pensioner couple with two adult children occupy a 3 bed social rented property and are receiving housing benefit. Current deductions for non-dependents will rise in April 2011, hence reducing the amount of housing benefit received by this household. If the adult children move out of the house, the couple will be allowed to remain in their dwelling because they are not working age and will receive more housing benefit.

^{4.36} The policy impact is that the financial incentive is for the adult children to leave home and seek their own independent accommodation, hence the rate of household formation will rise.

Local housing allowance rates will be capped at £250 per week for a one bedroom property, £290 per week for a two bedroom property, £340 per week for a three bedroom property and £400 per week for four bedrooms or more;

^{4.37} Example: a household currently occupy a 3 bed private rented property in the Inner North London Broad Market Rental Area and receive the maximum rate of £425 per week to pay their rent. This allowance will be capped at £340 per week from April 2011 for new households and October 2011 for existing households. The implication will be that, if private rents do not fall, the households will have to find an extra £85 per week to pay their existing rent or they will be required to relocate to a cheaper property.

Further Changes to Benefits Announced in October 2010

Capping of Total Benefit Payments per Household

^{4.38} Additional changes to the benefit system which will impact upon the receipt of housing benefit were announced in October 2010. These will see the total level of benefit received by any household capped at £500 per week. The amount of housing benefit any household can receive will be assessed after any Jobseekers Allowance, Income Support, Council Tax Benefit, Child Tax Credit and Child Benefit have been deducted. The worked example below shows this calculation for an unemployed couple with 5 children:

- £102.75 couple rate for Jobseekers Allowance
- £25.00 Council Tax Benefit
- £231.63 Child Tax Credit for five children
- £73.90 Child Benefit for five children
- £66.72 amount left for Housing Benefit

^{4.39} Therefore, in the example above, the housing benefit received will not cover the typical rent on a larger social rented unit and will fall a long way short of the rent required for a larger private rented dwelling. The effects of this change will be felt most heavily in more expensive areas of the country such as North London.

Extending the Limit for a Single Person Receiving a Bedsit Allowance to 35 Years of Age

^{4.40} Currently, any single person aged 24 years or younger is entitled to only the bedsit LHA, rather than allowance for a self-contained dwelling. In October 2010 it was announced that this would be extended to any single person aged 34 years or younger.

^{4.41} The bedsit allowance will enable the single person only to receive a share of a dwelling. Therefore, a major impact of this change is likely to be a rise in the demand for shared accommodation within HMOs. More single persons will be forced to share accommodation for longer and this is likely to see more of the existing housing stock turned over to HMOs.

Priority Need Homeless No Longer Able to Refuse Private Sector Housing

^{4.42} Whilst local authorities can currently offer homeless people (who they have a duty to house under Part 7 of the Housing Act 1996) private sector accommodation, the applicant can refuse this offer. Under

new proposals, priority need households will no longer be able to refuse the offer of a private sector dwelling.

^{4.43} The main aim of this proposal is to reduce the pressures on the social housing stock as most priority need is currently met in social rent. However, the indirect result of the change is that there will be further demands placed upon the private rented sector as Councils increasingly seek to house their priority need households outside the social rented sector.

Regional Trends in Housing Costs

4.44 House prices in London have changed rapidly in recent years. Figure 46 illustrates how the distribution of prices has changed in North London. In early 2000, almost 20% of all completed sales were priced at less than £100,000. This figure was below 1% of all sales from 2005 onwards. Conversely, the number of homes selling for over £200,000 rose from below 40% to around 80% of the total. The stabilising of house prices in 2005 is reflected in the number of homes selling for under any particular price band also remaining stable although the renewed rise in house prices in 2006 is reflected in even fewer properties selling for any less than any price band at that time. Since 2008 the number of properties selling for less than a particular price band has begun to rise again. However, the vast majority of properties in the North London area are still currently beyond the reach of most first time buyers.

4.45 Figure 47 illustrates the average incomes of first-time buyers who were granted mortgages in the region since 2000. This demonstrates that the average income of first-time buyers rose to over £60,000 in 2006 and has remained above that level since that time. Therefore, access to owner occupation for those without existing equity is now restricted to buyers with substantial incomes.

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

4.47 Figure 48 shows change in the volume of annual sales since 2001. It is apparent that the number of completions peak at over 8,400 sales in 2002. There was a slightly smaller peak over the 12 month period from late 2003 to early 2004, but after this time the number of sales has sharply declined to only 6,300

Figure 46
Percentage of Houses Sold for Less Than Key Price Bands in North London: Q2 2000-Q1 2009 (Source: HM Land Registry)

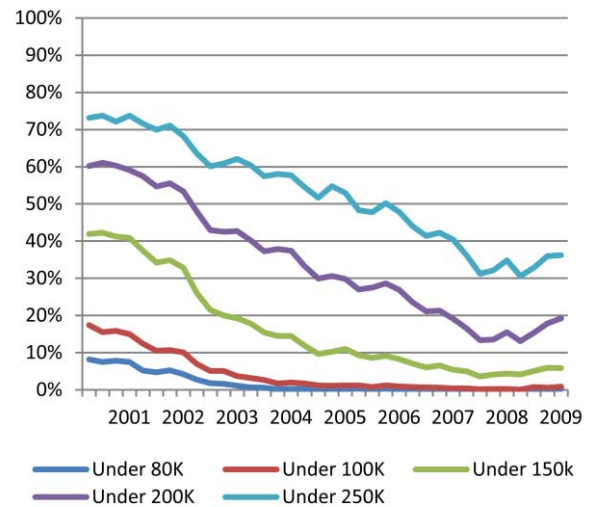


Figure 47
Average Income of First-time Buyers Granted Mortgages in Greater London: Q1 2000-Q3 2007 (Source: HM Land Registry)

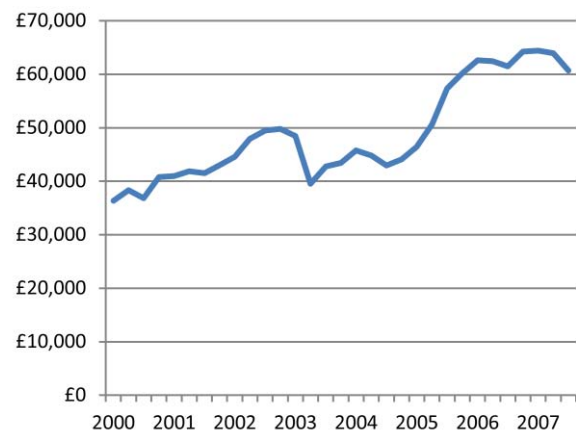
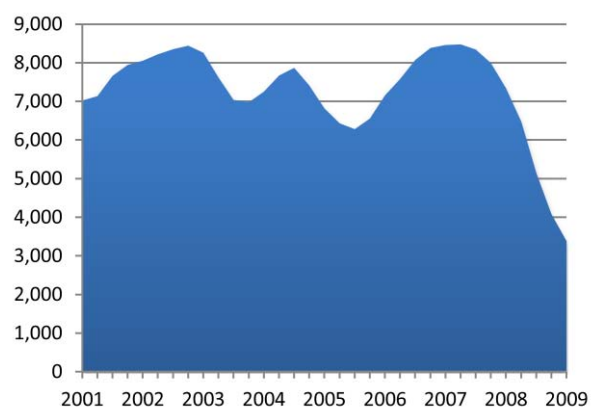


Figure 48
Volume of dwellings sold annually in North London: Q1 2001-Q1 2009 (Source: HM Land Registry. Note: Figures show rolling annual total based on quarterly data)



transactions in the year to mid 2005.

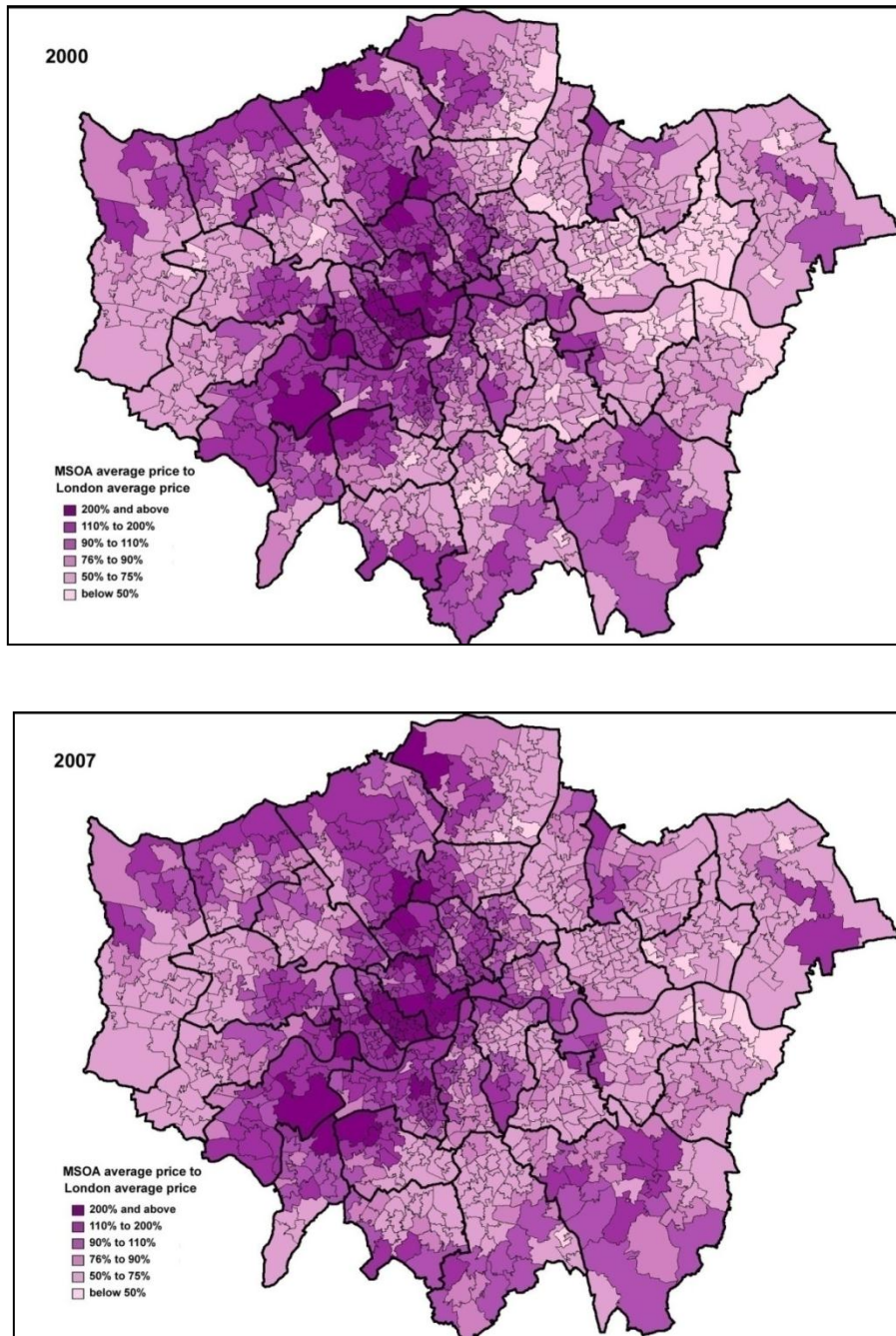
- ^{4.48} The number of transactions increased again to a new peak of almost 8,500 in mid 2007 but has fallen to below 3,400 (a 60% decrease) for the period Q2 2008 to Q1 2009 and the level of transactions seems likely to continue falling in future quarters given the current financial climate.
- ^{4.49} It is apparent that there was both a marked reduction in the number of sales and a levelling of property prices in the sub-region in 2005 and the same pattern is being seen in 2008 and 2009. The current slowdown in the number of sales is clearly linked to the availability of mortgage funds but it may also reflect a lack of demand as potential buyers consider the current market to be over-priced.

Geographic Distribution of House Prices

4.50 Figure 49 shows the variation in house prices across different areas of the region for 2000 and 2007. It is apparent that in 2000 there were numerous areas with house prices that were less than half the region average, in particular in the East of the region. By 2007, very few areas remained at prices considerably below the region average.

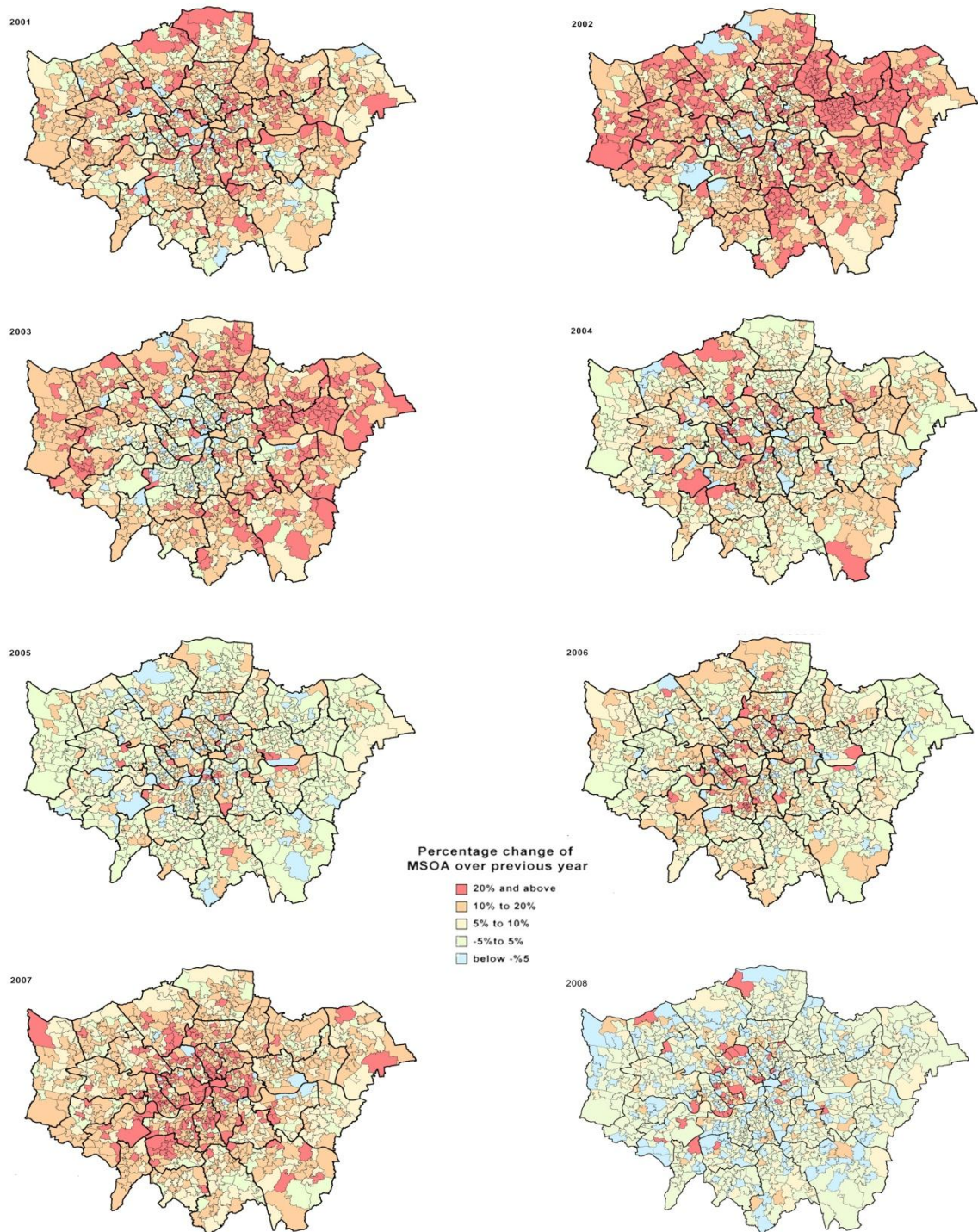
Figure 49

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



4.51 Figure 50 (overleaf) illustrates the change in house prices on a year-by-year basis across the region showing high increases in the cheapest areas in 2002-03, relative stability across most areas in 2005-06, before high increases in 2007 and large decreases across many areas in 2008.

Figure 50
Annual Change in House Prices across Greater London: by Middle Super Output Area: 2000-01 to 2007-08 (Source: HM Land Registry)



Summary of Key Points

- On average North London has the following tenure mix;
 - 63% flats;
 - 20% terraced housing;
 - 13% semi-detached housing; and
 - 4% detached housing.
- North London has a much higher proportion of flats in comparison to the average for England (19%) although has correspondingly lower amounts of detached and semi-detached houses.
- Approximately 30% of owner occupied housing in North London is either detached or semi-detached houses and only just over 40% is flats. In contrast, more than 80% of both private and social rent housing is in the form of flats.
- In the region of 50% of households in North London are owner occupied, with almost 30% being social rent and over 20% private rent, in contrast to over 70% owner occupation across England as a whole.
- It is apparent that tenure varies significantly by borough, exhibiting a divide between inner and outer boroughs;
 - 70% of the housing stock in Barnet and Enfield are owner occupied with less than 15% social rent;
 - owner occupation rates in Camden, Hackney, Islington and Westminster are around 35% with social rent in Hackney and Islington over 40%; and
 - private renting rates are particularly high in Westminster where almost 40% of the dwelling stock is in this category.
- When considering the proportion of social housing in North London, it is evident that North London is higher than both the Greater London and English average, although there is a great difference between boroughs. Hackney and Islington have the highest proportions with 47% and 40% respectively.
- There has been a rapid change in property prices in London in recent years. In early 2000, almost 20% of all completed property sales were priced at less than £100,000. This figure was below 1% of all sales from 2005 onwards. On the contrary, the number of properties selling for over £200,000 rose from below 40% to around 80% of the total.
- It is apparent that the average income of first-time buyers has risen from below £40,000 in 2000, to over £60,000 by 2006.
- The volume of annual property sales since 2001 shows that the number of completions peak at over 8,400 sales in 2002, there was also a slightly smaller peak over the 12 month period from late 2003 to early 2004, but after this time the number of sales has sharply declined to only 6,300 transactions in the year to mid 2005. The number of transactions increased again to almost 8,500 in mid 2007, although has fallen to below 3,400 (a 60% decrease) for the period Q2 2008 to Q1 2009 and the level of transactions seems likely to continue falling in future quarters given the current financial climate.

Section 5: Existing Households in Housing Need

Introduction

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

Identifying Unsuitably Housed Households

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

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

Figure 51
Classification of Unsuitable Housing (Source: CLG Housing Market Assessments Practice Guidance: Version 2 August 2007)

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

- 5.4 Figure 51 establishes four main categories for identifying unsuitable housing, each with a number of sub-divisions. Most of the indicators relate to the circumstances of existing households, although some relate to households currently without their own housing.
- 5.5 Most of the identified issues concern those in established households. Some of the issues around unsuitability will mean households need to move property but others could continue to live in the same property if appropriate changes were made. Even where a move is necessary, facilitating households to relocate from one property to another does not necessarily imply additional homes are needed. The characteristics of the newly occupied dwellings may differ, but the overall number of homes remains the same.
- 5.6 Nevertheless, to satisfy the needs of all households, it may be necessary to provide some additional housing with particular characteristics leaving an equivalent number of dwellings with different characteristics available to meet housing needs and demands from elsewhere in the market. For example, a single older person may leave a larger property suitable for a family and move to a single floor property fitted with handrails or bathroom adaptations.
- 5.7 Whilst the majority of sub-divisions concerning established households may not contribute directly to the additional housing requirement, households who are currently in temporary housing or form part of the social needs category may each require additional housing provision.

Assessing Established Households in Unsuitable Housing

- 5.8 Information on a wide range of housing issues was collated from household surveys undertaken by the 7 London boroughs for their housing needs assessments. By drawing on this information we are able to identify whether or not households' current homes are suitable for their needs. Many of the indicators of unsuitable housing are assessed relatively objectively on the basis of answers provided to factual questions. This is a far more sophisticated approach than relying on households identifying themselves with one or more problems selected from a "shopping list" of possibilities and avoids households associating themselves with issues on the basis of interviewer prompts.
- 5.9 Objective assessments (based upon factual information) can clearly be used in assessing issues such as households' lack of facilities. Where, for example, respondents are asked whether they have an inside WC or not. Such a factual yes/no response clearly leads to an objective assessment of the criteria.
- 5.10 The measure of overcrowding and under-occupancy is also calculated objectively. The number of rooms required by a household is assessed through analysing the household profile against an agreed "bedroom and living room standard". This requirement is then set against the number of rooms available in the home. The bedroom standard used for the study is as follows, providing one bedroom for each of the following groups or individuals;
- each adult couple;
 - each remaining adult (aged 21 or over);
 - each pair of children of the same gender;
 - each pair of children aged under 10; and
 - each remaining child that has not been paired.
- 5.11 The number of rooms required is then set against the number of bedrooms in the current home to determine the level of overcrowding or under-occupation.

- 5.12 A similar (though less complicated) assessment is used to identify children living in high rise flats, where the presence of children within the household is compared with the floor on which the household lives to determine whether or not the combination is acceptable.
- 5.13 Where it is not possible to identify problems in an objective manner, subjective responses from the survey have been used. Nevertheless, these are largely responses provided in an unprompted manner to more general, open-ended questions. This avoids any bias being introduced by the interviewing process.
- 5.14 A summary of the categories used to assess housing suitability from the Household Survey data is detailed below:

Figure 52
Assessment of Unsuitably Housed Households

Category	Analysis Method
Homeless or with insecure tenure	
Tenancy under notice, real threat of notice or lease coming to an end	Household wanting/having/needing to move because of end of tenancy, eviction, repossession or otherwise forced to move; or Landlord or mortgagor taking action to repossess the property or evict them because of arrears
Accommodation too expensive	Household currently in rent or mortgage arrears; and Household currently finding housing costs extremely difficult to manage
Mismatch of Household and Dwelling	
Overcrowding	Size and composition of household used to assess number of bedrooms required; compared with Number of current bedrooms
Households having to share a kitchen, bathroom, washbasin or WC with another household	Household with children, couples or single adults aged 25 or over; and Living in multiple occupancy dwelling; and Sharing at least one basic facility
Home too difficult to maintain	Someone in household has long-term illness and difficulty maintaining the garden; or Someone in the household has long-term illness and has problems maintaining the home
Children living in high-rise flats	Household with children aged under 16; and Living in a flat above 4th floor
Households with mobility problems	Someone in the household has long-term illness and has problems with general mobility in the home, climbing stairs in/to the home or access to toilet facilities because of the home's layout;
Households with support needs	Someone in the household has long-term illness and has problems with bathing or showering or preparing food because of the homes layout; or Need a carer to stay permanently or overnight and do not have space for them; or Need to move to supported housing, residential home, nursing home or hospital; or Household wanting/having/needing to move to receive care from a friend or relative AND No in-situ solution identified

Continued..

Category		Analysis Method
Dwelling amenities and condition		
	Dwelling lacking basic amenities	Household having no bathroom or shower-room; or Household having no inside WC; or Household having no kitchen; or Household having no washbasin with running hot water
Major Disrepair	Problems with heating	Household having no heating in the home; or Household relying exclusively on portable fires or heaters
	Major disrepair problems	Household experiencing serious problems (as opposed to only experiencing problems) with at least one of the following: <ul style="list-style-type: none"> ▪ Roof repairs ▪ Other exterior structural repairs ▪ Interior structural repairs ▪ Rising damp
	General problems with disrepair	Household experiencing serious problems (as opposed to only experiencing problems) with two or more of the following: <ul style="list-style-type: none"> ▪ Damp penetration or condensation ▪ Window repairs ▪ Electrical or wiring repairs ▪ Gas supply or appliances ▪ Heating or plumbing ▪ Drainage ▪ Repairs to gutters or down pipes
Social requirements		
	Harassment	Household wanting/having/needing to move because of racial or other harassment problems

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

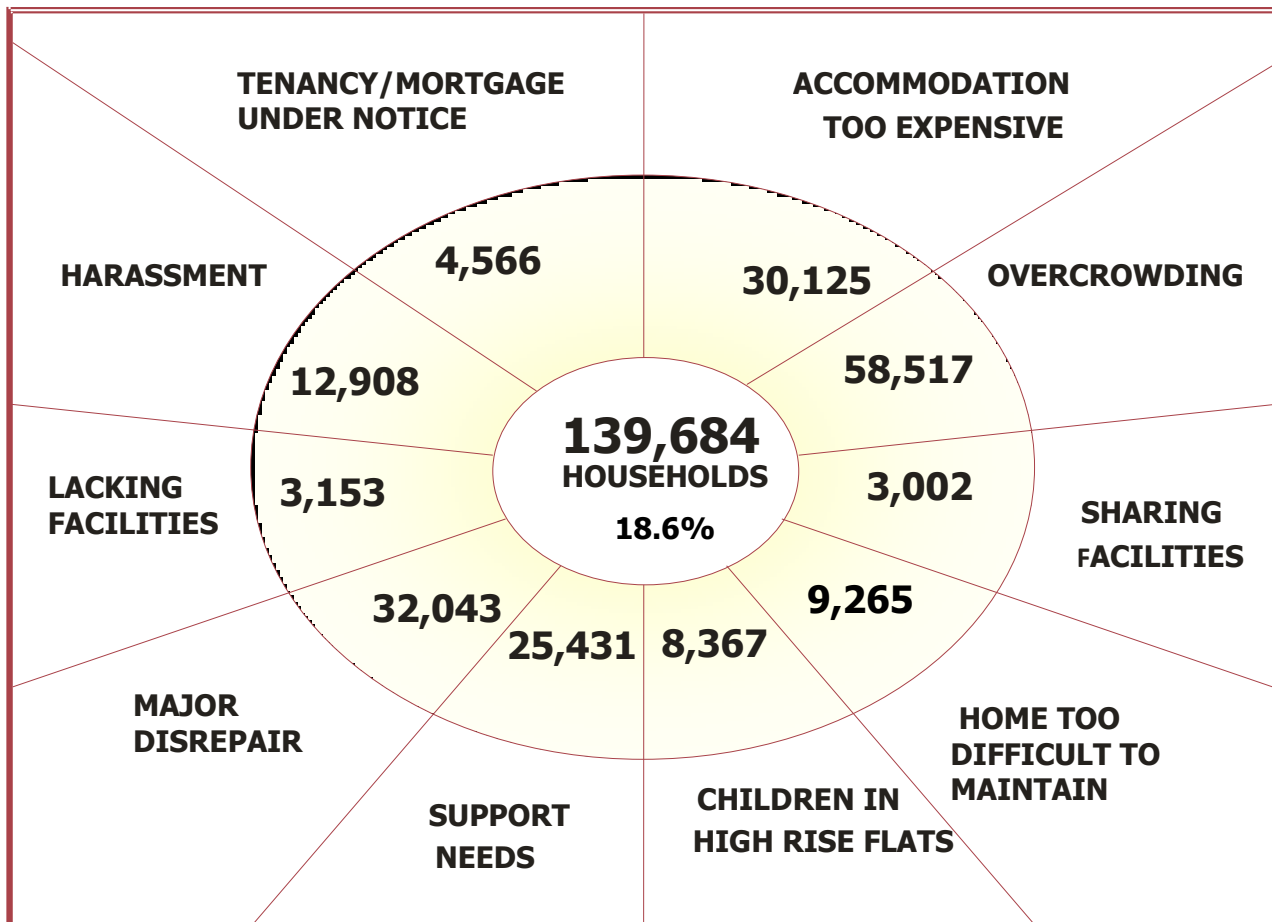
5.16 Although local authorities typically use points or banding systems to prioritise overall needs, our analysis does not use artificial calculations to score the relative unsuitability of housing. After all, to say that some homes are more unsuitable than others does not mean that the households in the latter are not in housing need.

Established Households Living in Unsuitable Housing

^{5.17} Overall, a total of 139,684 households were assessed as living in unsuitable housing due to one or more factors. The unsuitability problems experienced are shown below. Numbers in Figure 53 add up to more than 139,684 because of households falling into more than one unsuitability category.

Figure 53

Established Households Living in Unsuitable Housing (Source: North London Household Surveys re-weighted to October 2009)



^{5.18} Overall 18.6% of all established households in the study area live in unsuitable housing, although many of these households may not need to move to resolve the identified problems. This is because in-situ solutions may be more appropriate. As a comparison, the GLA Housing Requirements Study 2004 found that 18.4% of all households across London were living in unsuitable housing. Definitions of the unsuitability conditions vary slightly between the two studies.

Resolving Housing Unsuitability

^{5.19} Not all housing unsuitability problems require the households involved to move from their current home. In-situ solutions may be more appropriate to resolve some of the problems identified. For example, overcrowding could be resolved by one or more member(s) of the household leaving to live elsewhere, or an alternative solution could be to extend the existing property. Similarly, homeowners or landlords may undertake repairs to resolve problems with the condition of the property. In these cases (and many others) the problems identified can be resolved without the need for relocation to alternative accommodation.

- 5.20 Although in practice it is important to resolve the housing needs of individual households, a strategic analysis is primarily concerned with addressing overall housing need. In this context, it is particularly relevant to consider housing suitability issues concerned directly with the dwelling stock, such as major disrepair. Resolving such individual household needs (through enabling a move to alternative housing) will not reduce the overall level of housing need because the vacancy that arises will inevitably (over time) be occupied by another household, who will once again be in housing need. In such cases, it is investment in the existing stock (or in some cases, clearance and redevelopment) that is required to reduce the number of people unsuitably housed.
- 5.21 It should be noted that any dwellings that are lost from the stock through demolition programmes would need to be replaced in addition to the number of additional housing units identified by this study, that is, our analysis considers the housing requirement in the context of a net increase in dwelling stock.
- 5.22 Where a move is appropriate and required to resolve a housing problem, some households may need to move to homes outside the area (for example, those moving for care or support) and others will choose to move further afield for other reasons. Where unsuitably accommodated households are likely to leave the area willingly, their needs should not be counted within the estimate of net need. Nevertheless, in discounting the needs of likely out-migrants, any needs of in-migrants to the area will add to the total requirement.
- 5.23 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 (shown in Figure 54 below). Therefore, when considering households who are in housing need, we must also discount from the total those who are able to afford such prices.

Households in Housing Need

5.24 When considering all current housing needs i.e. those established households living in unsuitable homes; homeless households in temporary accommodation and people sleeping rough (See Section 7), the study identified a total of 65,846 households in need. This figure includes the 54,836 households who were found to be unsuitably housed, requiring alternative housing in North London and who cannot afford market housing.

Figure 54
Summary of Existing Households in Housing Need (Source 1: North London Household Surveys re-weighted to October 2009. Source 2: Local Authority P1E Homelessness Data Q3 2009. Source 3: Local Authority Housing Strategy Statistical Appendix (HIP) Data 2008. Note: Figures may not sum due to rounding)

	Number of Households
Households currently living in unsuitable housing that need to move and cannot afford to rent or buy market housing ¹	54,836
Households accepted as statutorily homeless currently housed in housing leased temporarily from the private sector (PSL housing) or Households accepted as statutorily homeless temporarily housed in Bed & Breakfast or hostel accommodation ²	10,872
Single people currently sleeping rough ³	138
Total	65,846

Summary of Key Points

- 139,684 households were assessed as living in unsuitable housing due to one or more factors.
- By far the most commonly cited problems were overcrowding, major disrepair, accommodation too expensive and unmet support needs.
- 18.6% of all established households in the study area live in unsuitable housing, although many of these households may not need to move to resolve the identified problems as, for example, repairs can be made and support needs can be met within the existing home.
- It is estimated that 54,836 of the identified 139,684 unsuitably housed households are in need to move and are in need of affordable housing and an additional 11,010 are in temporary housing or are sleeping rough.
- Existing households that need to move may not have a significant impact on the future housing requirement as when moving they will vacate a dwelling. Households with specialist housing requirements or those requiring large dwellings to alleviate overcrowding may however impact on the net housing requirement as these are in very short supply.

Section 6: Housing Market Dynamics

Introduction

- 6.1 This section estimates the requirement for additional housing in North London and the North London local authorities according to a number of scenarios and assumptions.
- 6.2 Net future housing requirements are estimated by analysing household flows. In order to arrive at the requirement within each tenure, the affordability of housing is estimated using local rents and prices, PPS3 definitions and CLG affordability benchmarks.
- 6.3 Housing requirements are estimated in 3 scenarios using different methodologies and assumptions regarding the supply of affordable and market housing;
1. using gross housing flows and supply from dedicated affordable housing products (social rented and intermediate affordable dwellings as defined by PPS3). This approach is designed to provide outputs that are comparable to housing needs assessments;
 2. using gross household flows and supply from dedicated social housing products supplemented by housing benefit supported private rented and dedicated intermediate affordable products supplemented by private rented housing at or below lower quartile rents. This is the standard ORS approach which is designed to more closely reflect what is happening in the housing market and estimate the additional housing required to maintain the current balance between housing and households over a 5 year period.
 3. Illustrating the effect of a reduction in the supply of benefit supported private rented sector housing due to changes in the local housing allowance to take effect in 2011
- 6.4 Scenarios 1 and 2 are also varied to take account of the widening of the maximum income criteria for intermediate housing envisaged by the draft replacement London Plan.
- 6.5 The size mix of the 5 year net housing requirement is estimated for the sub-region based upon scenario 2 and 3 (paragraph 6.3 above).
- 6.6 Local authority level estimates of tenure and size are based upon the minimum delivery of additional housing envisaged by the draft replacement London Plan.

Assessing Affordability

- 6.7 Household affordability critically underpins the housing requirement analysis in determining the ability to afford market housing (i.e. effective demand for market housing) and the inability to afford market housing (i.e. demand for affordable housing).
- 6.8 Affordability is a complex issue and can be assessed in a number of different ways, but each method depends on common factors that are crucial to the analysis;
- the cost of appropriate local housing, and
 - the amount that the household is able to afford.

- 6.9 The affordability tests used for this study are outlined below and seek to ensure that households are not committed beyond their means according to the benchmarks suggested by the SHMA Practice Guidance. Neither do the tests regard households as part of requirement for affordable housing if they can afford market housing and vice versa, although this does occur in practice.

Assessing Affordability for Owner Occupation

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

$$\text{Affordable amount} = \text{savings} - \text{debts} +/- \text{positive/negative equity} + \text{borrowable amount}$$

Assessing Affordability for Rented Housing

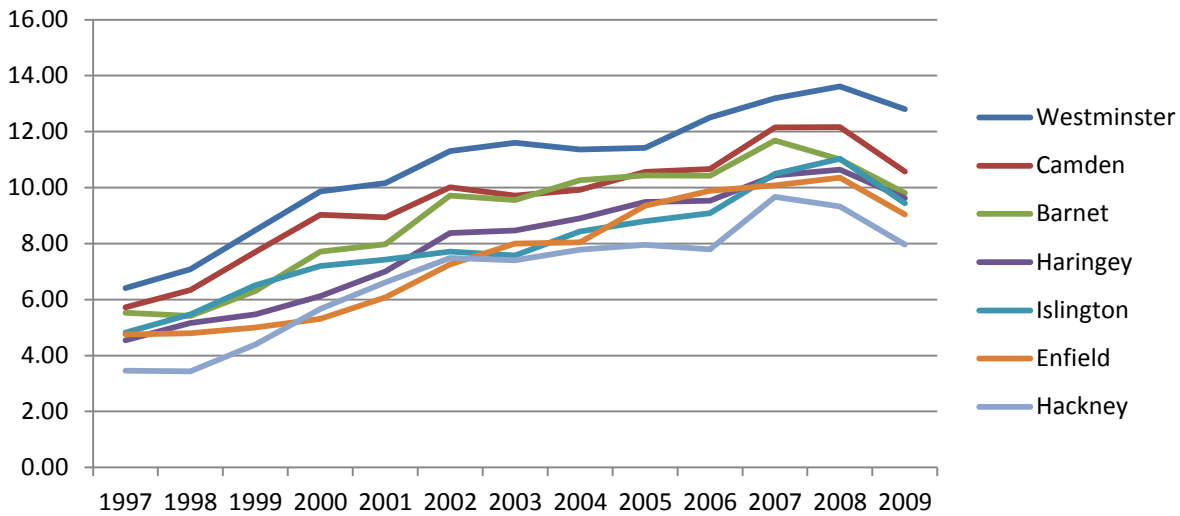
- 6.14 Once again, the assessment for rent has been based upon that stated in the Practice Guidance, with 25% of household gross income assumed to be the maximum proportion of income to fund rent.
- 6.15 In practice, the use of gross income (as opposed to net income) reduces the assumed payments for 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.

The Affordability of Local Housing

- 6.16 The SHMA bases the affordability of dwellings for house purchase and rental upon benchmark price to income ratios defined by the CLG in its SHMA practice guidance. One widely accepted measure for the affordability of home ownership is the ratio of lower quartile house prices to lower quartile earnings. Ratios generally increased up to the credit crunch in 2008 (Figure 55).

Figure 55

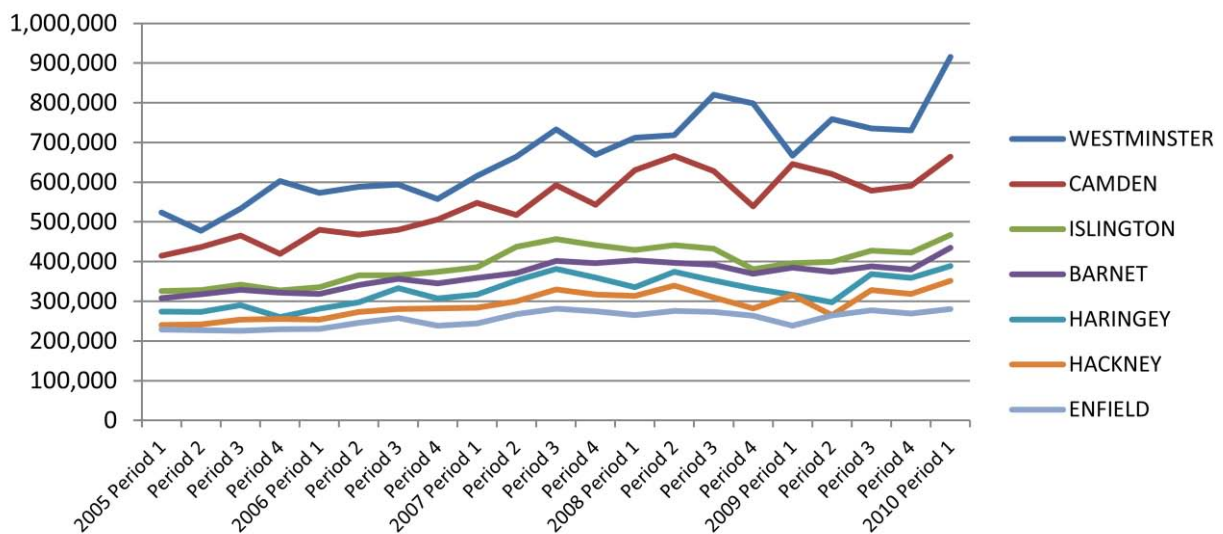
Ratio of lower quartile house prices to lower quartile earnings by Borough in North London 1997-2009 (Source: CLG: table 576, housing research, housing statistics)



6.17 Recently improved price to income ratios has not benefited first time buyers as they are faced with tougher lending criteria and finding larger deposits. Generally, inner London’s average house prices and affordability ratios differ from those of outer London.

Figure 56

Average house prices for North London by quarter: Q1 2000-Q1 2010 (Source: HM Land Registry)



6.18 There are also different rates of recovery in prices following the credit crunch between inner and outer London driven by the premium housing market in inner London.

6.19 Households that cannot afford open market housing, whether owner occupied or rented, need some form of subsidy. This may be in the form of either housing benefit or access to social rented housing or intermediate affordable housing. Intermediate affordable housing is that which is affordable to households that can afford more than a social rent but not open market housing. Intermediate affordable housing is normally shared ownership based and is currently mostly available under the Newbuild HomeBuy scheme.

- 6.20 Some households will choose to pay a larger proportion of their income than benchmark affordability levels in order to live in the home of their choice. Others will trade off tenure and cost in order to afford housing in their neighbourhood of choice. Many young single person or two person households without children cannot afford self-contained housing and live in shared housing. Shared housing typically includes low cost rooms in houses or flats and accommodates younger workers, international migrant workers, students etc. Some single people with higher incomes choose to share housing in areas of more expensive housing.

Modelling the Housing Market

Introducing Micro-Simulation Models

- 6.21 Models can be used to provide forecasts of the future, based on current and past sets of primary and secondary data. These forecasts may vary according to the assumptions that are made during the modelling process. In the case of SHMAs, the figures produced are best estimates of the different needs in the housing market and give a picture of the size of the 'problem' and support the understanding of how that picture might change if certain variables change.
- 6.22 ORS uses a micro-simulation model with simultaneous equations to interpret demand and supply. Such models are used by academic researchers and by government to understand and make predictions about a wide range of issues. Commonly recognised examples include;
- labour supply and wages;
 - unemployment;
 - household formation rates;
 - education and training choices.
- 6.23 Micro-simulation models are the best way of maximising the value of any dataset by considering the links between demand and supply simultaneously so that all possible information is used to make the best projections possible. The methodology used in the ORS model is consistent with micro-simulation models derived from other large datasets such as the General Household Survey, Labour Force Survey, National Child Development Survey and the British Household Panel Survey.
- 6.24 Micro-simulation models are sophisticated tools that produce central point estimates using all the information available. The central point estimate is the most probable result, but this falls at the centre of a range and it is this range (known as the mean forecast error) that determines the accuracy of micro-simulation models.
- 6.25 Calculating the mean forecast error depends on comparing modelling estimates with appropriate trend based data (data which shows what has actually happened) but it is clearly difficult to test any estimate of housing need and requirements through unambiguous comparison with 'reality', because there is no single objective, non-model-based account of 'reality' that can be used to measure housing market performance.
- 6.26 Although central point estimates produced by micro-simulation models are subject to a mean forecast error this does not disqualify their importance or usefulness when developing public policy and despite it not being possible to determine a mean forecast error for the ORS model (due to the nature of the simulation), the central point estimate still provides the most reliable estimate.

The ORS Housing Market Model (the model)

- 6.27 For any housing market assessment, some of the key or core issues are;
- how many additional units are required?;
 - how many additional units should be affordable homes?;
 - for what type of open-market housing is there demand?; and
 - how will 'demand' and 'need' change under different assumptions?
- 6.28 The ORS Housing Market Model addresses these issues by analysing the whole housing market. Instead of focusing primarily upon poorer households and social sector need, it interprets the interaction of requirement and supply across all sectors of the housing market. Social sector needs are interpreted within the context of market housing demands. This takes account of the interaction of effective and ineffective demands and needs, plus the likely supply from the range of properties vacated within the existing stock.
- 6.29 The model interprets the market dynamically by likening the interchange between households and vacancies to “musical chairs”. The “musical chairs” analogy brings out the dynamic relationship between requirement and supply with most households finding suitable vacancies only because others move or suffer dissolution. In this context, the Model is primarily concerned with households likely to (or that otherwise need to) move. Of course, some households likely to stay in their current home may still have housing needs that should be addressed but, by definition, the appropriate solutions for such problems will be provided in-situ and will therefore not have an impact on the mix of additional housing provision.
- 6.30 Whether households want or need to move and what housing is appropriate for them, depends upon their characteristics, requirements and current accommodation. Effective demand is driven primarily by choices exercised by households, however, even higher income households can only find accommodation if suitable vacancies arise. On the other hand, housing need is considered objectively by evaluating households' current housing circumstances alongside their ability to afford local housing, through which it is possible to establish a realistic assessment of housing need.
- 6.31 Through analysing the creation and take-up of vacancies the model recognises that it is only because some households wish to and do move that others can find suitable homes. Nevertheless, the lack of suitable existing housing does not constrain the allocation process for the mix of housing required by all households (including those currently without housing and unable to afford) is analysed, and it is the shortfalls identified in the existing stock that determine the mix of new housing required.
- 6.32 The key stages of the model and the main modelling assumptions can be summarised as follows:
- **Gross Housing Requirement** = Established Households +
New Households +
In-migrant Households
 - **Housing Supply** = Established Households +
Household Dissolution +
Out-migrant Households
 - **Net Housing Requirement** = Gross Housing Requirement -
Housing Supply

Core Modelling Assumptions

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

Housing Requirements

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

^{6.33} Affordability tests are used to apportion households to specific housing tenures;

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

^{6.34} The requirement for each tenure of housing is therefore defined purely on affordability grounds with those who have incomes above market housing thresholds being identified as requiring market housing. It is also the case that those with incomes below market housing thresholds who report no difficulties with their housing costs are also identified as requiring market housing because using the PPS3 definition:

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

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

Affordability Assumptions

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

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

6.37 As an illustration of the importance of this distinction, Figure 57 highlights the level of household income necessary to afford particular tenures. This shows that any household with an income of more than £16,800 per annum requiring a 1 bedroom dwelling can afford more than a social rent. Figure 57 also shows that the household income necessary to afford lower quartile market rents for 1 bedroom dwellings is £37,400, so any households who has an income above £37,400 is assessed as requiring market housing. This implies that, following PPS3 definitions, intermediate affordable housing is required for any household requiring a 1 bedroom dwelling which has a household income of £16,800 to £37,400.

6.38 For households without equity, typically first time buyers, it is assessed that a household income of £58,000 is necessary to be able to afford a 1 bedroom owner occupied dwelling in North London. Therefore, any household who has an income of between £37,400 and £58,000 is assessed as being able to afford market rent, but not owner occupation. These households may potentially be able to afford some form of shared ownership product, but under PSS3 definition this would be considered by the model as meeting part of the market housing requirement. PPS3 regards private rented

housing above market rent thresholds and owner occupied housing as market housing. Similar calculations have been made in Figure 57 for dwellings of different sizes.

Figure 57

Annual Gross Household Income Required to Service Housing costs for Dwellings by Tenure within North London (Source: Homes and Communities Agency Data March 2008, GLA Survey of Advertised properties 2008 and Land Registry Records October 2008-September 2009. Note: Social and Private Rents are an average across all boroughs)

Housing Type	Income to Service Social Rents/ Lower end of intermediate affordable	Income to Service Lowest Quartile Market Rent / Upper end of intermediate affordable	Income to Service Lowest Quartile Owner Occupation
Bedroom Size			
1-Bedroom	£16,800	£37,400	£58,000
2-Bedroom	£19,600	£49,900	£61,700
3-Bedroom	£22,300	£62,400	£70,600
4-Bedroom	£25,000	£72,800	£88,600

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

- **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 but not shared equity sales) **and** a proportion of the housing in the private rented sector with rents below the market rent threshold (i.e. within the lowest quartile); and
- **Market housing** – owner-occupied housing and housing in the private rented sector above market rent thresholds.

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

The 5 year Net Housing Requirement

6.41 Figure 58 details the net gains and losses of households due to migration and indigenous change. It estimates that a net 49,544 additional dwellings should be provided over the 5-year period to sustain the existing supply/demand imbalance. If this number of homes is not provided, one or more flows will change as a consequence. 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.

Figure 58

Summary of the net 5-Year Housing Requirement by Household Flows (Source: ORS Housing Market Model, North London Strategic Housing Market Assessment 2010. Note: Figures may not sum due to rounding)

Housing Type	Inward Flow	Outward Flow	Net Requirement
5-Year Requirement			
Migration – households moving to and from the sub-region	207,842	212,735	(4,893)
Indigenous change – household formations and dissolutions	79,083	24,646	54,437
Established household moves	244,734	244,734	-
Total	531,659	482,115	49,544

The 5 year gross housing requirement

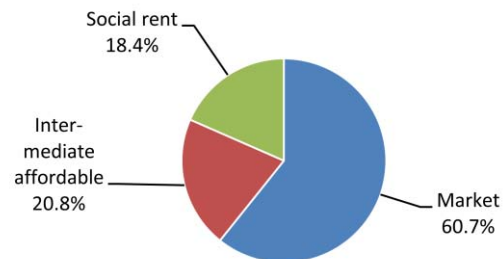
6.42 Figure 59 breaks down the gross requirement for housing over the next five years (531,659 inward flow as in Figure 58) by the source of the housing requirement. 531,659 households are estimated as likely to be seeking housing in North London over the next 5 years. It should be recalled that the market housing requirement covers both households who can afford owner occupation and households who can afford private rents which are set above lower quartile rent levels.

Figure 59
5-year Gross Housing Requirement by Origin and Tenure (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010. Note: Cross boundary moves include both wholly moving households and newly forming households)

Housing Requirement Based Upon Affordability	Households Seeking Dwellings				Total
	Established Household moves	Household formation within Borough	In-migrants to sub-region	Cross-boundary in-migrants	
Market (can afford owner occupation or rent above market thresholds)	137,967	20,334	120,042	44,547	322,890
Intermediate affordable (can afford above social target rents but cannot afford market rents or owner occupation)	12,882	6,694	66,539	24,692	110,807
Social rent (can afford no more than social target rents)	37,813	30,999	21,260	7,889	97,962
Total	188,662	58,027	207,842	77,128	531,659

6.43 Figure 60 shows that 60.7% of all households who are projected to be seeking dwellings in North London in the next 5 years will be able to afford market housing (owned or rent). Figure 60 also shows that a further 20.8% will be able to afford intermediate housing (PPS3 definition). Therefore, only 18.4% of households who are projected to be seeking social rented dwellings.

Figure 60
5-year Gross Housing Requirement by Origin and Tenure (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010)



Housing Supply

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

- **Affordable housing should:**
 - Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
 - Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision’.

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

Defining Housing market price thresholds

- ^{6.45} The key issue these definitions raise is how to define market housing price thresholds. In practice the very cheapest second hand open market dwellings can be cheaper than any intermediate (and on some occasions social rented) dwelling. Therefore, for the definitions in PPS3 to have practical relevance there is a need to identify a market housing threshold price which then sets the upper limit for the cost of intermediate affordable housing products.
- ^{6.46} On this point, SHMA practice guidance (Chapter 3, page 27) states that for house prices, 'Entry-level prices should be approximated by lower-quartile house prices'. The cheapest available house prices should not be used since these often reflect sub-standard quality or environmental factors,' and for private rents, 'As with house prices, lower-quartile rents should be used to estimate the entry level'. Therefore SHMA Practice Guidance identifies that the threshold point for market housing commences at the lowest quartile for owner occupation and private rents. In practice, private rents are more affordable in North London than owner occupation, so it is these which define the point where market housing costs begin and act as the upper limit for intermediate affordable housing costs.
- ^{6.47} This issue is very important because PPS3 is predominantly about the delivery of new dwellings. However, while the ORS Housing Market Model is also, in part, about the delivery of new dwellings, the majority of households requiring accommodation will be housed in the existing housing stock of North London. Therefore, while PPS3 sets out clear definitions for newbuild dwellings, the role of second hand housing makes the classification of dwellings by tenure much more complicated.

The role of sub-market housing in the private rented sector

- ^{6.48} Such an example is for housing which is available to those who can afford no more than social rents. For this group, it is possible to consider the supply to comprise of dedicated supply such as council and RSL lettings, but also housing benefit supported private rented dwellings. The rationale for this is to recall the PPS3 definition of households in housing need (as outlined in Chapter 5 of SHMA Practice Guidance) and the requirement for financial assistance within the definition:

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

- ^{6.49} Housing benefit supported private rented housing does not have the same tenancy rights as Council or RSL provided social rented housing. It nevertheless contributes to the effective supply of affordable housing in that it is affordable to households who require social housing. In practical terms there is a shortage of social rented housing and households unable to access it will seek housing in the private rented sector with housing benefit support.

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

6.51 Support for these positions can be found in SHMA Practice Guidance where it is noted, (Section 5, Stage 4: The Housing Requirements of Households in Need)

'Furthermore, some households in need may choose to live in the private rented sector (possibly with the use of housing benefit) or housing that would be classified as unsuitable, even though they are eligible for affordable housing'.

6.52 One of the research questions outlined in this section is:

'how is the private rented sector used to accommodate housing need?'

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

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

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

Private rented sector page 38:

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

The gross 5 year supply of housing

6.55 The supply generated from different sources is shown in Figure 61. This highlights the limited supply which is estimated to arise from low cost home ownership and other intermediate affordable housing products, and the large supply of lower quartile private rented sector housing.

Figure 61

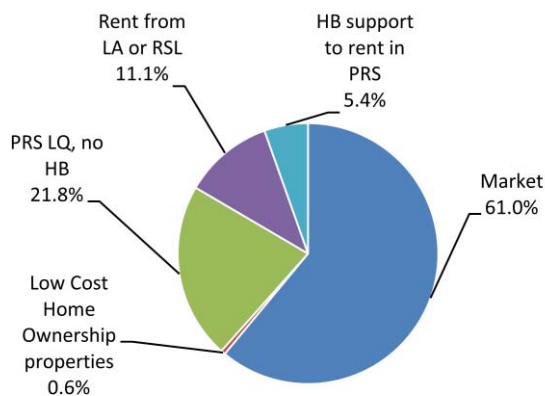
5-year Gross Housing Supply by Origin and Housing Type (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010. Note: Cross boundary moves include only wholly moving households)

Housing Supply	Source of Housing Supply				Total
	Established Household moves	Household dissolution	Out-migrants from sub-region	Cross-boundary out-migrants	
Market sector					
Market housing above lower quartile	112,196	9,891	136,749	35,411	294,247
Intermediate affordable and private rented sector lower quartile prices					
Low Cost Home Ownership properties	870	67	1,382	358	2,677
PRs LQ, no HB	43,969	1,793	47,324	12,254	105,340
Sub-Total	44,839	1,860	48,706	12,612	108,017
Social rent and HB supported private rented sector					
Rent from LA or RSL	20,986	10,580	17,071	5,036	53,673
HB support to rent in PRs	10,641	2,315	10,209	3,013	26,178
Sub-Total	31,627	12,895	27,280	8,049	79,851
Total	188,662	24,646	212,735	56,072	482,115

6.56 Figure 62 shows that 61% of dwellings projected to be vacated fall into the market category compared to 60.7% of households who will be seeking this kind of accommodation. Meanwhile only 0.6% of the dwellings projected to be vacated are low cost home ownership or other dedicated intermediate properties compared with 20.8% of households who are identified as requiring intermediate affordable housing. 11.1% of dwellings vacated are projected to be rented directly from a Council or RSL compared with the 18.4% of households who will be seeking this type of dwelling (see Figure 60).

Figure 62

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



6.57 This leaves over 27% of the stock projected to be vacated which is either within lower quartile private rent sector prices or housing benefit supported private rent. A small number of the housing benefit supported private rented dwellings are in properties where the rent is above market thresholds, so these may be considered to be market rent if the subsidy is removed.

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

^{6.59} Therefore, around 27% of all dwellings projected to be vacated in North London in the next 5 years are not market, intermediate affordable or social rented housing supply as defined in PPS3 and SHMA practice guidance. However, as outlined above, they will continue to be occupied by households. The assumptions made about the type of households who will occupy these dwellings are central to the modelled outputs in the remainder of the section.

Supply Scenarios

^{6.60} The aim of the ORS housing market model is to provide outputs that can be demonstrated retrospectively to accurately estimate future housing requirements. There are uncertainties about the recovery of the global economy, the UK housing market and the impact of the policies of the Coalition Government and the London Plan. Therefore any estimate based upon a single set of assumptions will not describe the possible outcomes. Accordingly the SHMA provides estimates of future housing requirements using a range of different assumptions or scenarios relating to supply.

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

^{6.61} Figure 63 directly compares the gross requirement for affordable housing (Figure 59) with the projected supply from dedicated affordable housing products (Figure 61). This highlights a large shortfall of dedicated intermediate affordable and social rented dwellings. This result can be considered to be comparable to the findings of housing needs assessments. These typically compare the gross need for affordable housing with the supply of dedicated affordable housing products. The results of this scenario estimate an affordable housing requirement of 152,419 dwellings over 5 years, or around **4,350 dwellings per annum by borough** on average.

Figure 63

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 are 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
Affordable housing Total	208,769	56,350	152,419

Scenario 1B: Intermediate Housing Policy contained in the London Plan

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

^{6.63} As noted above, if we apply PPS3 guidance to the ORS Housing Model, the 1 bedroom intermediate affordable housing upper income threshold is £37,400 with anyone with more than this threshold being identified as requiring market housing. The equivalent threshold for 2 bedrooms is £49,900, 3 bedrooms is £62,400 and 4 bedrooms is £72,800.

^{6.64} However, the draft replacement London Plan notes that;

- intermediate housing should meet the criteria outlined in Policy 3.11 and be available at prices and rents above those of social rent, but below market prices or rents. New intermediate homes should be affordable to households whose annual income is in the range £18,100 – £61,400; and

- for homes with more than two bedrooms, which are particularly suitable for families, the upper end of this range will be extended to £74,000. These figures will be updated annually in the London Plan Annual Monitoring Report (para. 3.55).

6.65 Therefore, the upper income thresholds for homes set out in the draft replacement London Plan are much higher than those we obtain by applying PPS3 assumptions to North London market rents for 1 and 2 bedroom homes. The reference to 1 and 2 bedroom homes is important as this forms most of the recent supply of Newbuild HomeBuy according to evidence obtained by the HomeBuy agent. If we count all households with incomes between the upper end of the income band defined by PPS3 and the intermediate housing threshold identified in the draft replacement London Plan, 154,073 additional households are estimated to require intermediate housing in North London over the next 5 years (Figure 64).

6.66 This means that based upon affordability assumptions in total around 262,000 households over the next 5 years are likely to have income within the range required for intermediate housing. These households will be seeking housing in North London, have no equity in their homes and who fall within the draft replacement London Plan affordability thresholds. The model does not imply any preference for intermediate housing from this group, only that they qualify for intermediate housing on affordability grounds.

Figure 64
Net 5-year Net Affordable Housing Requirements Based on Draft Replacement London Plan Upper Income Limits and Supply from Dedicated Products (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010. Note: Only Low Cost Home Ownership and Council or RSL Social Rent is counted as Supply of Affordable Housing)

Housing Type	Gross Requirements up to PPS3 Thresholds	Gross Requirements above PPS3 Thresholds, but below London Plan Thresholds	Gross Supply from Dedicated Products	Net Requirements
Intermediate affordable	110,807	154,073	2,677	262,203
Social	97,962		53,673	44,289
Affordable housing Total	208,769	154,073	56,350	306,492

Scenario 2: Affordable housing requirements using the standard assumptions for the ORS Housing Market Model

- ^{6.67} The implication of the scale of the requirements estimated in the first scenario is that it is unlikely that the supply of dedicated affordable housing products can be expanded through new build to meet all of the housing needs of households seeking housing in North London. Figure 65 illustrates the potential role which could be played by the private rented sector in North London in meeting needs if we use the SHMA defined income bands and CLG affordability benchmarks for those seeking affordable housing. In this scenario, the supply of social housing now includes any housing benefit supported private rent dwellings which are projected to be vacated, while the supply of intermediate affordable housing includes lower quartile private rented dwellings. The assumption in this scenario is that the stock of housing benefit supported private rent will remain at current levels and that lower quartile private rented dwellings help to meet the demand from those who could otherwise afford intermediate affordable housing products.
- ^{6.68} The impact of these assumptions for the affordable housing supply is to significantly reduce the net requirement for affordable housing. It should be noted that the identified net housing requirement for intermediate affordable and social housing is for dedicated products as the model assumes no further increases in supply from either housing benefit supported private rent or private rent let at below lower quartile average prices.

Figure 65

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

Housing Type	Gross Requirements	Gross Supply from All Sources	Net Requirements
Intermediate affordable	110,807	108,017	2,790
Social rent	97,962	79,851	18,111
Affordable housing Total	208,769	187,868	20,901

Scenario 2 extended to the whole housing market

- ^{6.69} The balance of this net requirement between all of the tenures is stated in Figure 66. This shows the identified gross 5 year housing requirements for market, intermediate and social housing and their expected supply from existing stock. The difference between the gross requirement and supply represents the net requirement for each tenure. It should be noted that the market housing supply comes from owner occupation and also from private rented dwellings which are not in the lower quartile for rented property.
- ^{6.70} It should also be noted that this result includes addressing the backlog of housing need over 10 years. This does not add to net housing requirement because each of these households already occupy a dwelling which will be vacated. However, the backlog of need does change the tenure mix because households may be moving from any tenure to either intermediate or social housing.
- ^{6.71} The main finding from Figure 66 is that the market, intermediate affordable, social housing requirement ratio is 58:6:37.

Figure 66

5-year Net 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	28,643	57.7%
Intermediate affordable and private rented sector lower quartile prices				
Intermediate affordable (can afford above social target rents but cannot afford market rents or owner occupation)	110,807			
Dedicated supply of Low Cost Home Ownership properties		2,677		
Supply of PRS LQ, no HB		105,340		
Sub-Total	110,807	108,017	2,790	5.6%
Social rent and HB supported private rented sector				
Social rent (can afford no more than social target rents)	97,962			
Supply of Rent from LA or RSL		53,673		
Supply of HB support to rent in PRS		26,178		
Sub-Total	97,962	79,851	18,111	36.6%
Total	531,659	482,115	49,544	100%

Scenario 2A: Housing Requirements Using Standard ORS Housing Market Model Adapted to the draft replacement London Plan

6.72 As noted above the affordability thresholds outlined in the draft replacement London Plan are different from those which are identified by using PPS3 and SHMA guidance. Many more households are in the income range for intermediate housing products under the draft replacement London Plan definitions.

6.73 Figure 67 identifies the market housing requirement split between those who qualify for intermediate housing products under the draft replacement London Plan and those who do not. An additional 154,073 households over the next 5 years are projected to qualify for intermediate housing under the draft replacement London Plan proposals, but under PPS3 affordable guidance require market housing. Only 168,817 households require market housing if the draft replacement London Plan income thresholds are used.

Figure 67

5-year Net 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 Requirement	Sub-category	Source of Housing Requirement/Supply		Total	%
		Gross Requirements	Gross Supply from All Sources		
Market	Existing owner occupiers and those with incomes above draft replacement plan thresholds	168,817		28,643	57.8%
	Can afford market housing under PPS3 definitions, but below London Plan intermediate thresholds	154,073	294,247		
Intermediate affordable	As described in PPS3	110,807	108,017	2,790	5.6%
Social rent	As described in PPS3	97,962	79,851	18,111	36.6%
Total		531,659	482,115	49,544	100%

6.74 The actual impact of the draft replacement London Plan on the final mix between market, intermediate and social rented housing is dependent upon the preferences of households. Not all of the 154,073 households will want to access intermediate housing products. Figure 68 shows 4 possible scenarios with the first showing the base case outlined above where intermediate housing is only for those who qualified for intermediate affordable under PPS3 definitions. However, if only 2% wish to access a specialised intermediate housing product, this will reduce the market housing requirement by over 3,000 units with these households instead wishing to occupy intermediate (but not intermediate affordable) housing. For example, if only 2% of the 154,073 households form the active demand for intermediate housing the ratio between market, intermediate (intermediate affordable and draft replacement London Plan) and social housing would be 52:12:37.

Figure 68

Impact of Assumptions Around London Plan Definitions of Intermediate Housing (Source: ORS Housing Market Model, North London Housing Requirement Assessment 2010. Note: Figures may not sum due to rounding)

Housing Requirement	Base Case- 0% of additional eligible households access intermediate	2% of additional eligible households access intermediate	5% of additional eligible households access intermediate	10% of additional eligible households access intermediate
Market	28,643 (57.8%)	25,562 (51.6%)	20,939 (42.3%)	13,236 (26.7%)
Above PPS3 Intermediate Threshold London Plan Intermediate Threshold	0 (0%)	3,081 (6.2%)	7,704 (15.5%)	15,407 (31.1%)
Intermediate affordable	2,790 (5.6%)	2,790 (5.6%)	2,790 (5.6%)	2,790 (5.6%)
Social rent	18,111 (36.6%)	18,111 (36.6%)	18,111 (36.6%)	18,111 (36.6%)
Total	49,544	49,544	49,544	49,544

Breakdown of North London Housing Requirements by Housing Type and Size

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

- standard assumptions for the ORS Housing Market Model; and
- assumptions relating to the anticipated reduction in the local housing allowance for private rented sector tenants.

Using Standard Assumptions for the ORS Housing Market Model

6.76 Figure 69 (below) details the size mix in terms of both gross requirement and net requirement on the assumption that the proportion of all households in receipt of housing benefit to enable them to live in the private rented sector remains at the current level and that existing need is addressed over a 10-year period. The market housing requirement comprises all households who are identified as requiring market housing under PPS3.

Figure 69:

5-year Housing Requirement by Housing Type and Size, (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	
Gross Requirement				
1 bedroom	110,652	39,866	42,686	193,204
2 bedrooms	118,714	37,965	34,555	191,234
3 bedrooms	64,073	18,626	17,406	100,105
4+ bedrooms	29,451	14,349	3,315	47,115
Total	322,890	110,807	97,962	531,659
Gross Supply				
1 bedroom	115,649	30,510	31,811	177,970
2 bedrooms	92,611	38,909	32,780	164,300
3 bedrooms	60,677	26,551	14,040	101,269
4+ bedrooms	25,310	12,045	1,221	38,576
Total	294,247	108,017	79,852	482,115
Net Requirement (Surplus)				
1 bedroom	(4,997)	9,356	10,875	15,234
2 bedrooms	26,103	(944)	1,775	26,934
3 bedrooms	3,396	(7,925)	3,366	(1,164)
4+ bedrooms	4,141	2,304	2,094	8,539
Total	28,643	2,790	18,110	49,544

6.77 The results presented in Figure 69 relating to the estimated requirement for social rented housing may be considered unrealistic due to the allocation policies of local authorities in North London. In particular the 1 bedroom social rented requirement contains non-pensioner single person households where no-one has a health problem and who are not currently in social housing. In total 8,531 households are estimated to require 1 bed social housing on affordability grounds in North London, but would not in practice meet the criteria necessary to be considered a priority for social housing.

6.78 These households do not disappear completely in the model which assumes they will find self-contained housing in cheaper private rented dwellings with or without housing benefit.

6.79 The impact of applying the real allocation policies of North London to the ORS Housing Market Model for social housing is shown in Figure 70. This shows that the difference between the projected requirement for social rent units over the next 5 years and the projected supply of dedicated social housing supply is 9,579 dwellings. However, it is also the case that 8,531 single person households who cannot afford more than social rents also require to be housed in self-contained accommodation.

Figure 70:

5-year Housing Requirement by Housing Type and Size Separating Households not Qualifying for Social Rent (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 rent affordability, but not qualifying for social rent	Social	
Gross Requirement					
1 bedroom	110,652	39,866	8,531	34,155	193,204
2 bedrooms	118,714	37,965		34,555	191,234
3 bedrooms	64,073	18,626		17,406	100,105
4+ bedrooms	29,451	14,349		3,315	47,115
Total	322,890	110,807	8,531	89,431	531,659
Gross Supply					
1 bedroom	115,649	30,510		31,811	177,970
2 bedrooms	92,611	38,909		32,780	164,300
3 bedrooms	60,677	26,551		14,040	101,269
4+ bedrooms	25,310	12,045		1,221	38,576
Total	294,247	108,017		79,852	482,115
Net Requirement (Surplus)					
1 bedroom	(4,997)	9,356	8,531	2,344	15,234
2 bedrooms	26,103	(944)		1,775	26,934
3 bedrooms	3,396	(7,925)		3,366	(1,164)
4+ bedrooms	4,141	2,304		2,094	8,539
Total	28,643	2,790	8,531	9,579	49,544

6.80 The 8,531 single person households who can afford no more than social rents are likely to have their housing needs met in housing benefit supported private rented housing. This will clearly see a rise in the level of housing benefit receipt in the private rented stock in North London. However, in practice it is likely that many will have their needs meet in converted or shared family housing or larger apartments. It is likely that the potential surplus of 3 bedroom intermediate (lower quartile private rent) dwellings in the sub-region will meet demand from single person households in this way. Data collected elsewhere in London by ORS (most notably in Newham and Lewisham) has shown that many older terraced dwellings have been converted into smaller self-contained dwellings or are shared. Many London Local Authorities have a policy of resisting such conversions and reducing the amount of shared accommodation and will need to monitor this trend carefully.

6.81 This is also consistent with changes to the local housing allowance announced in October 2010 which will see any single person aged under 35 years only being entitled to 'room rate' rather than the local housing allowance limit for a one bedroom self-contained home. The current minimum age for a single person to be entitled to HB for self-contained dwellings is 25 years. It has therefore been assumed that three single persons will occupy 1 bedroom each in a 3 bedroom dwelling, reducing the surplus of 3 bedroom intermediate dwellings. If the 8,531 are allocated to 3 bedroom dwellings (3 per dwellings) then only 2,844 dwellings are needed. This reduces the total housing requirement by 5,687 (8,531-2,844). This is reflected in Figure 71.

Figure 71:

5-year Housing Requirement by Housing Type and Size, Allocating Households not qualifying for Social Rent to converted or shared 3 bedroom homes (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	
Gross Requirement				
1 bedroom	110,652	39,866	34,155	184,673
2 bedrooms	118,714	37,965	34,555	191,234
3 bedrooms	64,073	21,470	17,406	102,949
4+ bedrooms	29,451	14,349	3,315	47,115
Total	322,890	113,650	89,431	525,971
Gross Supply				
1 bedroom	115,649	30,510	31,811	177,970
2 bedrooms	92,611	38,909	32,780	164,300
3 bedrooms	60,677	26,551	14,040	101,269
4+ bedrooms	25,310	12,045	1,221	38,576
Total	294,247	108,017	79,852	482,115
Net Requirement (Surplus)				
1 bedroom	(4,997)	9,356	2,344	6,703
2 bedrooms	26,103	(944)	1,775	26,934
3 bedrooms	3,396	(5,081)	3,366	1,681
4+ bedrooms	4,141	2,304	2,094	8,539
Total	28,643	5,635	9,579	43,857

^{6.82} Figure 69 estimates assume that housing benefit supported private rent remains at the same level, implying that for each household who vacates a property in this sector, another household will occupy a dwelling with housing benefit support.

Scenario 3: Using assumptions regarding a reduction in housing benefit claimants in the private rented sector

- 6.83 As discussed in Section 4, the June 2010 budget announced major changes to the operation of the Local Housing Allowance (LHA) system. One of the major changes scheduled to occur is that LHA maximum rents eligible for HB will be set at the 30th percentile of local rents while currently they are set at the 50th percentile. This will reduce the maximum LHA level in all areas. Under the latest proposals (end November 2010) changes will take effect in April 2011 for new tenants and January 2012 for existing tenants.
- 6.84 Therefore dwellings with rents above the 30th percentile up to the 50th percentiles currently fall under the LHA threshold, but will be outside the threshold after proposals take effect. This in turn will see some of these dwellings returned to market rent because their occupiers will not be able to afford to meet the difference between their LHA and the actual rent being charged. In practice, rents at the 30th percentile are close to those at the 25th percentile (lower quartile) threshold for sub-market housing as stated in practice guidance. Therefore the estimated supply up to the lower quartile threshold used earlier in this report is used as an approximate value.
- 6.85 Over the next 5 years it is projected that 25,913 households will move who are currently occupying housing benefit supported private rented dwellings. Of these, 8,037 households occupy dwellings where the rent is above the lower quartile private rent threshold and 17,876 households occupy dwellings below the threshold. If we were to assume that any dwelling vacated in the housing benefit supported private rented sector above the lower quartile threshold is returned to the open private rented sector, this will have major consequences for the market and affordable housing requirements.
- 6.86 By assuming that all vacated housing benefit supported private rented dwellings are returned to the open market, the effective supply of dwellings at social rents falls by 8,037 and the supply of market housing (PPS3 definition) will rise by 8,037 dwellings. Remembering that the model assumes that housing benefit supported private rent rises by 8,531 to accommodate households who can afford no more than social rent, but who will not be allocated to this tenure, the overall impact on the model is to increase the total number of households claiming housing benefit by 494 (8,531-8,037).
- 6.87 This change has an impact on the supply of subsidised housing which is available for households to occupy. The consequence for the modelled results is that if we exclude vacated housing benefit private rented properties above the lower quartile from the potential social housing supply the requirement for social housing becomes 17,616 over 5 years. Therefore, for boroughs to reduce the number of households receiving housing benefit in the private rented sector without being able to reduce the demand for this type of accommodation will require an additional provision of social rented dwellings when compared with the figures outlined in Figure 71.

Figure 72:

5-year housing requirement by housing type and size, allocating households not qualifying for social rent to intermediate housing and returning housing benefit Supported housing above lower quartile private rented housing rents to market housing and allocating these households to social rented housing (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	
Gross Requirement				
1 bedroom	110,652	39,866	34,155	184,673
2 bedrooms	118,714	37,965	34,555	191,234
3 bedrooms	64,073	21,470	17,406	102,949
4+ bedrooms	29,451	14,349	3,315	47,115
Total	322,890	113,650	89,431	525,971
Gross Supply				
1 bedroom	117,755	30,510	29,705	177,970
2 bedrooms	97,117	38,909	28,274	164,300
3 bedrooms	62,079	26,551	12,638	101,269
4+ bedrooms	25,333	12,045	1,198	38,576
Total	302,284	108,017	71,815	482,115
Net Requirement (Surplus)				
1 bedroom	(7,103)	9,356	4,450	6,703
2 bedrooms	21,597	(944)	6,281	26,934
3 bedrooms	1,994	(5,081)	4,768	1,681
4+ bedrooms	4,118	2,304	2,117	8,539
Total	20,606	5,633	17,616	43,855

- ^{6.88} On the basis of these figures, it is apparent that there remains clear demand for additional 2 bedroom or larger owner occupied market housing across the sub-region, but this is in the context of an apparent surplus of 1 bedroom market properties.
- ^{6.89} Nevertheless, the supply of 1 bedroom intermediate properties (within the lowest quartile of the private rented sector) is projected to be lower than the number of households requiring such housing. However, it is likely that some households currently allocated to 1 bedroom intermediate homes will actually stretch their budget to afford market housing. It is also possible that the changes to the Local Housing Allowance announced in the June 2010 budget will lower rents in London and this will make more dwellings affordable to those who have been allocated on affordability grounds to intermediate housing. Therefore, it is likely that the surplus of 1 bedroom market housing will be offset against the requirement for 1 bedroom intermediate housing. However, for simplicity, within the existing model we have assumed that rents remain at their existing levels.
- ^{6.90} When we consider the requirements for housing with 2 bedrooms, there is a small apparent surplus of intermediate units, but a large net requirement for 2 bedroom market dwellings. It is likely that the small apparent surplus will simply house households who technically can afford market housing.
- ^{6.91} The surplus for 3 bedroom intermediate dwellings is driven by households seeking to leave the lower quartile private sector. Again, in practice, these dwellings will not remain vacant and we have already made the assumption that some will be used to house households requiring 1 bedroom housing benefit supported private rent on a shared housing basis. It is again likely that some households who can afford market housing will occupy cheaper dwellings. It is also possible that the dwellings could be

used to help relieve pressure on the social housing stock by housing households who technically can only afford social rent.

6.92 When we consider the various reallocations of stock discussed above, the house size-type matrix could be refined with the following initial adjustments:

- the surplus of 1 bedroom market housing allocated to households technically only able to afford 1 bedroom intermediate housing,
- the surplus of 2 bedroom intermediate housing allocated to households who can afford 2 bedroom market housing,
- the surplus of 3 bedroom lower quartile dwellings is assumed to be occupied by households who can afford 3 bedroom market housing and (with the help of housing benefit) by those who technically require 3 bedroom social rent properties are acquired as affordable housing based on recent trends,

Figure 73:

5-year Housing Requirement by Housing Type and Size, allocating households not qualifying for social rent to intermediate housing and returning housing benefit supported housing above lower quartile private rents to market housing and allocating these households to the effective social supply (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	
Net Requirement (Surplus)				
1 bedroom	0	2,253	4,450	6,703
2 bedrooms	20,653	0	6,281	26,934
3 bedrooms	0	0	1,681	1,681
4+ bedrooms	4,118	2,304	2,117	8,539
Total	24,771	4,557	14,529	43,855

6.93 Figure 72 estimates assume that housing benefit supported private rent above lower quartile rents are re-let as market housing over the 5 year period. Here we test an alternative assumption that while those dwellings which are above the lower quartile private rent are returned to the market supply, the households concerned continue to receive housing benefit by moving to dwelling in the lower quartile of the private rented sector. This, in turn, would convert a further part of the lower quartile rented sector into being part of the effective social supply.

6.94 Figure 73 estimates that the effect of applying this assumption is to reduce the effective requirement for social rent by 8,531 households as households who were previously assessed as requiring social rent are assumed to access housing benefit supported private rent. These households are now recorded as part of the intermediate housing requirement.

6.95 Further, we have applied the assumptions set out in Figure 71. This is that single person households who require a 1 bedroom dwelling have been assumed to occupy 1 bedroom each in a 3 bedroom dwelling on a shared basis.

6.96 The impact of these changes is shown in Figure 74 with a much greater requirement for intermediate housing and lower requirement for social rent when compared with Figure 72. The logic behind this position is that increasing competition for lower quartile private rented dwellings from those households who were previously receiving housing benefit support in dwellings above market thresholds will create shortages of cheaper rented dwellings. This in turn will make it harder for

households who can afford more than social rents to access cheaper private rented dwellings and hence there is a greater requirement for designated intermediate affordable dwellings for these households.

Figure 74:

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

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
Gross Requirement				
1 bedroom	110,652	39,866	34,155	184,673
2 bedrooms	118,714	37,965	34,555	191,234
3 bedrooms	64,073	21,470	17,406	102,949
4+ bedrooms	29,451	14,349	3,315	47,115
Total	322,890	113,650	89,431	525,971
Gross Supply				
1 bedroom	117,755	28,404	31,811	177,970
2 bedrooms	97,117	34,403	32,780	164,300
3 bedrooms	62,079	25,150	14,040	101,269
4+ bedrooms	25,333	12,022	1,221	38,576
Total	302,284	99,979	79,852	482,115
Net Requirement (Surplus)				
1 bedroom	(7,103)	11,462	2,344	6,703
2 bedrooms	21,597	3,562	1,775	26,934
3 bedrooms	1,994	(3,679)	3,366	1,681
4+ bedrooms	4,118	2,327	2,094	8,539
Total	20,606	13,672	9,579	43,857

^{6.97} Applying the same process of reallocations outlined in Figure 73 to the results shown in Figure 74 provides us with the results shown in Figure 75. This provides more balance between social rent and intermediate housing.

Figure 75:

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

Housing Requirement	Type of Housing			All Sectors
	Market	Intermediate	Social	
Net Requirement (Surplus)				
1 bedroom	0	4,359	2,344	6,703
2 bedrooms	21,597	3,562	1,775	26,934
3 bedrooms	0	0	1,681	1,681
4+ bedrooms	4,118	2,327	2,094	8,539
Total	25,715	10,248	7,894	43,855

Monitoring the future impact of changes to the LHA and scenario 3

^{6.98} As noted above, the changes of social housing allocation policies and the LHA announced in the June 2010 budget and proposals in the 2010 spending review, as amended in late November 2010, may change trends in the housing market and impact on the findings in this scenario. Further modelling and analysis has not been undertaken as the reaction of the private rented sector is unknown and implementation for existing tenants has been delayed. This will be an issue for the SHMA when it is updated. It is possible that there will be a rise in the number of households in housing need if they are not able to absorb the effective rent increase as a consequence of changes to the LHA when they are implemented in January 2012 under current proposals. However it should also be noted that the government's latest proposals contain an incentive for landlords to reduce rents. The impact of reducing rents or households finding cheaper housing in the private rented sector may also lead to rising numbers of households in need because their tenancy becomes unsuitable or they move into unsuitable housing for example due to disrepair or overcrowding.

Borough Level Tenure and Size Mix Estimates

^{6.99} The above estimates reflect the overall position for the sub-region. To identify the requirements for each borough requires a method to allocate the total housing requirements between the boroughs, and also a method to allocate housing need to each borough.

^{6.100} Allocating the net housing requirements identified in Figure 58 to individual boroughs could be undertaken by a number of different methods. However, each of the methods requires a number of strong assumptions to be made concerning where housing requirements have arisen in the past and where they will arise in the future.

^{6.101} In practice, net housing requirements within the sub-region will be predominantly met where dwelling delivery occurs. While the sub-division of existing properties into smaller units may help to provide some of these housing requirements, the delivery of new dwellings will largely determine where the net housing requirements of the sub-region are met.

^{6.102} Therefore, for the purposes of this assessment, we have not used recent trends as reflected in household projections to allocate housing requirements across the Boroughs, but have instead used the annual monitoring targets set out in the draft replacement London Plan to allocate housing requirements to each Borough over the 5 year period.

^{6.103} While the study identifies that 49,554 dwellings are required to meet current and recent trends for housing requirements, the consultation draft of the London Plan identifies a five year monitoring target for the boroughs in the sub-region of 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 beyond that identified in the London Plan and potentially more out-migrant households or fewer household formations due to limited dwelling availability.

^{6.104} Note that these targets include self contained housing and vacant housing being returned to use only. They are based on a minimum capacity for each borough to deliver new homes, and not its full potential. The capacity numbers do not include potential sites that may come forward during the year that could not be planned for when setting targets. Therefore, they do not give a full picture of the ability to deliver new homes and meet housing need. The local authority Investment Plan is

updated on a regular basis and gives an up-to-date indication of the current capacity to deliver new homes.

Apportioning Housing Need using the London Councils' Housing Need Index (HNI)

^{6.105} To allocate housing needs to each Borough, for the initial model, we have adopted the London Councils' Housing Needs Index (HNI) 2007/08 as a means of allocating needs to a Borough. The London Councils' HNI combines a range of measures of housing needs and has been accepted by each Borough as a means of allocating affordable housing funding. The components of the London Councils' HNI includes;

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

^{6.106} For clarity, the share of the sub-regional housing need identified in each borough is based exclusively upon the London Council's HNI and does not use information drawn from the household surveys or other secondary data sources. It was judged that the data collection period (2003-2009) for the household surveys was too wide to help provide a consistent measure of housing need across the sub-region. Meanwhile, the London Councils' HNI already encompasses a wide range of secondary data sources which could be used to provide an alternative measure of housing need.

^{6.107} If we were to assume that the housing needs and requirements for each Borough are based upon its HNI and draft replacement London Plan annual monitoring target we obtain the results shown in Figure 76.

Figure 76:

5-year Housing Requirement by Housing Type by Borough, (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	
TOTAL REQUIREMENT				
Barnet	7,415	430	2,790	10,635
Camden	981	203	1,316	2,500
Enfield	1,516	166	1,078	2,760
Hackney	(470)	834	5,411	5,775
Haringey	267	512	3,321	4,100
Islington	1,600	402	2,608	4,610
Westminster	1,545	244	1,586	3,375
Total	12,854	2,790	18,111	33,755
PERCENTAGE REQUIREMENT				
Barnet	69.7%	4.0%	26.2%	100%
Camden	39.2%	8.1%	52.6%	100%
Enfield	54.9%	6.0%	39.1%	100%
Hackney	(8.1%)	14.4%	93.7%	100%
Haringey	6.5%	12.5%	81.0%	100%
Islington	34.7%	8.7%	56.6%	100%
Westminster	45.8%	7.2%	47.0%	100%
Total	38.1%	8.3%	53.7%	100%

^{6.108} It should be noted that Barnet has been allocated the largest number of dwellings in the sub-region and will therefore find itself accepting a higher share of the housing need of the sub-region. However, because the local authority with the sub-region's lowest HNI is Barnet, the lowest percentage affordable housing requirement is also to be found in Barnet.

^{6.109} In the case of Hackney the affordable housing requirement is more than 100% of its dwelling delivery target. The identified need is clearly undeliverable. However, the need does still exist. If the social rented stock and housing benefit supported private rent cannot absorb the level of need which exists it is likely that more households will present as homeless or need to be found accommodation outside of the borough.

Apportioning housing need using the **adjusted** London Councils' housing needs index (The adjusted HNI)

^{6.110} While many of the measures contained within the London Councils' HNI directly indicate housing in need, 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 which might work against policy objective of enabling more balanced communities.

^{6.111} 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; and
- crime.

6.112 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. However, it 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 such as those in North London.

6.113 Therefore, the Index of Multiple Deprivation 2007 does not directly relate to housing needs and instead focuses upon the general wellbeing of the area. This in turn sees areas which are more deprived being identified as having housing needs in the London Councils' HNI. 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.

6.114 Figure 77 below shows the impact on the modelled results of removing the Index of Multiple Deprivation 2007 from the London Councils' HNI. This change leads to more of the total identified need being allocated to relatively less deprived boroughs such as Barnet, Enfield and Westminster with less being allocated to more deprived boroughs such as Hackney, Haringey and Islington.

Figure 77:

5-year Housing Requirement by Housing Type by Borough using the adjusted 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	
TOTAL REQUIREMENT				
Barnet	5,700	659	4,276	10,635
Camden	767	231	1,502	2,500
Enfield	1,208	207	1,345	2,760
Hackney	1,362	589	3,824	5,775
Haringey	610	466	3,024	4,100
Islington	2,099	335	2,175	4,610
Westminster	1,107	303	1,965	3,375
Total	12,854	2,790	18,111	33,755
PERCENTAGE REQUIREMENT				
Barnet	53.6%	6.2%	40.2%	100%
Camden	30.7%	9.2%	60.1%	100%
Enfield	43.8%	7.5%	48.7%	100%
Hackney	23.6%	10.2%	66.2%	100%
Haringey	14.9%	11.4%	73.8%	100%
Islington	45.5%	7.3%	47.2%	100%
Westminster	32.8%	9.0%	58.2%	100%
Total	38.1%	8.3%	53.7%	100%

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

- ^{6.116} As noted earlier in this chapter, the dynamics of the second hand market are more important than newbuild completions to the tenure mix of an area. While boroughs can clearly not achieve over 100% affordable housing on new dwellings, changes in the second hand market can see market dwellings become part of the affordable housing stock. Therefore, if past trends were to continue, the model is projecting that more market dwellings will need to be part of the effective affordable housing supply.
- ^{6.117} As noted above, the changes of social housing allocation policies and the LHA announced in the June 2010 budget and proposals in the 2010 spending review, as amended in late November 2010 may change trends in the housing market and impact on the findings in this scenario. Further modelling and analysis has not been undertaken as the reaction of the private rented sector is unknown and implementation for existing tenants has been delayed. This will be an issue for the SHMA when it is updated. It is possible that there will be a rise in the number of households in housing need if they are not able to absorb the effective rent increase as a consequence of changes to the LHA when they are implemented in January 2012 under current proposals. However it should also be noted that the government's latest proposals contain an incentive for landlords to reduce rents. The impact of reducing rents or households finding cheaper housing in the private rented sector may also lead to rising numbers of households in need if their tenancy becomes unsuitable or they move into unsuitable housing for example due to disrepair or overcrowding.
- ^{6.118} It is also the case that the results are based upon meeting need where it arises, as measured by the London Councils' HNI. In practice, and in light of the changes to the LHA announced in the June 2010 budget, **It is unlikely that need will be met where it arises, but instead it will be met where dwellings are available.** Further details on the housing requirements for individual boroughs are provided in their local authority report.

Summary of Key Points

- An estimated 49,544 additional dwellings should be provided over the 5-year period to sustain the existing supply/ demand imbalance. This is the result of 54,437 household formations and dissolutions and a net loss of 4,893 households through migration.
- The requirement and tenure mix requirement varies according to assumptions about affordability and nature of the supply and several assumptions have been tested.
- By applying affordability tests and deducting the supply of dedicated affordable housing products (social rent and intermediate affordable housing) the affordable housing requirement is estimated as 152,419 dwellings over 5 years.
- If the draft replacement London Plan policy regarding the upper income level for intermediate affordable housing is used and the supply is from dedicated affordable housing products then the affordable housing requirement rises to 306,492 dwellings over 5 years as the market requirement is reduced by 154,073 dwellings and the intermediate requirement increases by the same amount.
- By applying affordability tests and standard ORS assumptions regarding supply of affordable and intermediate housing (from dedicated products, private rented sector housing benefit tenancies and lower quartile private rented sector supply) the 5 year affordable housing requirement is estimated at 20,901 dwellings out of the total requirement of 49,544 dwellings and the tenure ratio can be estimated as;
 - market housing: 28,603 dwellings (58%);
 - intermediate affordable housing: 2,790 dwellings (6%); and
 - social rented housing: 18,111 dwellings (37%).
- If the ORS assumptions regarding intermediate affordable housing are varied such that 2% of the 154,073 additional households under the draft replacement London Plan become the effective demand for intermediate housing in addition to the PPS3 based estimate, the tenure ratio becomes 51%:12%:37%, i.e. a 6% reduction in the market requirement and a 6% increase in intermediate housing requirement.
- These assumptions reflect the real housing market dynamics in that the private rented sector supplies housing to those requiring affordable housing on the basis of their income, some of whom will receive subsidy in the form of housing benefit (HB).
- However, recently announced changes to the local housing allowance (LHA) will have an impact on the number of households that can afford HB supported private rented sector housing. A further assumption that has been tested is the reduction in the amount of housing available to these households if all HB supported private rented sector dwellings with rents over the lower quartile of all rents are let in future as market housing. It is estimated that in this scenario around 8,000 tenancies will be affected across the sub-region and the impact will be that these dwellings would no longer be part of the effective supply of affordable housing. In this scenario the tenure ratio of the housing requirement becomes 47%:13%:40%
- The above outputs are all in excess of the London Plan (consultation draft 2009) 5 year monitoring target of 33,755. These figures are based on a borough's minimum capacity to deliver new homes, and not a borough's full potential. The impact of ensuring that the affordable housing requirement is met from the Draft London Plan delivery is that the proportion of market housing will be smaller;
 - market housing: 12,854 dwellings (38%);
 - intermediate affordable housing: 2,790 dwellings (8%); and
 - social rented housing: 18,111 dwellings (54%).
- Size mix analysis at the Sub-regional level shows the greater part of the net requirements for 1 bedroom affordable and 2 bedroom market housing.

Section 7: Understanding Specific Sub-Group Needs

- 7.1 Whilst we have established an understanding of the housing needs and housing requirements of the overall population across the sub-region, PPS3 recognises that it is important to plan for different types of households.
- 7.2 The modelling analysis discussed earlier in the report took proper account of the housing needs and demands from all household groups, so the proposed mix of dwellings should already provide suitable housing for the whole household population (including the different sub-groups identified below). However, the following section provides further information on how their needs may differ from the needs of the general household population. By implication, the higher incomes available to family households are not always sufficient to make up for the additional cost of suitably sized family dwellings.
- 7.3 Whilst the analysis does not seek to identify additional housing requirements that would need to be provided in addition to the general requirements previously discussed, it helps to identify the housing circumstances of these different groups. The information may, therefore, help inform strategies that seek to prioritise the allocation of available housing and help understand the nature of households likely to be seeking different types of dwellings that may be delivered.
- 7.4 The sub-groups considered include;
- families;
 - older people;
 - black and minority ethnic groups;
 - disabled people;
 - young people;
 - students;
 - key workers;
 - first time buyers;
 - homeless; and
 - luxury housing.
- 7.5 It is important to note that whilst this provides a general context for each of these identified groups, independent studies which profile the requirements in further detail already exist for some sub-groups whereas others may warrant further research to expand on and better understand some of the key issues identified.
- 7.6 It is also important to recognise that because many of these groups only represent small proportions of the overall population, some of the data available may be based on relatively small samples and should therefore be treated with appropriate caution.

Understanding the Housing Requirements of Families

7.7 There were 293,000 people aged 0-14 years (inclusive) identified in the North London sub-region by the 2001 Census. Of these 107,200 were aged 0-4 years, 95,200 were aged 5-9 years and 90,600 were aged 10-14 years.

7.8 The 2007 round population forecasts from the GLA provide high and low growth scenarios for the region for the period to 2026. The mid-point of these two scenarios is illustrated in Figure 79.

7.9 These scenarios suggest that the number of children in the region will rise to between 345,650 and 360,200 by 2026, which represents an increase of 18-23% from 2001. This is in the context of an overall projected increase (for people of all ages) of 14-19%, so the rise in the number of children is more than the forecasted growth in the total population.

7.10 When we consider the age breakdown, it is apparent that the population aged 5-9 years is predicted to increase most (20-23%), with the population aged 10-14 years projected to increase the least (16%-20%).

Figure 78
Age Profile for Children aged under 16 in North London 2001
(Source: 2001 Census of Population)

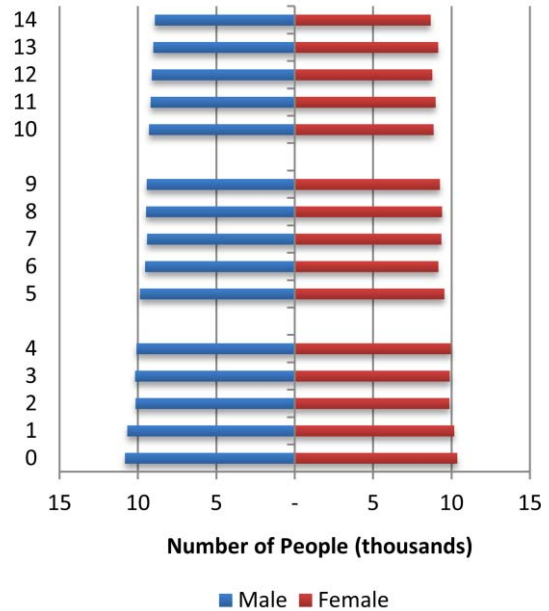


Figure 79
Number of Children in North London (Source: GLA projections - 2008 round, mid-point of PLP Low and PLP High scenarios)

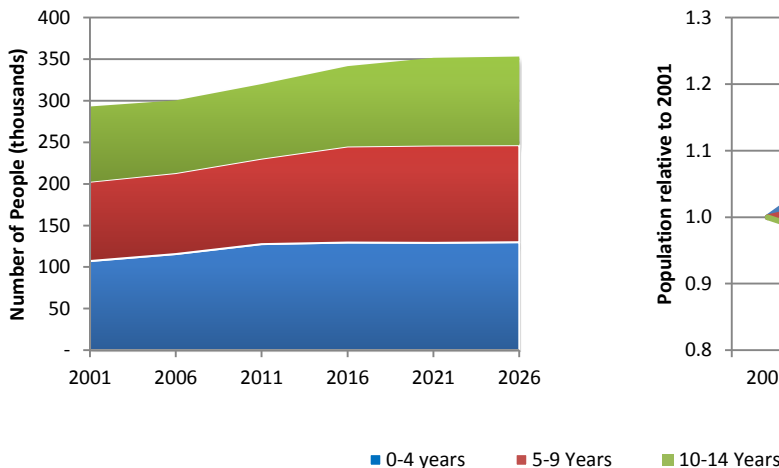
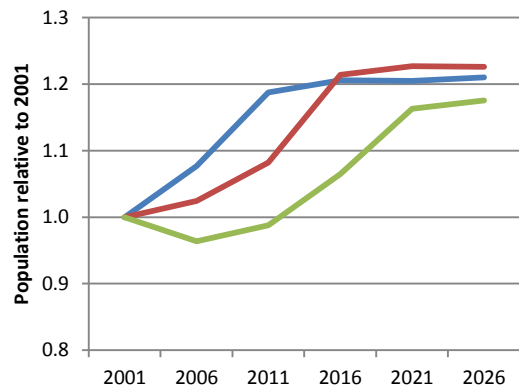
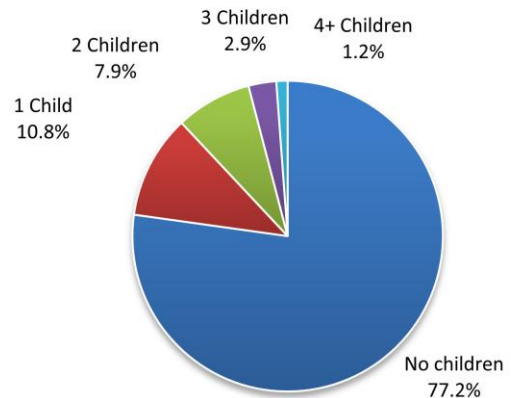


Figure 80
Change in Child Population in North London (Source: GLA projections - 2008 round, mid-point of PLP Low and PLP High scenarios)



7.11 For the purposes of the remainder of this section a family household will be defined as any household which contains at least one child. Figure 81 shows that almost a quarter of households in North London contain at least one child.

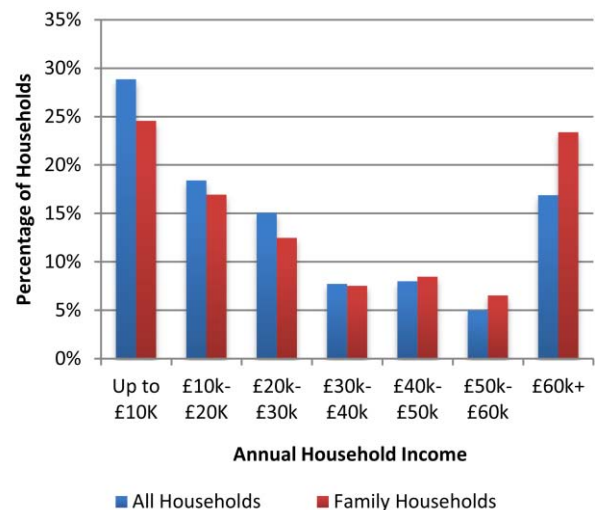
Figure 81; **Number of Children per Household in North London** (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.12 An analysis of household income shows that for family households, 54% have an income of less than £30,000 including 25% who have an income of less than £10,000 per annum (compared with 62% and 29% respectively for all households).

7.13 Nevertheless, family households are more likely to have higher incomes than the overall population, 23% of family households have a household income of £60,000 or more each year compared to 17% of all households.

Figure 82; **Household income by Household Type for North London** (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)

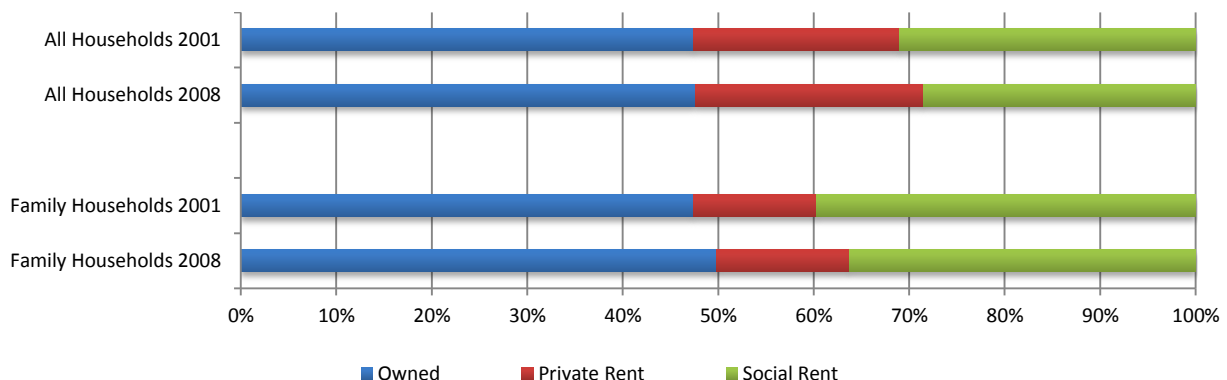


7.14 Therefore, the household income of family households is typically higher than the average household in North London, but there are still many family households with low incomes.

7.15 At the time of the Census, the proportion of family households that owned was similar to the population as a whole, but a larger proportion of family households rented their home from a social landlord with fewer renting from a private landlord (Figure 83).

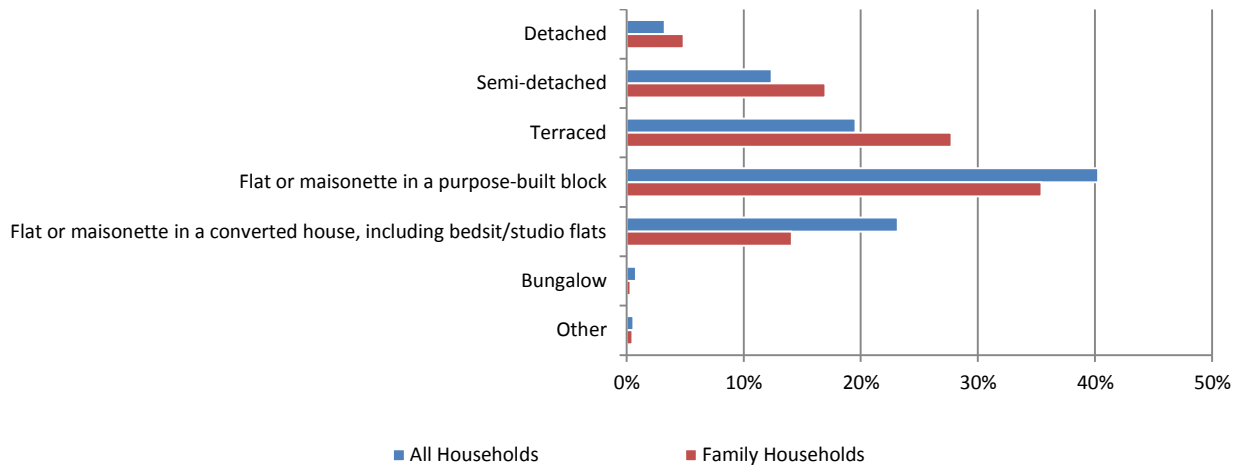
More recent survey data indicates that the overall size of the owner occupied and private rented sector has increased, with more families now owning their home, and less renting in the social sector than in 2001.

Figure 83; **Tenure by Household Type in North London** (Source: 2001 Census of Population; Sub-regional Strategy Support Studies Survey Database, 2008 update)



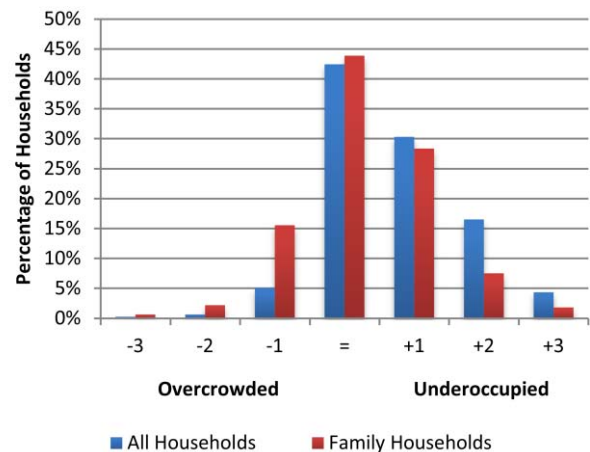
7.16 Family households are more likely to be found in terraced, semi-detached and detached housing than all households in North London. Whilst around 63% of all properties in North London are now flats, only 50% of family households occupy flats and very few family households live in converted dwellings.

Figure 84
Dwelling Type by Household Type in North London (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.17 As many as 18% of all family households are currently living in overcrowded circumstances, compared to only 6% of all households. A further 44% of family households have the correct number of rooms for their household, without any spare rooms. Only 9% of family households have at least two more rooms than their household technically needs, compared to 21% of all households (with 16% having 2 rooms too many and 5% having 3 or more rooms too many).

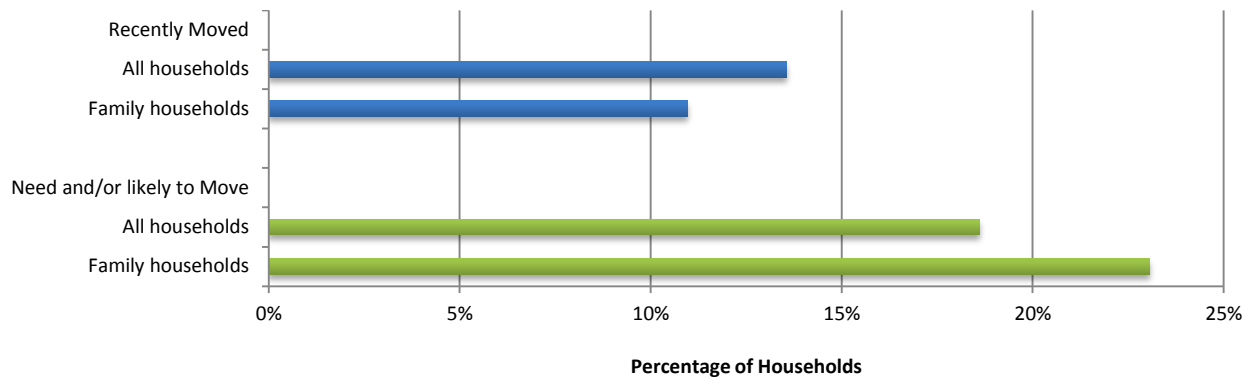
Figure 85
Overcrowding by Household Type in North London (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.18 Over the year prior to the survey, 13.5% of all households had moved address, compared to 11% of family households, so family households are slightly less likely to move home than the whole population.

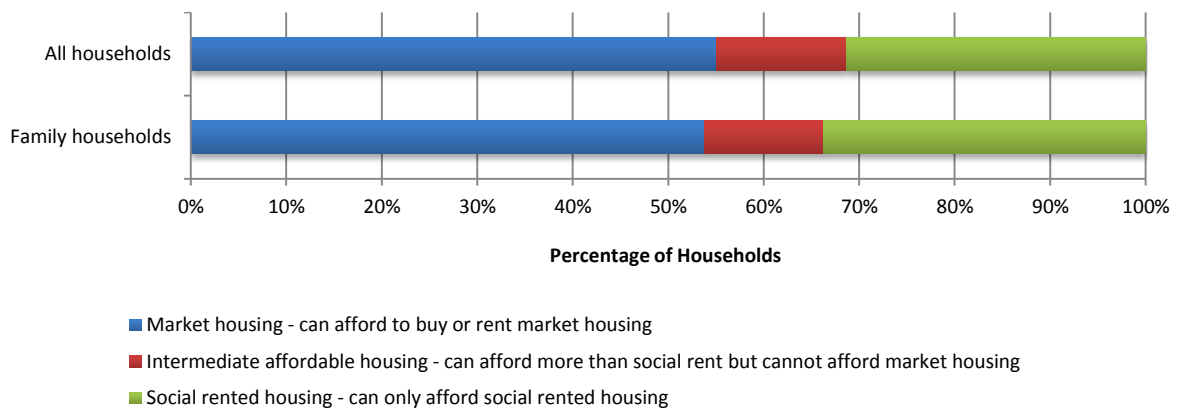
7.19 When this is compared to future expectations, considerably higher proportions of family households need and/or consider it likely that they will move in the next 12-months than recent trends would suggest was likely.

Figure 86
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months in North London (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.20 Finally, Figure 87 compares the affordability of family households with the affordability of all households in the region. This shows that, on the basis of affordability, despite family households on average having higher incomes, they are more likely to require social rented housing than all households in the region, with fewer able to afford market housing.

Figure 87:
Household Affordability (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test is based on analysis comparable to that used within the ORS Housing Market Model)



**Housing Requirements of Family Households:
 Summary of Key Points**

- In 2001, there were 293,000 people of under 15 years of age living in the North London region;
- This population is projected to increase by between 18% and 23% by 2026, with the population aged 5-9 years projected to increase most rapidly;
- The proportion of family households who own is similar to the population as a whole, but a larger proportion rent their home from social landlords;
- Family households are more likely to live in terraced, semi-detached and detached dwellings, than is the case for all households in North London;
- Almost 25% of family households have household incomes of less than £10,000 per annum, and 54% have household incomes of less than £30,000. However, when compared to all households, family households typically have higher household incomes; and
- More family households expect to move in the next year than trends suggest will actually move.

Understanding the Housing Requirements of Older People

7.21 There were 215,700 people of retirement age identified in the North London sub-region by the 2001 Census. Of these 86,700 (40%) were aged 75 or over, including 24,350 (11%) who were aged 85+.

7.22 The 2008 round population forecasts from the GLA provide high and low growth scenarios for the region for the period to 2026. The mid-points of these are illustrated in Figure 89 and Figure 90.

7.23 These figures suggest that the number of older people in the sub-region will rise to between 231,500 and 256,700 by 2026, which represents an increase of 7-19% from 2001. This is in the context of an overall projected increase (for people of all ages) of 14-19%, so the older population is anticipated to grow slightly less than the population as a whole.

7.24 When we consider the age breakdown, it is apparent that the population aged 85+ years is predicted to increase most (18%) whereas the population aged 75-84 is predicted to fall over the period to 2016 and only be marginally larger than the 2001 population by 2026 (4%).

Figure 88
Age Profile for those of Retirement Age or over in North London 2001 (Source: 2001 Census of Population)

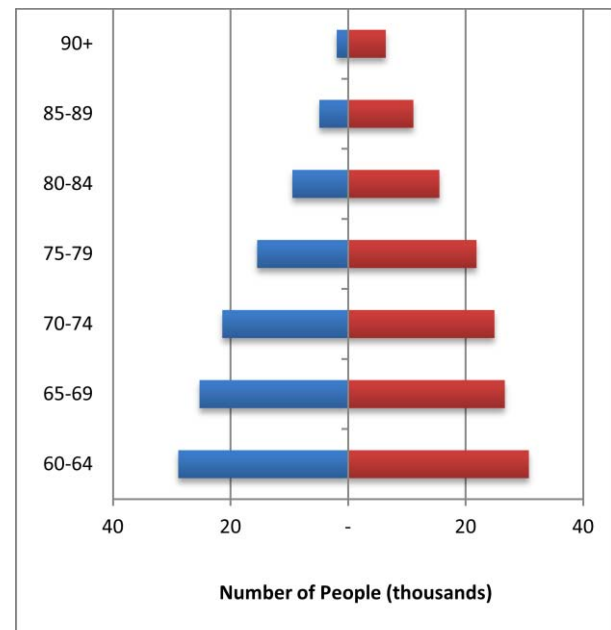


Figure 89
Number of Older Persons in North London (Source: GLA projections - 2008 round, mid-point of PLP Low and PLP High scenarios)

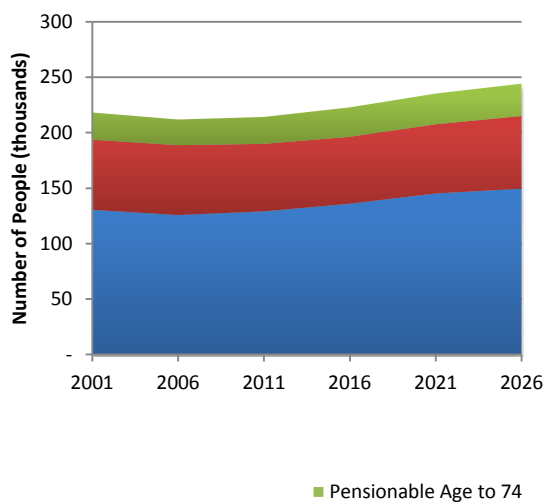
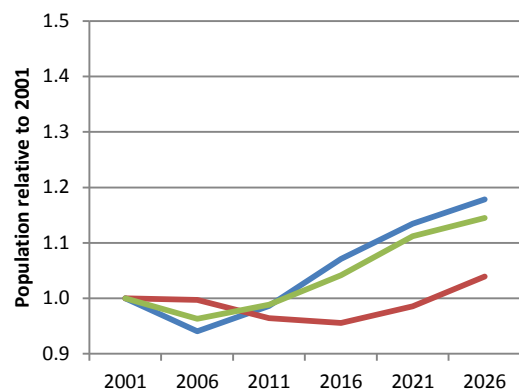


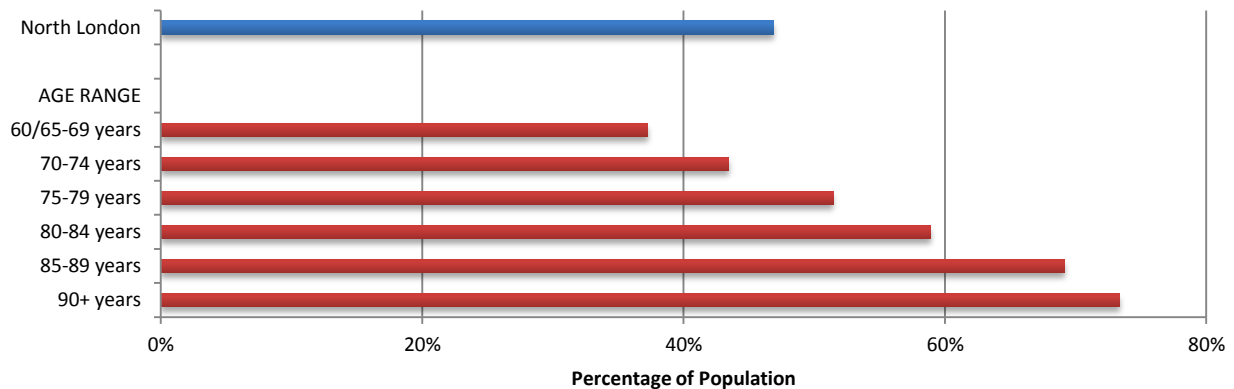
Figure 90
Change in Proportion of Older Person Population in North London (Source: GLA projections - 2008 round, mid-point of PLP Low and PLP High scenarios)



7.25 This changing age profile is of particular relevance when considered in the context of health and support needs. Figure 91 shows the proportion of North London's residents that reported suffering from limiting long-term illness by age band. Whilst it is important to recognise that one of the main reasons that the population is ageing is improved health and, by implication, these propensity rates will tend to get lower over time, the most elderly population will still be the most susceptible to ill-health.

Figure 91

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



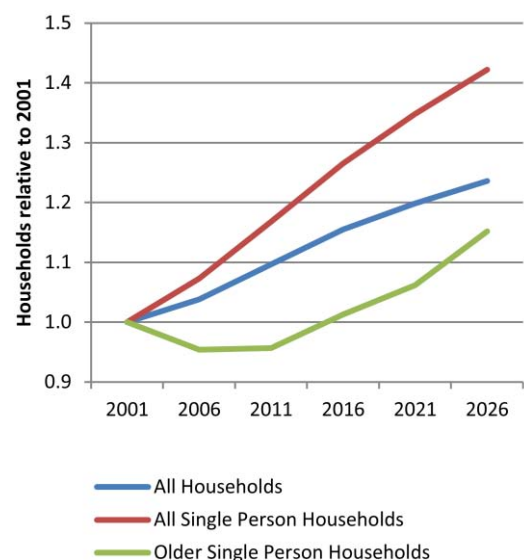
7.26 The data indicates that 47% of people of pensionable age suffer from a limiting long-term illness. This figure is 37.3% for those aged up to 70 years, but rises rapidly to over two-thirds for those aged 85 years and above. Therefore, the forecasted growth in the older population of North London is likely to see more people with support needs in the future.

7.27 When we consider pensioner households, there were a total of 138,600 recorded in North London by the 2001 Census (20% of all households in the region), of which 66,424 were single persons (47% of all pensioner households identified).

7.28 The 2008 round household projections from the GLA identify that the number of older single person households will increase to 76,529 by 2026, a growth of 15% from the 2001 base. However, this is lower than the overall projected increase of households, which is projected to increase by 24% over the same period. Furthermore, the overall increase in single person households is projected to be 42% over the period 2001 to 2026, which is considerably higher than the increase of older single person households.

Figure 92

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



7.29 An analysis of household income shows that for older person households, 51% have an income of less than £10,000 per annum (compared with 29% for all households), many depending exclusively on pension income.

7.30 When considering the tenure of households at the time of the Census, the proportion of all pensioner households that owned did not differ significantly from the population as a whole (50%), but a larger proportion of pensioner households rented their home from social landlords with a smaller proportion renting privately.

7.31 Single pensioners were less likely to own their own home (40%) but households consisting of a pensioner family (more than one pensioner who are related) were considerably more likely to own (68%).

7.32 The tenure of pensioner households varies by local authority, with around 70% owner occupiers in Barnet and Enfield and almost 70% social rent in Hackney and Islington. There are also relatively high proportions of pensioners in private rented accommodation (and lower owner occupation rates) in Camden and Westminster in particular.

Figure 93 Household income by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)

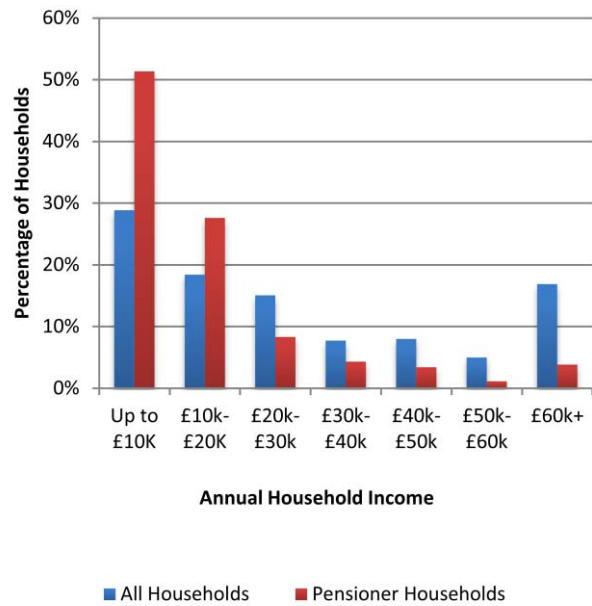
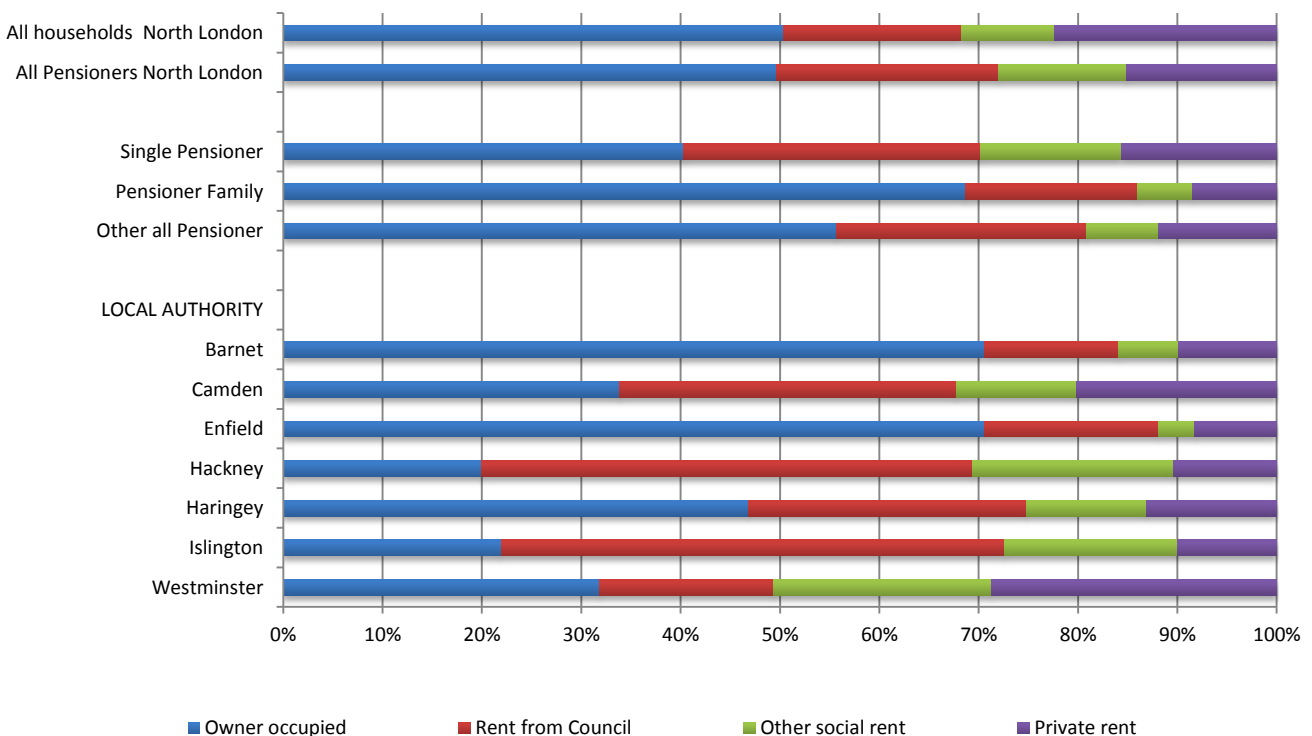
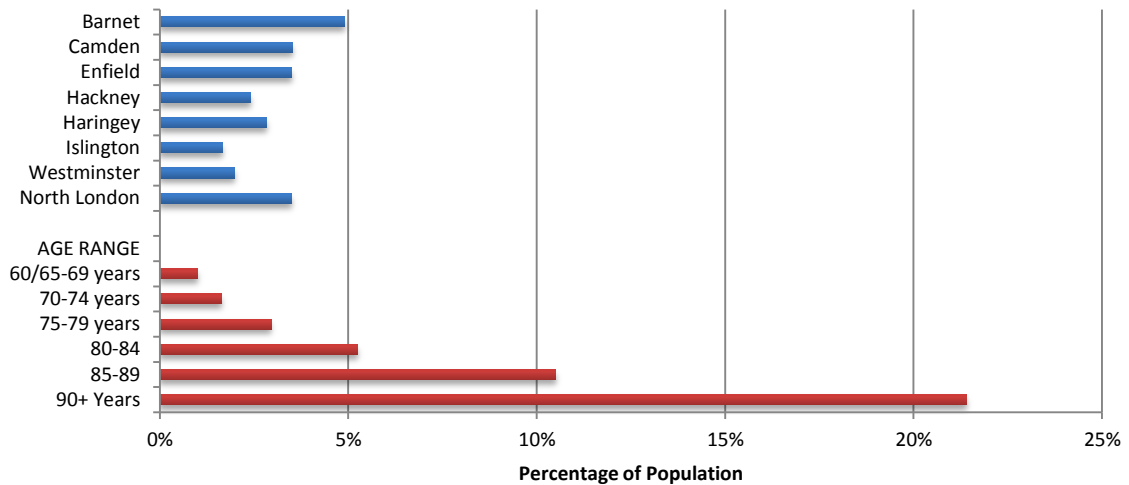


Figure 94 Tenure of Pensioner Households by Local Authority (Source: UK Census of Population 2001)



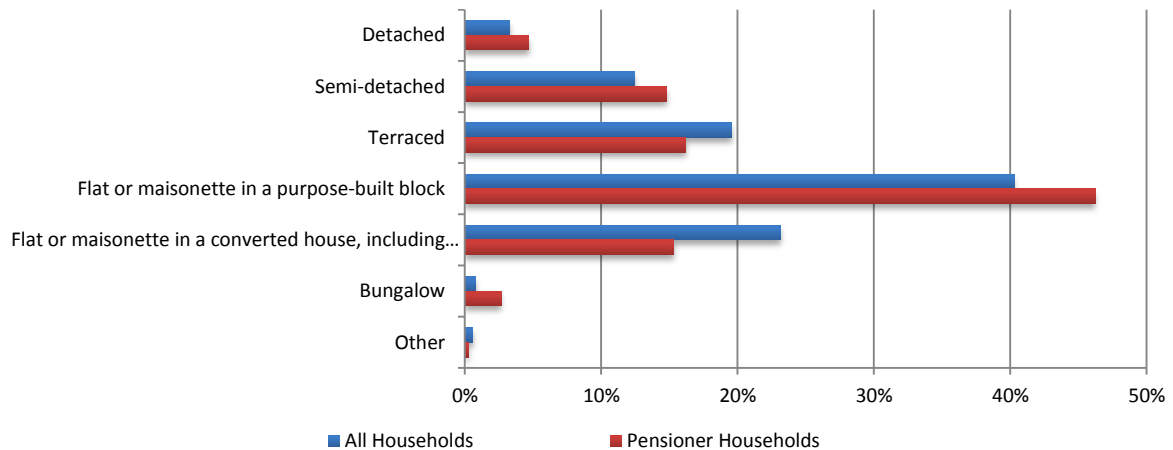
7.33 Figure 95 shows that in North London 3.5% of older persons live in communal establishments, mainly medical and care establishments. Almost 5% of Barnet’s residents of pensionable age live in communal establishments compared to only 2.4% in Hackney and 2.0% in Westminster. The figure for the whole sub-region is as high as 10.4% for those aged 85-89 years and 21.4% for those aged 90 years or more. Given the projected growth of the older population it is likely that there will be an increased requirement for care and medical provision for them.

Figure 95
Proportion of Older People in Communal Housing by Age Group (Source: UK Census of Population 2001. Note: Data is for females aged 60 years and over and males aged 65 years and over)



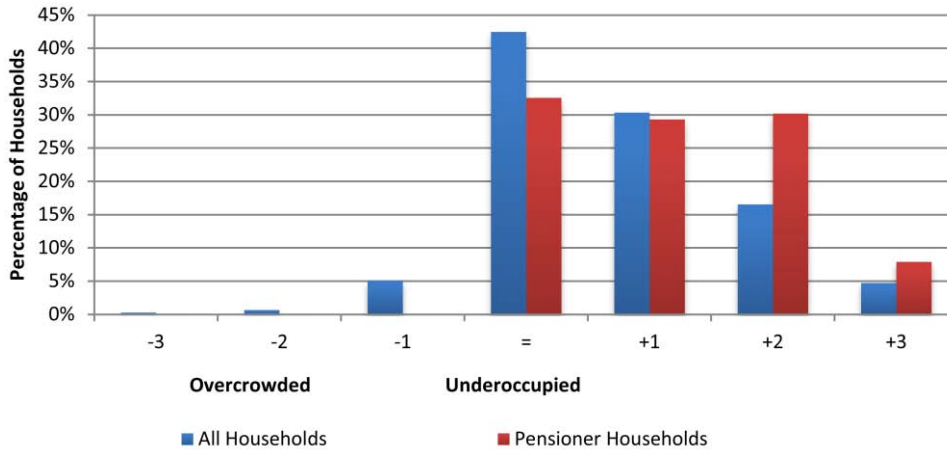
7.34 For those in Private housing, pensioner households are more likely to live in detached or semi-detached housing, bungalows and purpose built flats than all households in North London, whilst being less likely to live in terraced housing or converted flats.

Figure 96
Dwelling Type by Household Type in North London (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.35 Virtually no pensioner households are currently living in overcrowded circumstances, although 33% have only the correct number of rooms for their household, without any spare rooms. As many as 30% of pensioner households have two more rooms than they technically need and a further 8% have three or more spare rooms (compared to 17% and 5% of all households respectively).

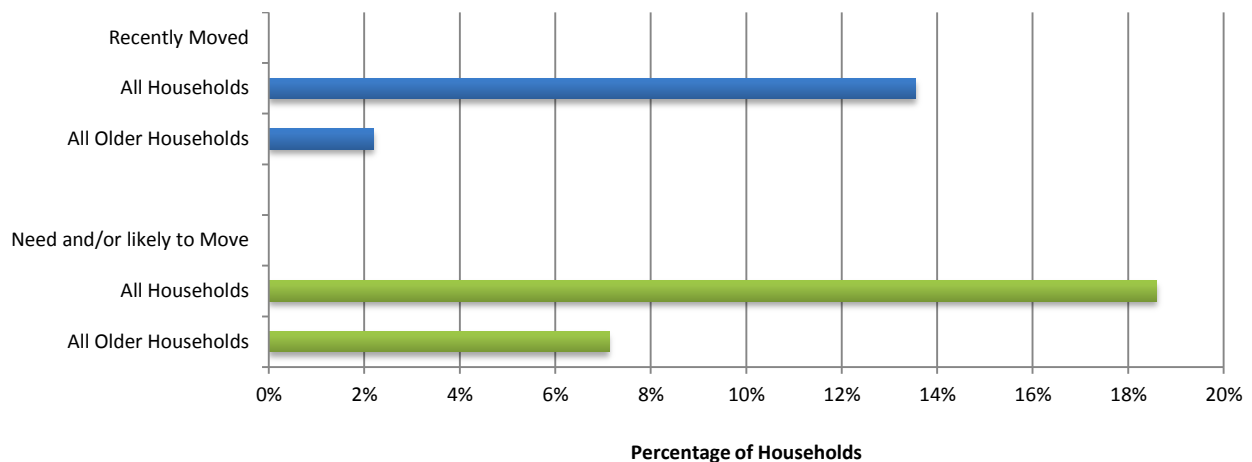
Figure 97
Overcrowding by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



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

7.37 Figure 98 shows that pensioner households are considerably less likely to move home than the population as a whole.

Figure 98
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



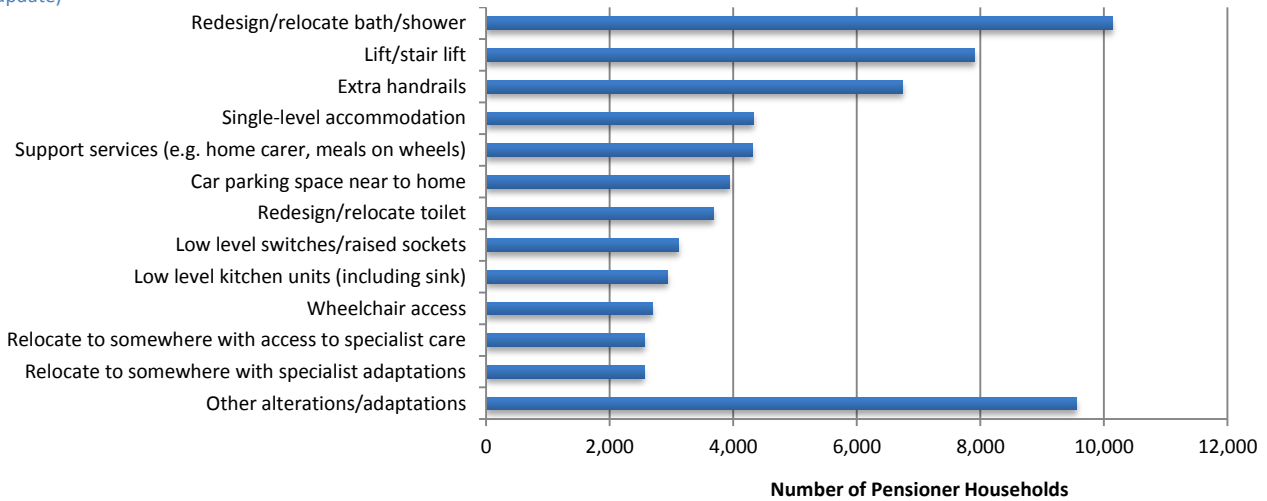
7.38 Over the year prior to the survey, 13.5% of all households had moved address compared to only 2.2% of all pensioner households. Therefore, pensioner households are more than six times less likely to move home than the whole population.

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

7.40 When considering all pensioner households, a total of 2,600 moved into their property in North London over the last 12 months. This compares to 9,400 who need and/or consider it likely that they will move over the next 12 months.

7.41 Figure 99 shows the range of adaptations required by pensioner households to their current homes where it can be seen that bathroom adaptations, lifts/stair lifts and handrails are the most common adaptations required.

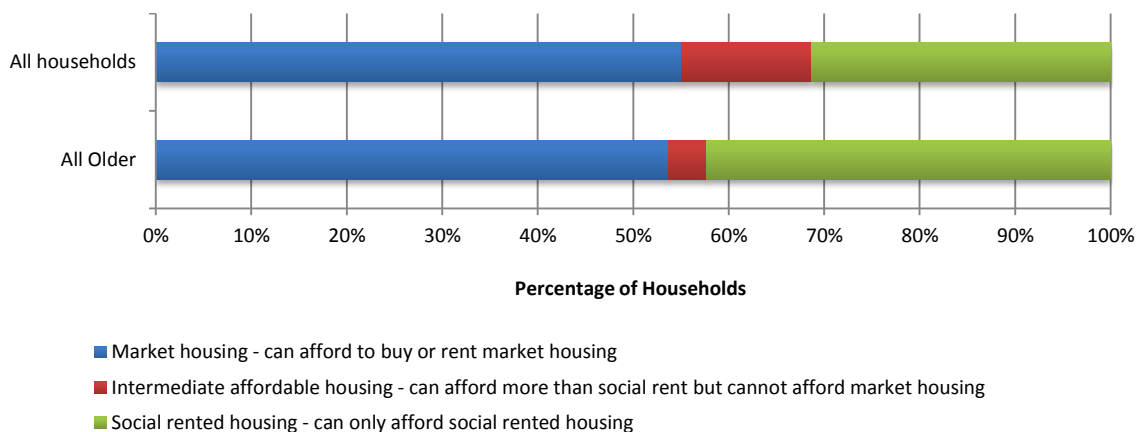
Figure 99 Adaptations required by pensioner households to their current home (Source Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.42 Finally, Figure 100 compares the affordability of pensioner households with the affordability of all households in the region. This shows that, on the basis of affordability, pensioners are more likely to require social rented housing than all households in the sub-region.

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

Figure 100 Household Affordability (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test is based on analysis comparable to that used within the ORS Housing Market Model)



Future Housing Requirements

7.44 While it would be extremely useful, it is very difficult to estimate the level of designated housing provision for older persons (e.g. sheltered housing with low level support, sheltered housing plus and extra care) as there is little previous work in this area. It is clear that planning for the provision of these types of accommodation is considered vital by all boroughs who all expect a significant increase in older persons in the future.

Housing Requirements of Older Persons: Summary of Key Points

- In 2001, there were 215,700 people of retirement age living in the North London region;
- This population is projected to increase by between 7% and 19% by 2026 – the population aged 85+ is projected to increase by 18% over the same period;
- Almost half (47%) of the retired population reported that they suffered from a limiting long-term illness in the 2001 Census, which ranged from 37% of people aged 65-69 years up to over two thirds of people aged 90 years or over;
- Pensioner households are more than six times less likely to move as all households in North London – so many will continue to live in their existing home as they get older;
- Many pensioner households require adaptations to their current home to suit their needs. The most common requirements are for bathroom adaptations, lift/stair lifts and handrails; and
- More households expect to move in the next year than trends suggest will actually move – but this is particularly the case for pensioners, perhaps due to a lack of attractive housing options suitable for their needs.

Understanding the Housing Requirements of Black and Minority Ethnic Groups

7.45 The 2001 Census also contains information on the ethnicity of the population. It classified ethnic groups on the basis of sixteen categories which are standardised across all UK government sources (Figure 101). This classification is also used by the Equality and Human Rights Commission and many other organisations interested in analysing information about Black and Minority Ethnic (BME) communities.

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

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

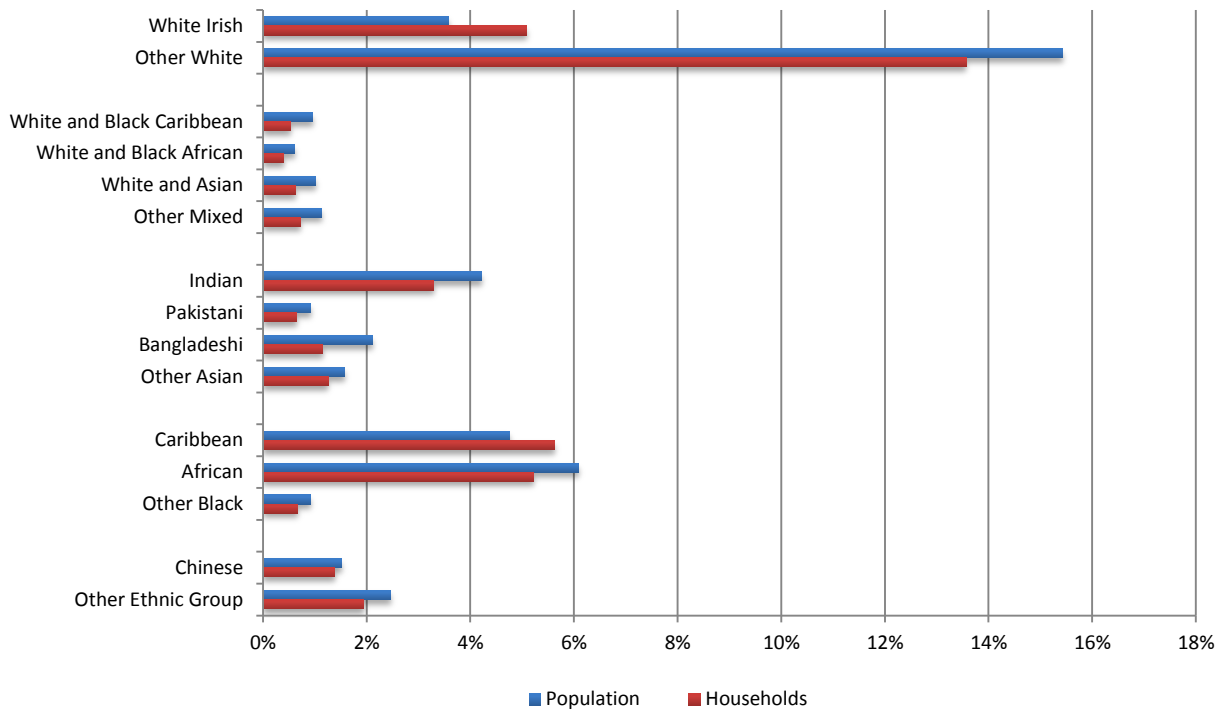
7.48 At the time of the 2001 Census, the BME population in North London comprised 47.3% of the total population, with 42.1% of household representatives being from BME groups. This indicates that household sizes for BME households are typically larger than for the White British population.

7.49 Figure 102 overleaf indicates that the ethnic group classifications with the largest populations in North London are White Other (15.4%), Black African (6.1%) Black Caribbean (4.8%) and Indian (4.2%). Figure 102 also indicates that for the White Irish and Black Caribbean populations there is a higher share of household representatives than population. This implies that for these two groups their household sizes are typically smaller than the average across North London. Meanwhile, for all other ethnic groups their household sizes are typically larger than the average.

Figure 101;
Ethnic Group Classification (Source: UK Census of Population 2001)

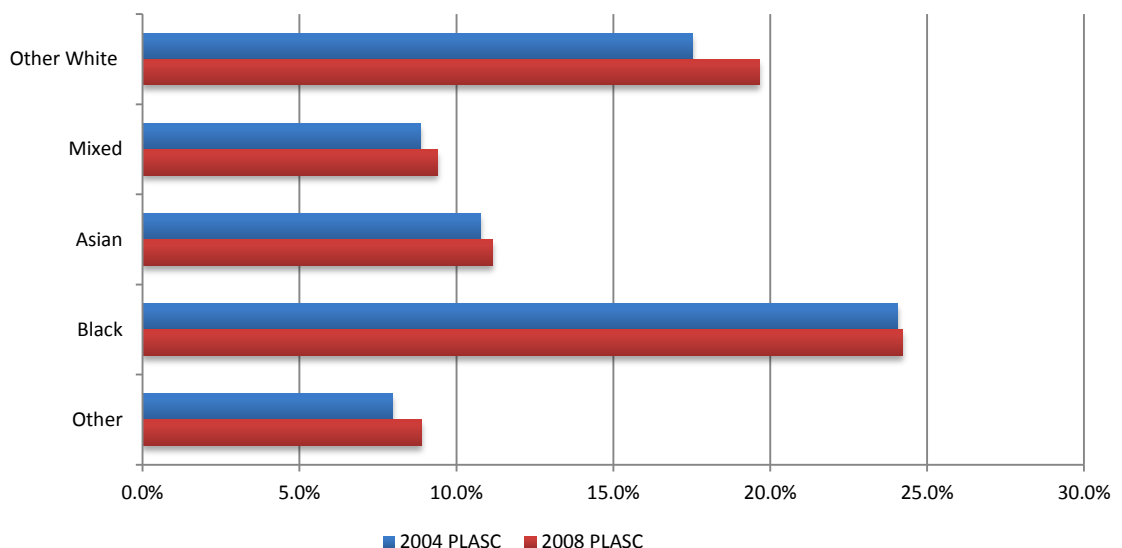
Broad Group	Detailed Classification
White	White British
	White Irish
	Any Other White Background
Mixed	White and Black Caribbean
	White and Black African
	White and Asian
	Any Other Mixed Background
Asian or Asian British	Indian
	Pakistani
	Bangladeshi
	Any Other Asian Background
Black or Black British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

Figure 102
Black and Ethnic Minority Population and Household Representatives by Ethnic Group in 2001 (Source: UK Census of Population 2001)



7.50 To highlight how the BME population of North London may have changed recently, Figure 103 compares how large a share BME group children formed of primary school rolls across North London in 2004 and 2008. The data is drawn from the Pupil Level Annual Schools Census (PLASC) which is conducted every January by every maintained school.

Figure 103
Primary School Aged Pupils by Ethnic Group 2004 and 2008 (Source: Department for Children, Schools and Families Pupil Level Annual Schools Census)

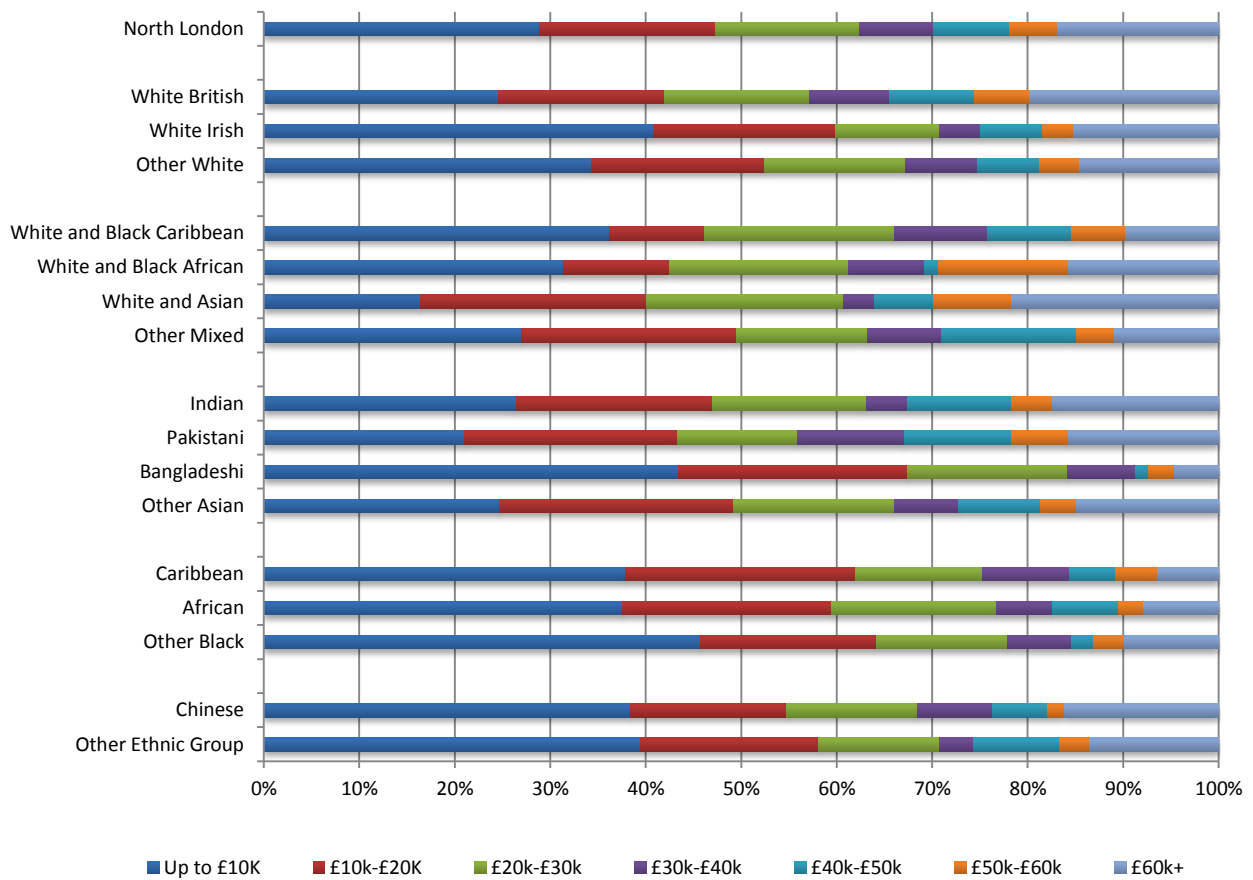


7.51 In 2004 children from identified BME groups formed 69.2% of all pupils in primary schools in North London. By 2008 this figure had increased to 73.4% of all primary school children. Therefore, there has been a substantial rise in the share of children in North London primary schools who come from BME groups. Whilst a possible explanation could be that BME groups are having more children, it is

also likely to be reflected in adults from BME groups also increasing their share of North London’s population in this time.

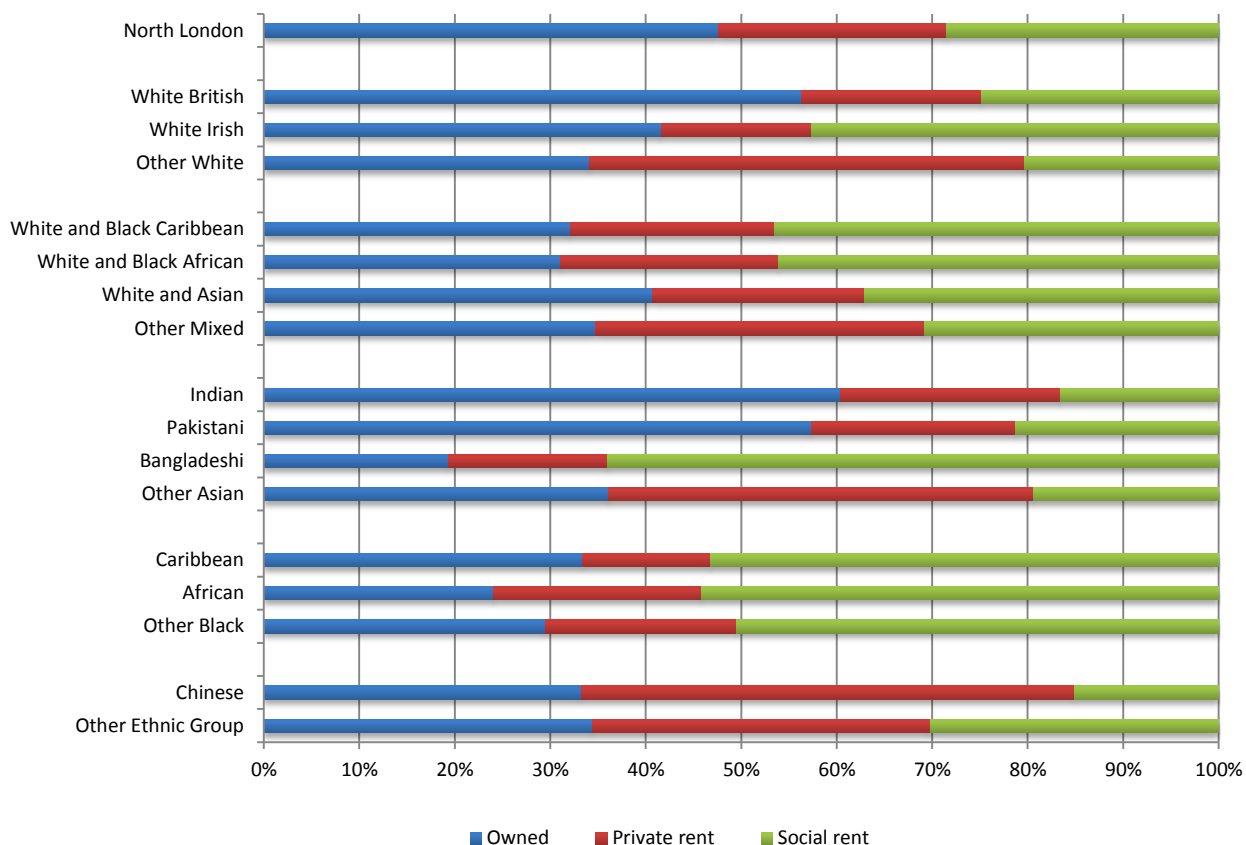
- 7.52 Figure 103 shows that the White Other ethnic group in particular has had a large rise in its share of primary school pupils since 2004, having risen by around 2.2 percentage points in the three years up to 2008. This indicates that this ethnic group has seen a rise in its total populations in North London since 2004.
- 7.53 An analysis of household income shows considerable variation across ethnic groups. Households with a Black or Bangladeshi household representative are associated with below average incomes, while for Indian and Pakistani households their household income is around average for that of North London.

Figure 104
Household income by Ethnic Group (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



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

Figure 105
Tenure by Ethnic Group (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



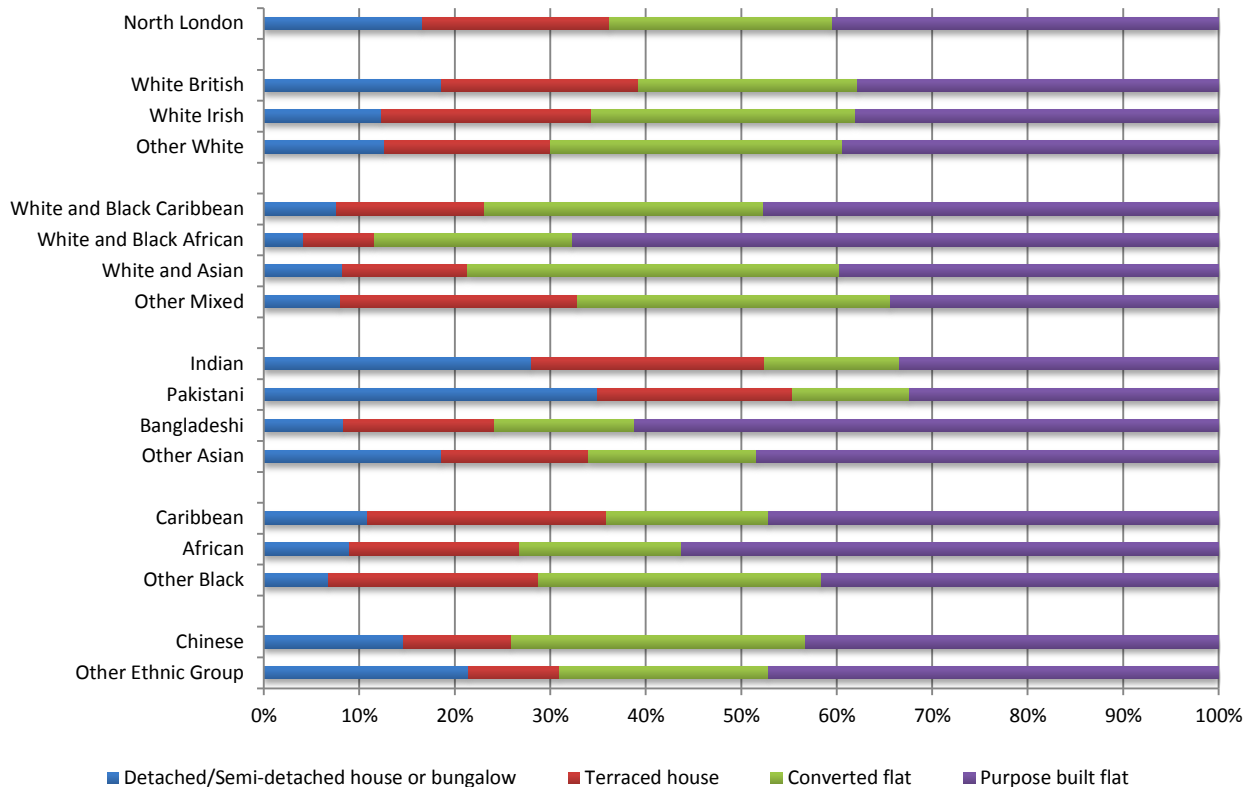
- 7.55 Figure 106 overleaf records all tenants of socially rented accommodation. Many of these residents would have lived in their tenancy for a long period of time. Given that the BME population is typically younger it is interesting to explore the more recent pattern of lettings.
- 7.56 Figure 106 overleaf also compares the recent pattern of lets (including transfers) in North London with the data covering the period from April 2006 to March 2009 for lets in the area. It shows the share of households where the respondent came from a particular ethnic group at the time of the 2001 Census with the proportion of those who reside in social housing from each ethnic group and RSL (not Council) lets to that group since 2001.
- 7.57 Since 2006, the share of lets to many BME groups has been above their population share, most notably for the Black African and Black Caribbean groups. This indicates that housing needs are higher for these ethnic groups.

Figure 106
 Share of Households in Social Housing and Social Lets 2006-2009 for Ethnic Groups (Source: CORE records 2006-2009 and UK Census of Population 2001 Note: Figures may not sum to 100% due to rounding)

Ethnic Group	Share of all Households	Share of Households in Social Housing in 2001	Share of RSL Lets 2006-2009
White: British	52.7%	51.0%	32.1%
White: Irish or White Irish British	3.6%	6.9%	3.0%
White: Other or White Other British	15.4%	9.3%	12.8%
White and Black Caribbean or White and Black Caribbean British	1.0%	0.9%	2.4%
White and Black African or White and Black African British	0.6%	0.7%	1.3%
White and Asian or white and Asian British	1.0%	0.6%	0.5%
Other Mixed or Other Mixed British	1.1%	0.8%	1.7%
Indian or Indian British	4.2%	1.7%	1.5%
Pakistani or Pakistani British	0.9%	0.5%	0.7%
Bangladeshi or Bangladeshi British	2.1%	2.5%	4.0%
Asian Other or Asian Other British	1.6%	1.0%	4.6%
Black Caribbean or Black Caribbean British	4.8%	10.1%	10.7%
Black African or Black African British	6.1%	10.1%	16.9%
Black Other or Black Other British	0.9%	1.3%	3.1%
Chinese or Chinese British	1.5%	0.8%	0.7%
Other Ethnic Group	2.5%	1.7%	3.8%
ALL HOUSEHOLDS	100%	100%	100.0%

7.58 White British, Indian and Pakistani households are the only groups more likely to live in houses than all households in North London. Meanwhile, over 70% of households from mixed ethnic groups, White Other, Bangladeshi, Black African and Chinese ethnic groups live in flats.

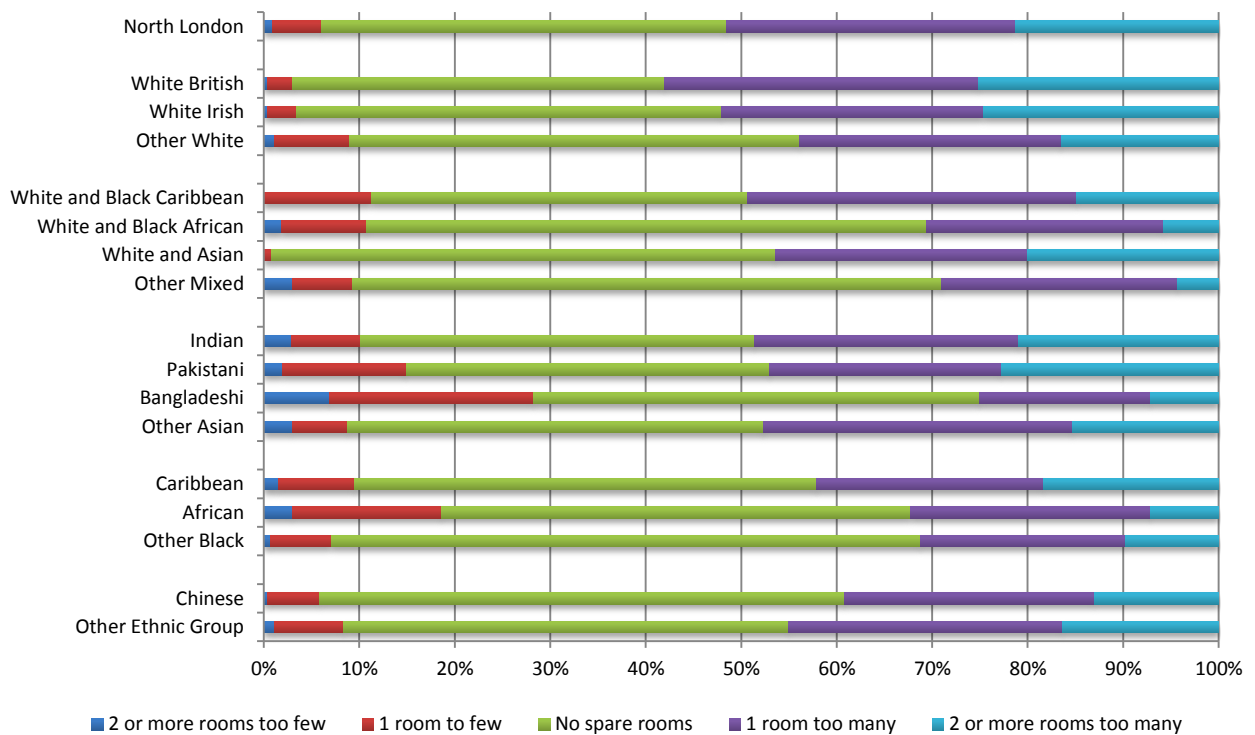
Figure 107
 Dwelling Type by Ethnic Group (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.59 When we consider the characteristics of households in terms of overcrowding it is apparent that, over a quarter (28%) of Bangladeshi households have at least one room too few for the household’s needs, with 7% lacking two or more rooms than the household needs. Around 15% of Pakistani and 19% of Black African households are overcrowded, with at least one-in-ten White and Black Caribbean, White and Black African, Indian and Black Caribbean households being overcrowded. This compares to only 6% of all households being overcrowded. Therefore, it can be seen that BME households often require larger sized dwellings to accommodate them.

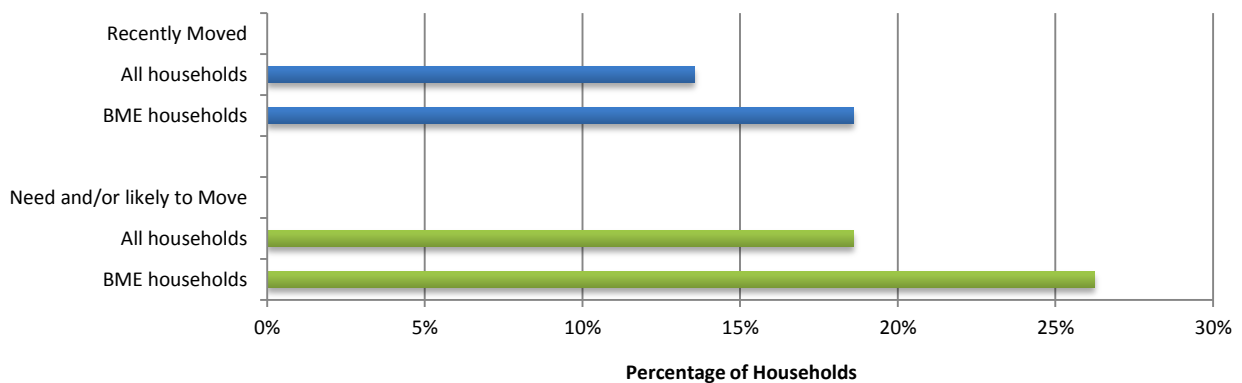
7.60 When we consider under-occupation, more than half of the White British (58%) and White Irish (52%) groups have at least one more room than is technically required by the household, with almost half of the identified households in each group having two or more additional rooms in their home.

Figure 108
Overcrowding by Ethnic Group (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



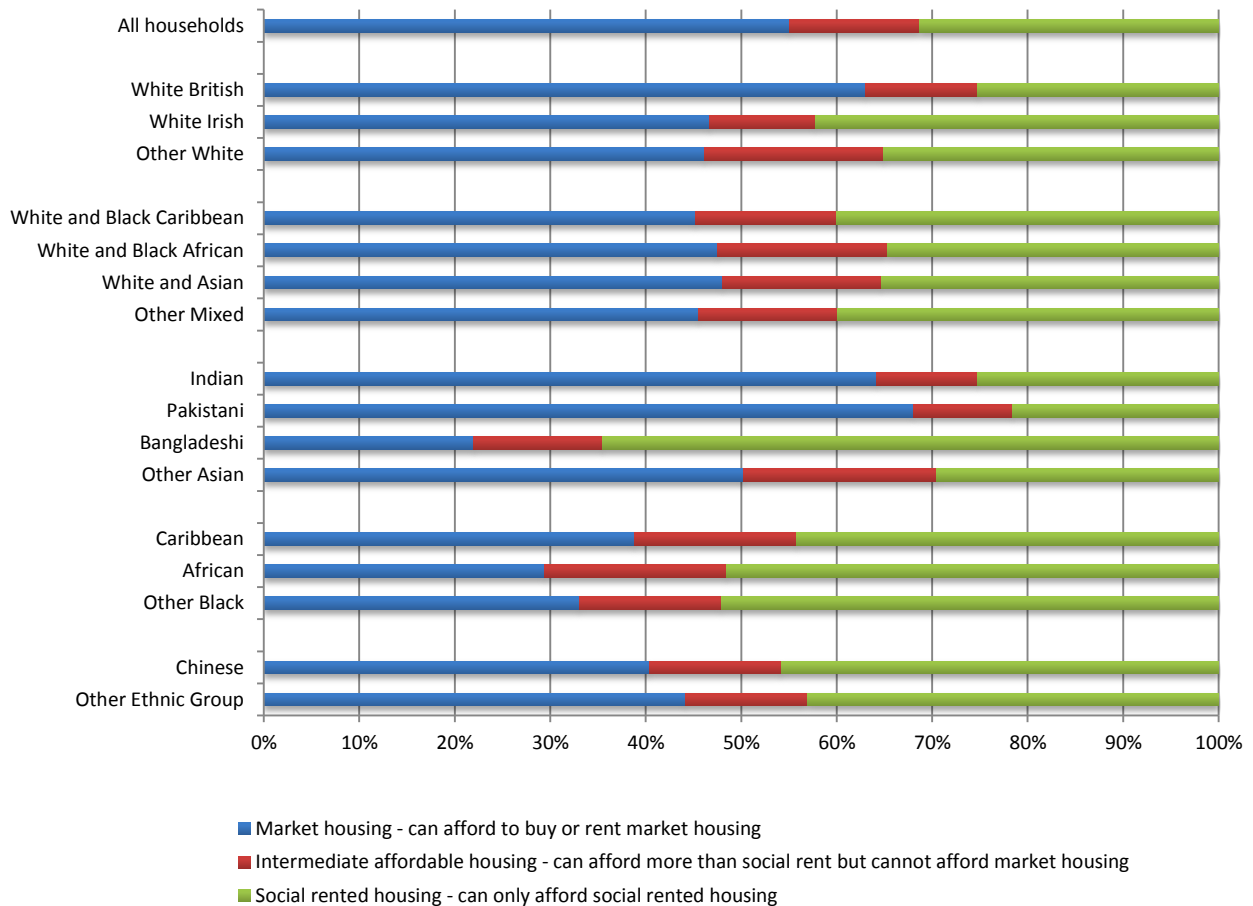
7.61 Over the last year, 13.5% of all households had moved address compared to 18.6% of BME households indicating that BME households are more likely to move home than the whole population.

Figure 109
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



- 7.62 When this is compared to future expectations, considerably higher proportions of all BME households need and/or consider it likely that they will move in the next 12-months than recent trends would suggest was likely.
- 7.63 Figure 110 compares the affordability of households in each BME group with the affordability of all households in the region. This shows that, on the basis of affordability, the White British, Indian and Pakistani are the only groups that have larger proportions of households able to afford market housing than the overall population.
- 7.64 All of the Black ethnic groups show large proportions only able to afford social rented housing, with only 30% of Black African households able to afford market housing. The Bangladeshi, Chinese and Other ethnic groups also have high requirement for social rented housing on the basis of their affordability.
- 7.65 There is an ability to afford intermediate affordable housing across all ethnic groups, but the proportion is highest amongst the Other Asian and Black African households.

Figure 110
Household Affordability (Source Sub-regional Strategy Support Studies Survey Database, 2008 update. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test based on analysis comparable to that used within the ORS Housing Market Model)



The Housing Requirements of Gypsies and Travellers

- 7.66 It is widely recognised that there has been an under-provision of adequate accommodation for Gypsies and Travellers in North London and other regions and that this has contributed to very poor health, educational and economic outcomes for these communities.
- 7.67 The London Plan states that boroughs should assess the accommodation needs of gypsies and travellers, protect existing sites, set out criteria for identifying the suitability of new sites, and identify locations for new sites where shortfalls are identified. Similarly, the Housing Act 2004 requires local authorities to assess the accommodation needs of Gypsies and Travellers, and to have a strategy in place which sets out how any identified needs will be met as part of their wider housing strategies.
- 7.68 National Planning Policy (Circular 01/2006) requires regional planning bodies (in London, the Mayor) to specify targets for provision in the form of pitch numbers for each local authority, taking into account the Gypsy and Traveller Accommodation Needs Assessments (GTANAs) carried out in the region and any other relevant evidence.
- 7.69 Thirty two London boroughs in co-operation with the GLA have undertaken and published a London-wide GTANA (analysis for Bexley was produced using secondary data). For the period 2007-2017 the report identifies a minimum need across North London of 7 residential pitches and a maximum need (including those in bricks and mortar with a psychological aversion) of 66 pitches, noting that this is for both existing and newly arising need. Within the draft replacement London plan, using this as a basis along with a strategic view of needs across the region, as required by Circulars 1/2006 and 4/2007, the Mayor identified the number of pitches required for each borough. However, these figures are only draft and are being actively challenged. Therefore, the figures taken directly from the GTANA are presented here.
- 7.70 The GTANA also estimated a need for 7 plots for Travelling Showpeople located in North London. A requirement of 40 transit pitches across London, not apportioned by area, was also identified in the GTANA.

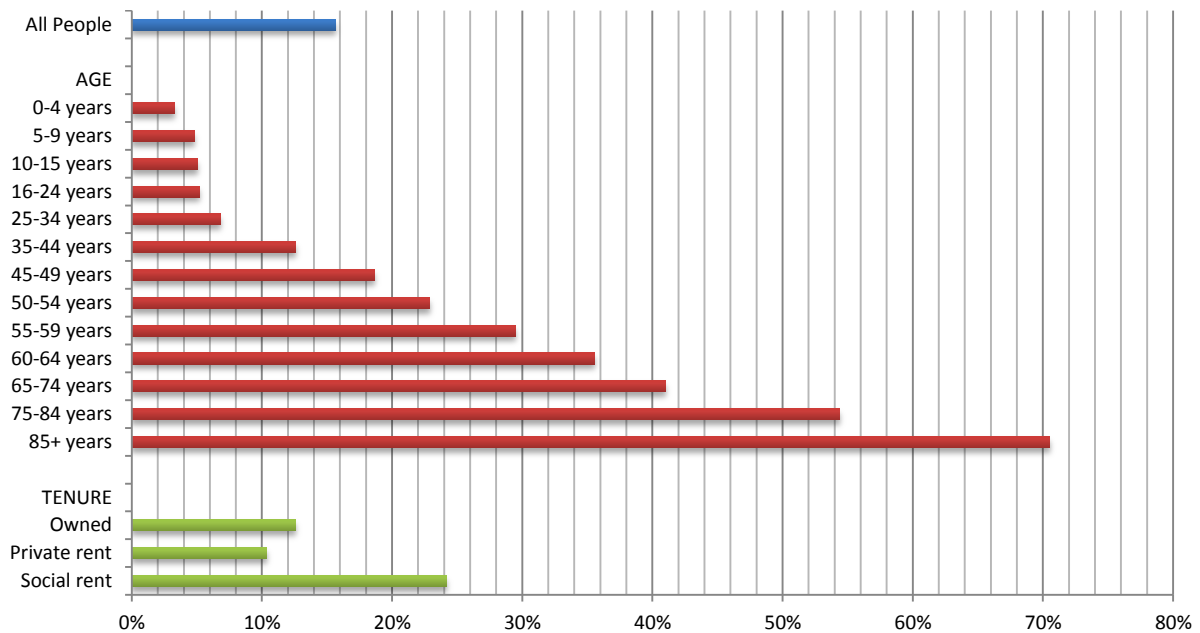
Housing Requirements of BME Households: Summary of Key Points

- In 2001, 47.3% of the total population and 42.1% of household representatives came from BME groups;
- The largest ethnic groups in North London at the time of the Census were White Other (15.4%), Black African (6.1%) and Black Caribbean (4.8%) and Indian (4.2%);
- Evidence from school rolls indicates that children from BME groups have increased their share of all primary school aged children from 69.2% to 73.4% since 2004, with much of the rise coming from White Other children;
- Black and Bangladeshi households typically have lower than average household incomes, while Indian and Pakistani households are more likely to have average incomes;
- Tenure varies by ethnic group, with Black and Bangladeshi households being more likely to be found in social rent while Indian, Pakistani and White British households are more likely to be owner occupiers; and
- 30.7% of all RSL social lets since April 2006 have been made to households with a Black household representative.

Understanding the Housing Requirements of People with a Disability

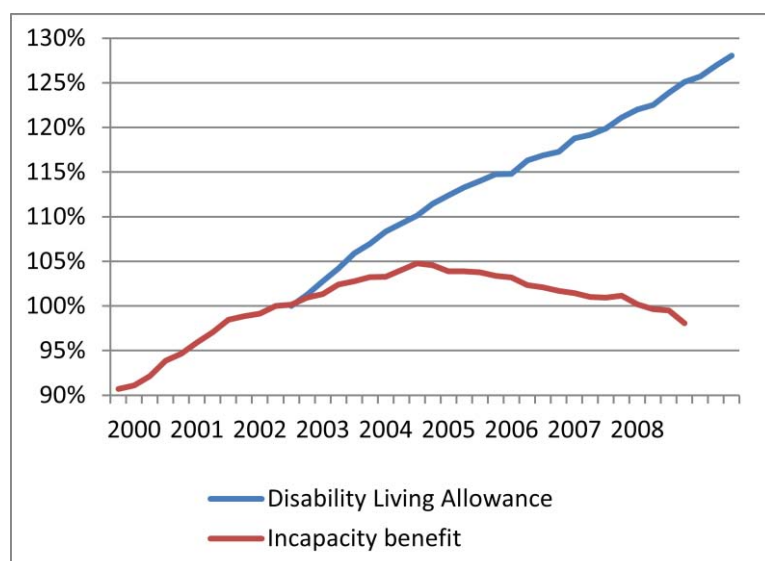
7.71 Information from the 2001 Census indicates that 15.7% of the population of North London had a limiting long-term illness or disability, which amounts to a total of 239,946 people across the region. Figure 111 shows how the proportion of people with limiting long-term illness varies by age and tenure. This highlights that 24.2% of people living in social rent in North London were considered to have a limiting long-term illness. It is also evident that the proportion of those with a limiting long term illness increases significantly with age.

Figure 111
Limiting Long-term Illness by Age and Tenure 2001 (Source: UK Census of Population 2001)



7.72 More recent evidence from the Annual Population Survey October 2006 to September 2007 indicates that there are 203,000 working age people in North London who have a disability. This figure is very similar to that obtained from the 2001 Census for the working age population.

Figure 112
Incapacity Benefit and Disability Living Allowance Claimants 1999-2007 (Source: Department of Work and Pensions)

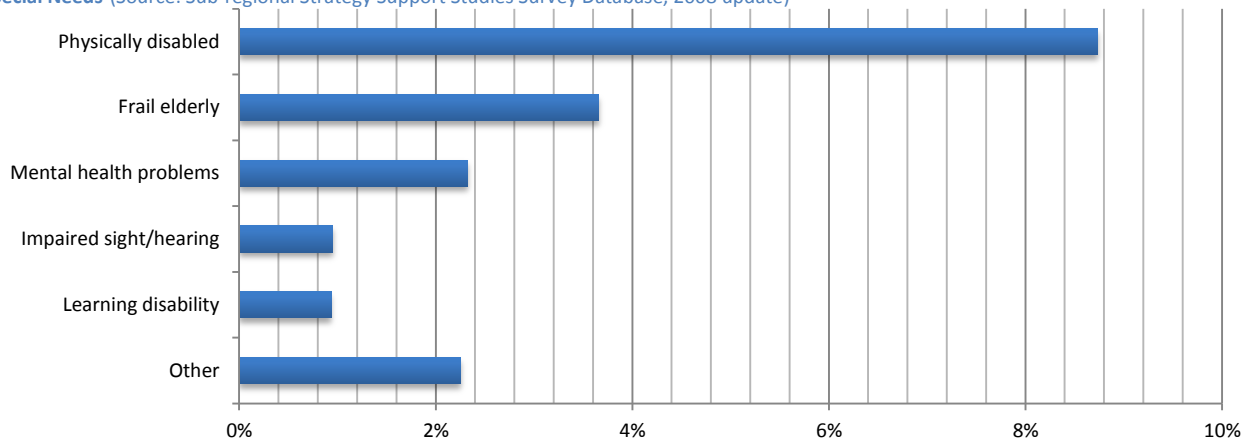


7.73 Figure 112 shows in percentage terms how benefit receipt related to health problems has varied in North London in recent years with May 2002 being treated as a base for the comparisons. This shows that the number of people claiming incapacity benefit rose from 1999 (73,150) until 2004 (84,500), but has been

declining since this time and currently stands at 79,100 recipients in North London. Meanwhile, the number of people claiming disability living allowance has risen steadily since 2002 (56,000) and now stands at 72,650 recipients in North London.

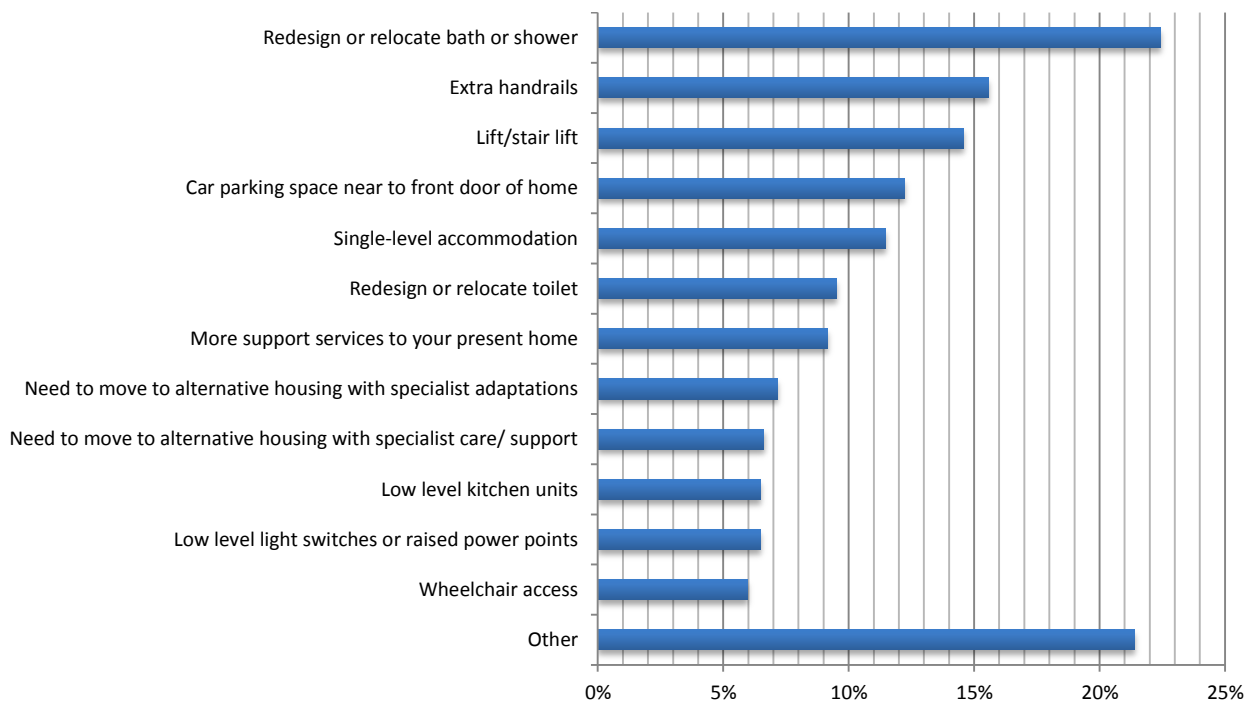
7.74 Evidence from recent survey data in North London indicates that 14% of all households contain someone who has a special need, including 8.7% of households which contained at least one member with a physical disability.

Figure 113
Special Needs (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.75 Figure 114 highlights the improvements which are required to the homes of households which contain at least one member with special needs. Most prominent among these are for a redesign of their household’s bath or shower or for extra handrails to be fitted to the property.

Figure 114
Improvement Required by those with Special Needs (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.76 Of those households which contain at least one member with special needs, 59% have an income of less than £10,000 per annum and 83% have an income of less than £20,000. Across all households in North London, 29% have an income of less than £10,000 and 47% have an income of less than £20,000. Therefore, those households which contain at least one member with a disability typically have much lower household incomes compared with all households.

7.77 Well over half of all households with disabilities (60%) currently rent their home from a social landlord, compared to less than 30% of all households. Far fewer households with disabilities rent from a private landlord (10% compared to 23% of all households) with 30% owning their own home (compared to 48% of all households).

Figure 115 Household income by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)

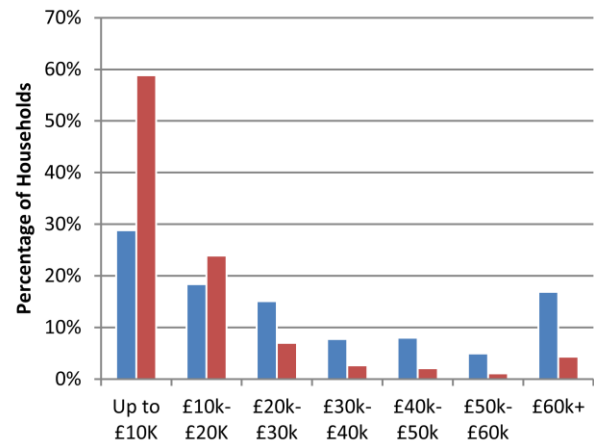
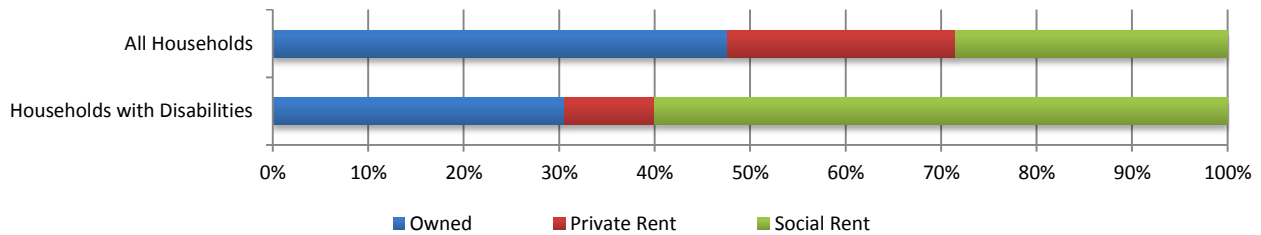
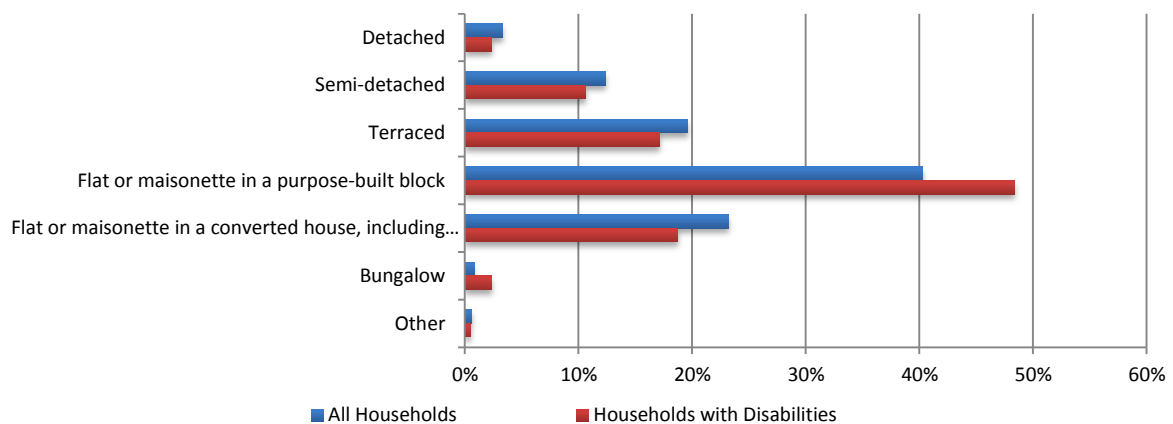


Figure 116 Tenure by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



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

Figure 117 Dwelling Type by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



- 7.79 The proportion of households with disabilities that are overcrowded is the same as the average for all households (6%) but as many as 50% have only the correct number of rooms for their household, without any spare rooms (implying that there is no room for carers to stay overnight unless they are usually resident in the household).
- 7.80 Over the year prior to the survey, 13.5% of all households had moved address compared to 7% of households with disabilities. Therefore, disability households are less likely to move home than the whole population.

Figure 118
Overcrowding by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)

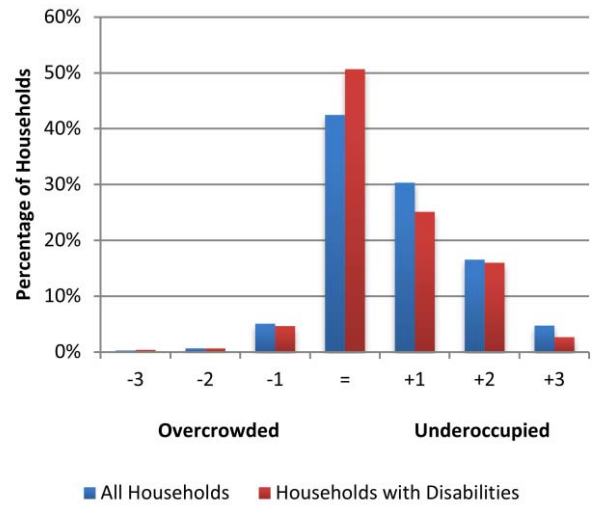
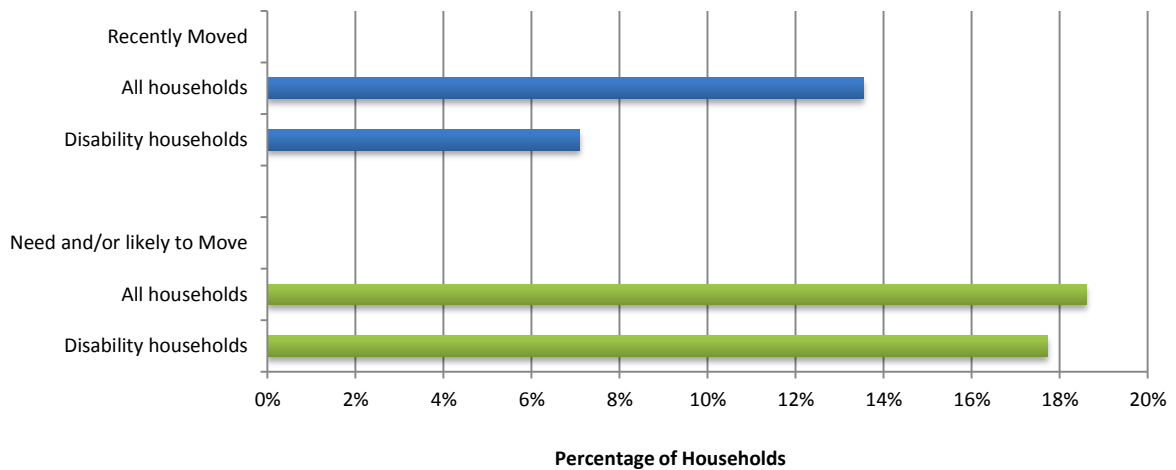


Figure 119
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source Sub-regional Strategy Support Studies Survey Database, 2008 update)



- 7.81 When this is compared to future expectations, considerably higher proportions of disability households need and/or consider it likely that they will move in the next 12-months than recent trends would suggest was likely.
- 7.82 In relation to housing people with disabilities (both physical and mental) it is also interesting to note the potential role played by supported housing. Figure 120 overleaf shows the share of RSL lets of supported housing in North London between April 2006 and March 2009 which were made to households with at least one member with a disability. Figure 121 shows the same figure for general needs lets by RSLs. These highlight that a higher share of general needs lets are made to households with at least one member with a disability than is the case for supported housing lets.

Figure 120
 Disabled Household Member for RSL Supported Housing Lets in North London April 2006 to March 2009 (Source: CORE records 2006-2009)

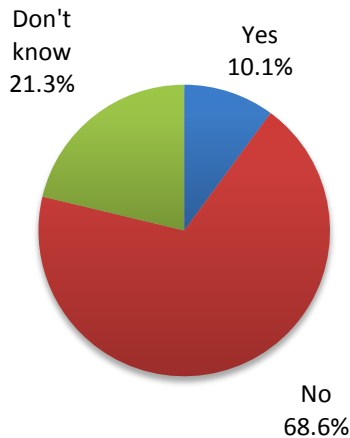
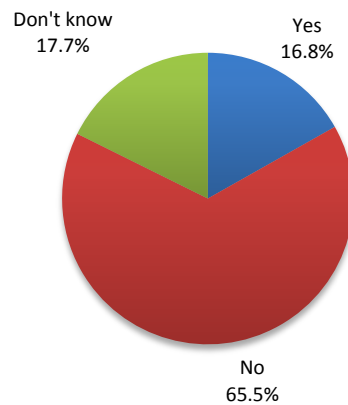
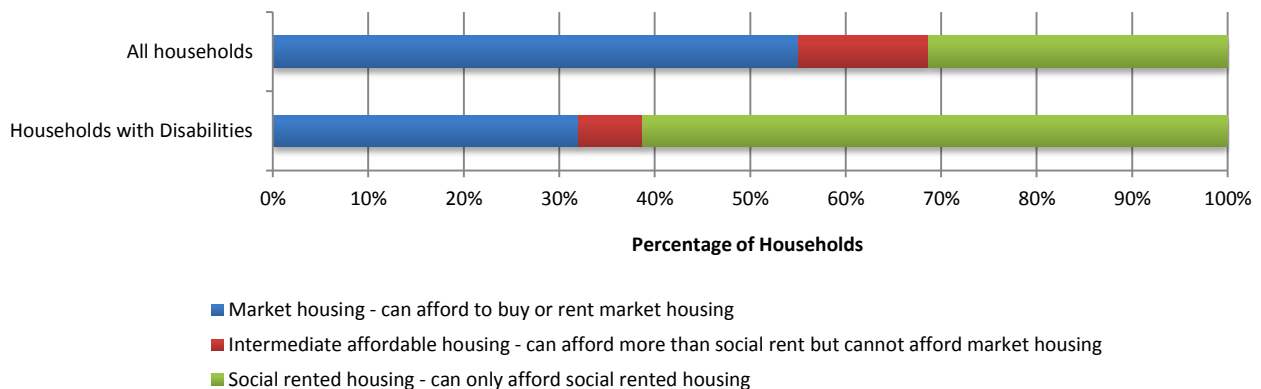


Figure 121
 Disabled Household Member for RSL General Needs Housing Lets in North London April 2006 to March 2009 (Source: CORE records 2006-2009)



7.83 Finally, Figure 122 compares the affordability of households with disabilities with the affordability of all households in the region. This shows that, on the basis of affordability, households with disabilities are much more likely to require social rented housing than all households in the region, with fewer able to afford market housing.

Figure 122
 Household Affordability (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test is based on analysis comparable to that used within the ORS Housing Market Model)



**Housing Requirements of People with Disabilities:
 Summary of Key Points**

- In 2001, 15.7% of the total population were reported as having a limiting long-term illness;
- 24.2% of all social rent tenants had limiting long-term illnesses in 2001;
- Incapacity benefit claimants rose between 1999 and 2004, but have been falling since this time. Disability Living Allowance claimants numbers have climbed steadily since 2002;
- Households with at least one physically disabled member typically have lower than average household incomes;
- Many households with a physically disabled member require adaptations to their bath or shower or they require extra handrails to be fitted to their homes; and
- Only 10.1% of RSL supported housing lets between April 2006 and March 2009 were confirmed as being to households with at least one member with a disability.

Understanding the Housing Requirements of Young People

- 7.84 There were 218,900 people aged 15-24 years (inclusive) identified in the North London sub-region by the 2001 Census. Of these 89,700 were aged 15-19 years and 129,200 were aged 20-24 years.
- 7.85 The 2008 round population forecasts from the GLA provide high and low growth scenarios for the region for the period to 2026; the mid-point of these is illustrated in Figure 123 and Figure 124. These figures suggest that the number of young people in the sub-region will fall from 218,900 in 2001 to between 209,700 (4.2%) and 214,700 (1.9%) by 2026. This is in the context of an overall projected increase (for people of all ages) of 14-19%, so the projected fall in the young population is a distinctive trend.

Figure 123
Number of Young Persons (Source: GLA projections - 2008 round, Mid-point of PLP Low and PLP High scenarios)

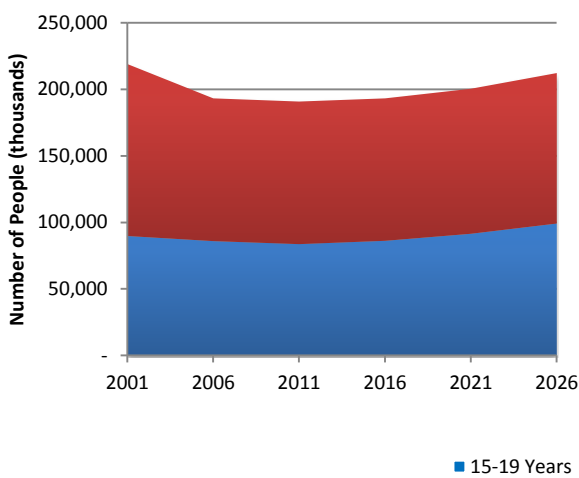
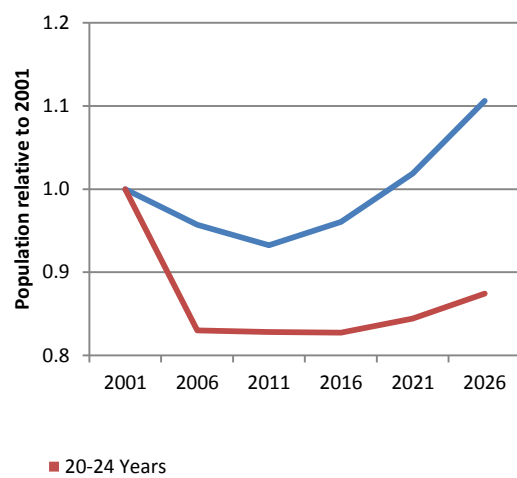


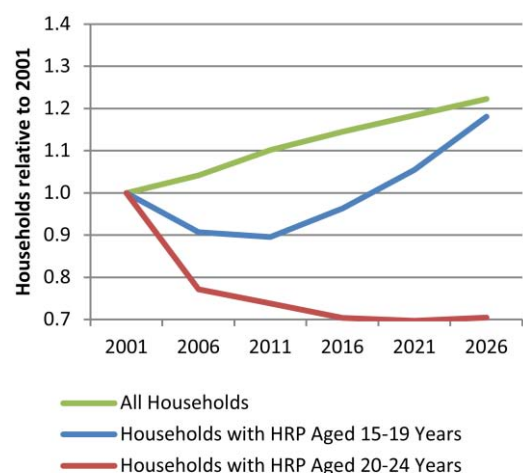
Figure 124
Change in Proportion of Young Person Population (Source: GLA projections - 2008 round, Mid-point of PLP Low and PLP High scenarios)



- 7.86 When we consider the age breakdown, it is apparent that the population aged 15-19 years is predicted to increase in the period 2016-26 (11%) whereas the population aged 20-24 years is estimated to have fallen sharply in the period 2001-06 and is projected to vary only marginally in the period to 2026.

- 7.87 When we consider households headed by a young person (aged below 25), there were a total of 31,600 recorded in North London by the 2001 Census (4.6% of all households in the sub-region), of which 10,800 were single person households (34.1% of all young person households identified). The relatively small number of households headed by a young person relative to the much larger population reflects alternative living arrangements for young people, such as living with parents or living in student halls of residence.

Figure 125
Household projections 2001-26 (Source: GLA projections - 2008 round, Low scenarios)



7.88 The 2008 round household projections from the GLA identifies that the total number of young person households will decrease to 20,600 by 2026, a reduction of 34.8% from the 2001 base (although households headed by a person aged 15-19 years is expected to increase). Overall households are projected to increase by 24% over the same period.

7.89 Perhaps not surprisingly, the average income of households headed by young people is considerably less than the overall average household income in North London. 66% have a household income of less than £10,000 per annum and 91% have an income of less than £30,000 per annum.

7.90 When considering the tenure of households at the time of the Census, it is apparent that the proportion of all young households that owned was significantly lower from the population as a whole (17.3% compared with 47.4%), but a larger proportion of young person households rented their home. More recent survey data indicates that the share of young person households in the private rented sector has grown considerably since 2001, at the expense of the owner occupied sector.

Figure 126
Household income by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)

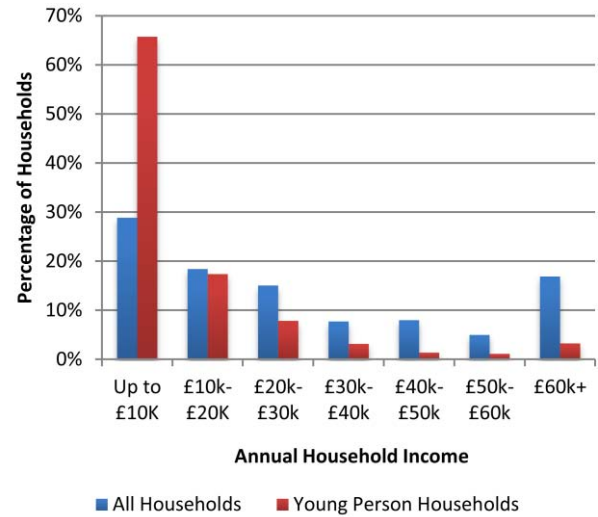
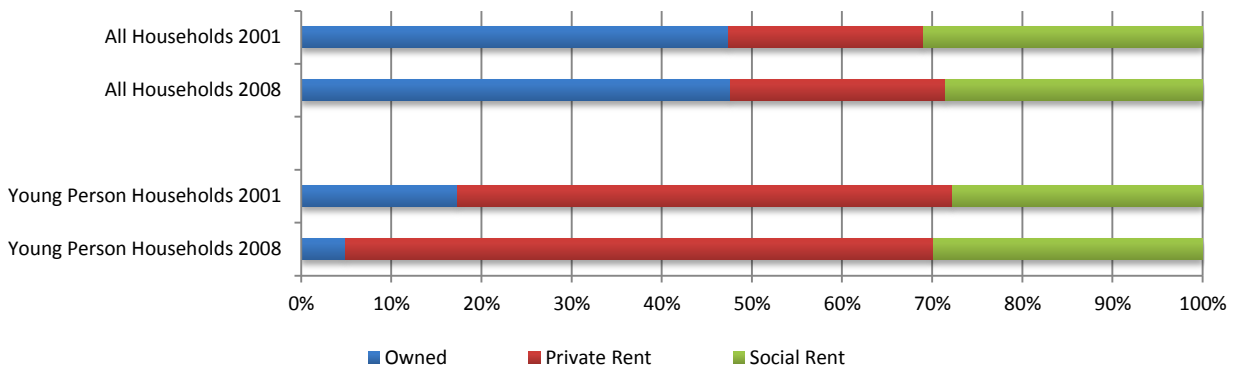
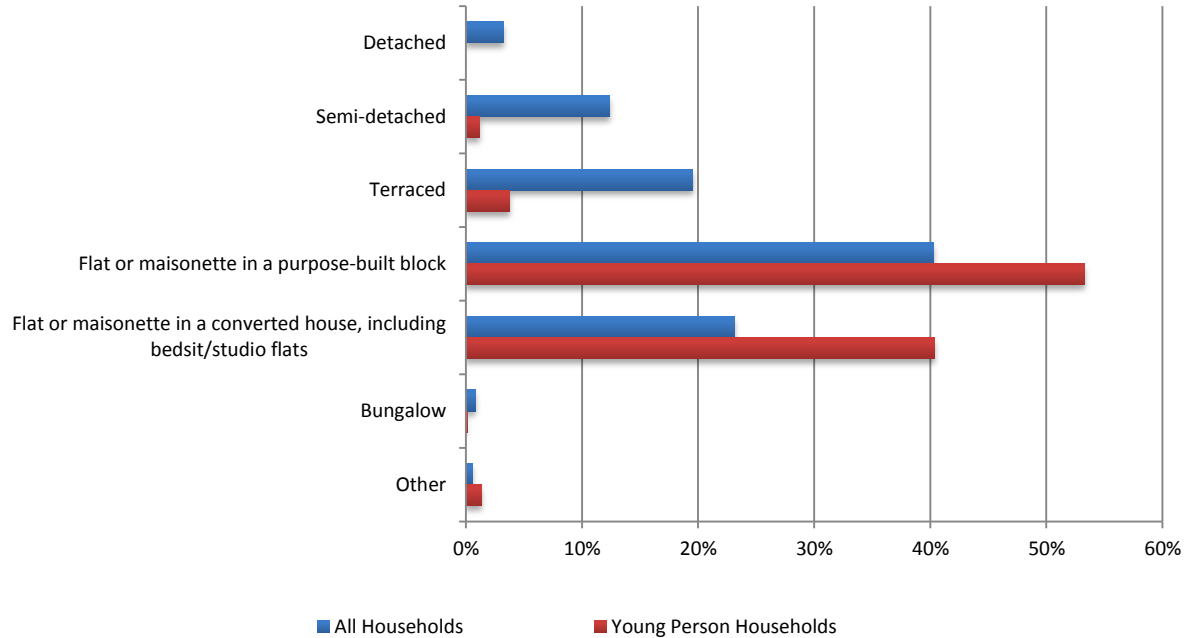


Figure 127;
Tenure by Household Type (Source: UK Census of Population 2001 and Sub-regional Strategy Support Studies Survey Database, 2008 update)



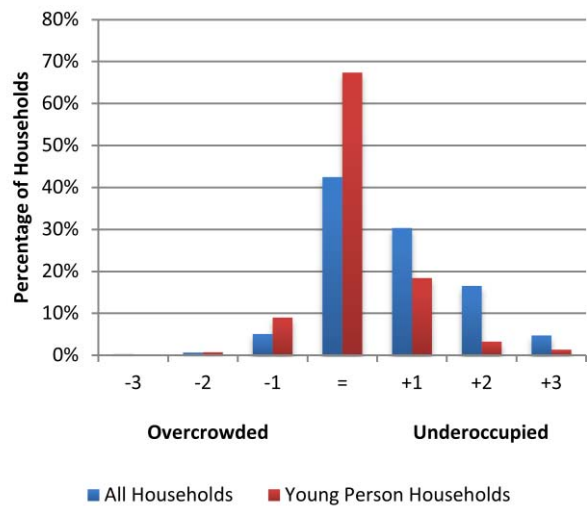
7.91 Young person households are more likely to live in purpose built or converted flats than all households in North London. Including bedsits and studio flats, 93% of all young person households occupy a flat.

Figure 128
Dwelling Type by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



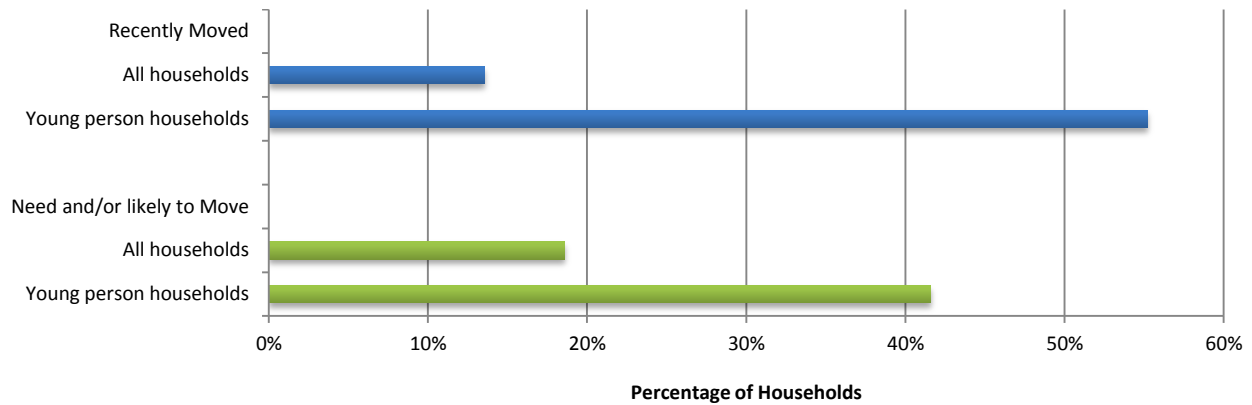
7.92 A total of 10% of young person households are currently living in overcrowded circumstances, with most (9%) having one room fewer than required. A further 67% have only the correct number of rooms for their household, without any spare rooms. Less than a quarter of young person households have more rooms than they technically need, compared to 52% of all households.

Figure 129
Overcrowding by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.93 Over the year prior to the survey, 13.5% of all households had moved address compared to 55% of young person households. Therefore, young person households are more than four times more likely to move home than the whole population.

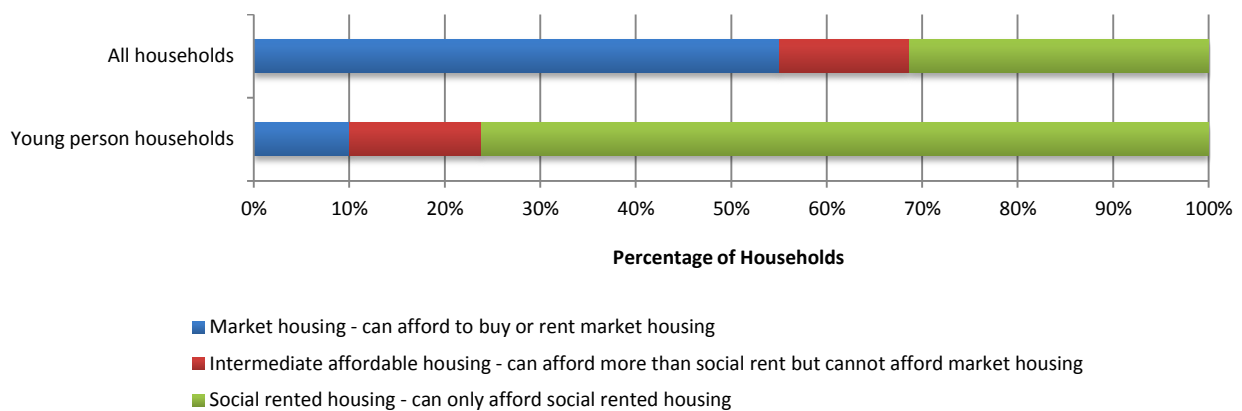
Figure 130
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update.)



7.94 When this is compared to future expectations, considerably lower proportions of young person households need and/or consider it likely that they will move in the next 12 months than recent trends would suggest was likely, indicating that many young person households will move at relatively short notice.

7.95 Finally, Figure 131 compares the affordability of young person households with the affordability of all households in the sub-region. This shows that, on the basis of affordability, young person households are significantly more likely to require social rented housing than all households in the sub-region, with considerably fewer able to afford market housing. However, as previously reported around 70% of young households are in market (mainly private rent) housing. This is likely to be owing to many young person households utilising a higher proportion of their income on housing costs than is considered reasonable by CLG.

Figure 131
Household Affordability (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test based on analysis comparable to that used within the ORS Housing Market Model)



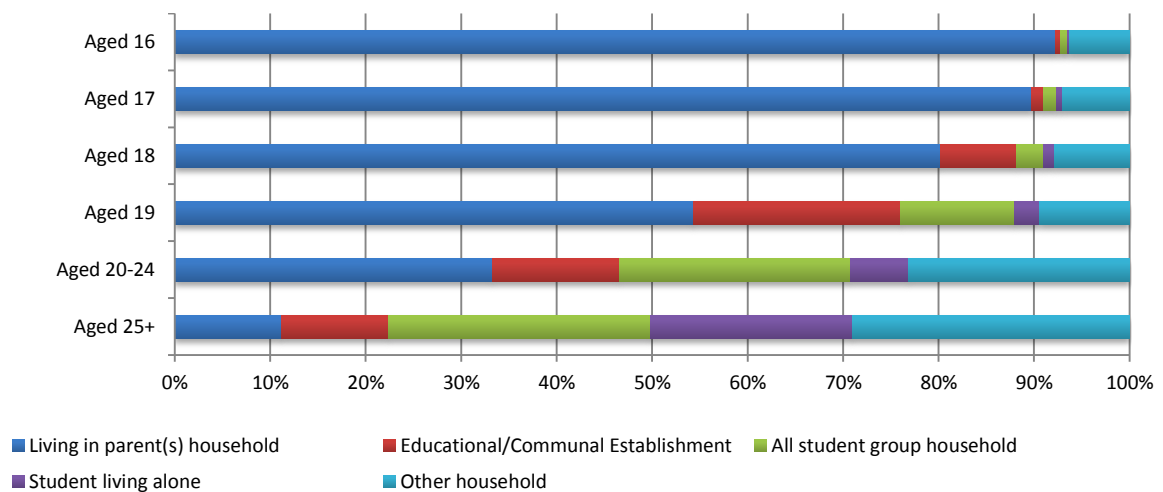
**Housing Requirements of Young Persons:
Summary of Key Points**

- In 2001, there were just under 219,000 people aged 15-24 years living in the North London region. There were a total of 31,600 households headed by a young person (young person households);
- This population is projected to fall by between 1.9% and 4.2% by 2026, with the population aged 20-24 years projected to be considerably below its 2001 level;
- Over 65% of young person households have household incomes of less than £10,000 per annum and over 90% have household incomes of less than £30,000;
- The proportion of young person households that own is significantly lower than the population as a whole, but a larger proportion rent their home from private landlords and the number renting has grown considerably since 2001. Young person households are also more likely to live in flats;
- Young person households are more than four times more likely to move than all households in London; and
- Less young person households expect to move in the next year than trends suggest will actually move indicating that young person households are likely to move at short notice.

Understanding the Housing Requirements of Students

- 7.96 PPS3 recognises that students are a distinct group who are likely to have their own housing requirements. Many students in North London have travelled from overseas or other parts of the UK specifically to study which gives them distinct characteristics from young people who have grown up in North London.
- 7.97 The 2001 Census identified a total of 110,000 full time students aged 16 or over resident in the North London sub-region. Of those “full-time” students, as many as 32,200 were economically active with the remaining 77,800 being economically inactive.

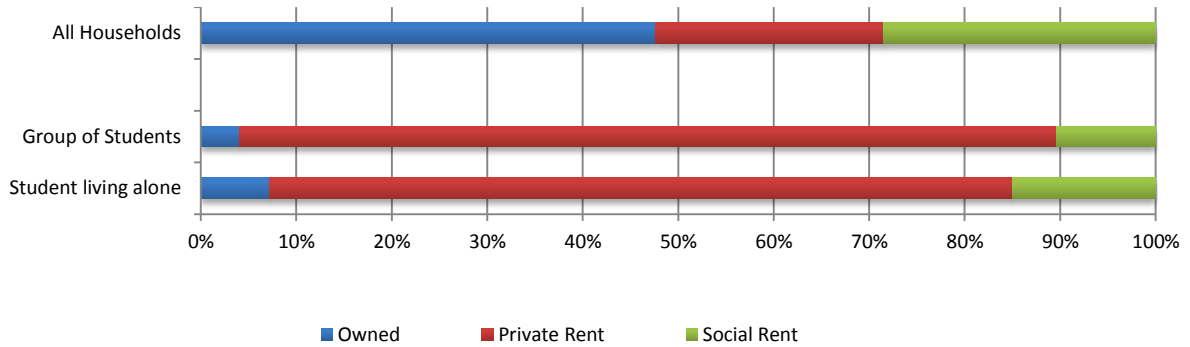
Figure 132
Student Housing Circumstances by Age (Source: 2001 Census of Population)



- 7.98 Students are a diverse group and their housing circumstances vary considerably by age. The majority of those aged 16 and 17 were living with their parents (92% and 90% respectively). The highest proportion of those living in communal establishments (either educational establishments or other communal establishments) were aged 19, but living with parents still formed the majority (54%) for this group, and a third (33%) of those aged 20-24 remained in the parental home. The analysis in this section is based on households containing only students and the above charts shows that these are likely to be mainly made up from students aged 19 and above.
- 7.99 When we consider those students registered at Higher Education Institutes (HEIs) in the sub-region, there were a total of 132,600 in the 2000/01 academic year, of which just over 73,700 were full-time students (based on HESA statistics). By 2004/05, the number of full-time students in the sub-region had increased to over 86,400 and by 2008/09 to 116,500.
- 7.100 Between 2000/01 and 2004/05, HESA data indicates that the number of bedspaces in student accommodation increased from 16,800 to 18,200 and the number of HEI students living with parents increased from 15,900 in 2000/01 to around 18,400 by 2004/05 (including around a quarter whose parental home is outside the North London region).

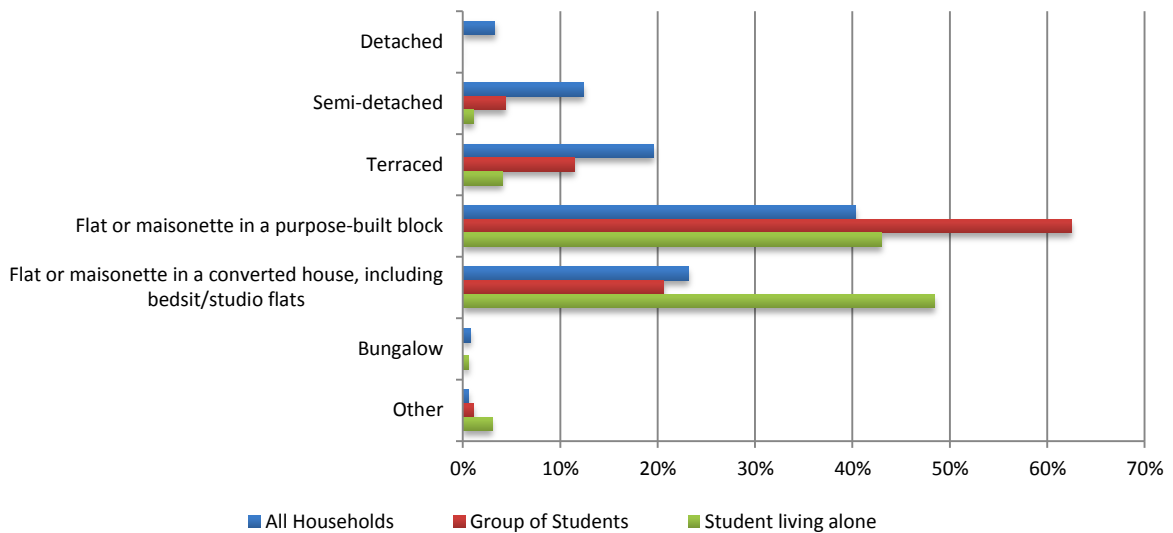
7.101 When we consider the number of student households living in North London, the Census identified 18,300 households comprised entirely of students and a further 8,300 students living alone. Survey data about students shows that the vast majority (85%) of multi-student households live in the private rented sector with 78% of single students living alone also renting privately.

Figure 133
Tenure by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.102 Student households are less likely to live in houses than all households in North London, with students living alone, living mainly in converted flats or bedsits (48%) and purpose built flats (43%) whereas almost two thirds of student groups (63%) live in purpose built flats with around a fifth (21%) living in converted properties.

Figure 134
Dwelling Type by Household Type (Source Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.103 6% of student households live in overcrowded housing, which is the same as the proportion of all households. Nevertheless, whilst 51% of all households under-occupy their housing, only 25% of student households have more rooms than they technically require.

7.104 Over the year prior to the survey, 13.5% of all households had moved address compared to 57% of all student households. Therefore, student households are more than four times more likely to move home than the general population.

Figure 135
Overcrowding by Household Type (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)

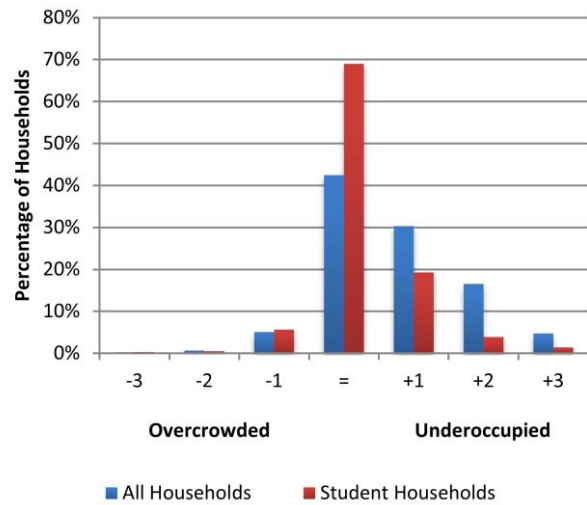
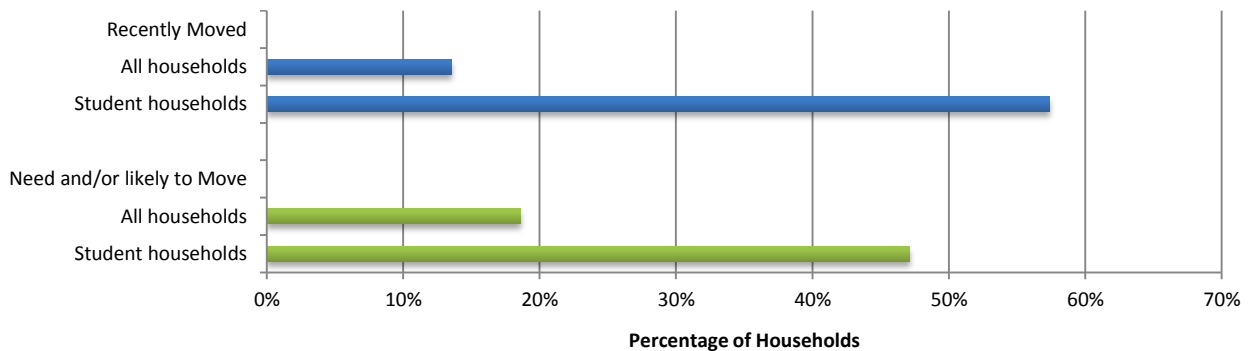
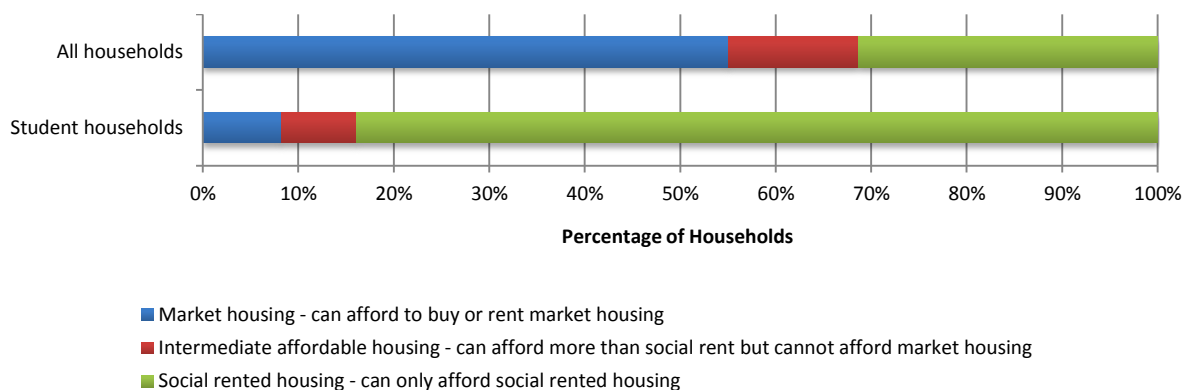


Figure 136
Household Movement Trends over the last 12-months and Needs/Expectations for the next 12-months (Source Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.105 Figure 137 compares the affordability of student households with the affordability of all households in the region. This shows that, on the basis of affordability, the majority of student households (84%) are only able to afford social rented housing. However, in reality, many will access housing in the private rented sector by renting individual rooms, possibly spending more than 25% of their income on housing costs and supplementing their weekly or monthly income with lump sum payments from student grants, student loans or financial contributions from family.

Figure 137;
Household Affordability (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update. Note: Figures based exclusively on affordability and do not take into account any other eligibility criteria. The affordability test based on analysis comparable to that used within the ORS Housing Market Model)



Future Trajectory

- 7.106 During the last decade there has been a considerable growth in students attending Higher Education Institutions (HEI). According to the HESA website total student numbers have risen from 1.8m in 1997/8 to 2.4m in 2008/9. The private sector has responded to the accommodation needs of additional student numbers through the provision of new purpose built Halls of Residence and the traditional housing in the private rented sector.
- 7.107 It is very uncertain how these numbers will change. This is due to a range of factors including the current global and UK economic crisis, a debate over the level of student contributions and short term uncertain prospects for the labour market. On the other hand, Government has sought to create additional HEI places to mitigate growing unemployment figures. Growth in student numbers does not necessarily result in growth in accommodation numbers if students elect to attend HEIs closer to their existing accommodation.
- 7.108 At this time there is considerable growth in the number of international students attending UK HEIs. According to a recent study by Universities UK, there has been a 48% increase in the number of international students between the year 2000 and 2006. In 2007/08, 229,640 students came from outside the European Union, compared with 117,290 in 1998/99. China remained the "most significant" provider of students to the UK. A total of 19,385 Chinese students enrolled on first degree courses in the UK and 21,990 took up places for post-graduate study. It has not been possible to determine the extent to which this trend has applied to London Institutions but it is likely that much of the increase has focussed on London due to its role as a global city.
- 7.109 As part of our consultation with stakeholders we have had extended discussions with a consultant specialising in the HEI field. We have also interviewed a number of HEI officials. Our aim was to understand the plans for student accommodation in future in the context of their strategic planning.
- 7.110 Following interviews with Higher Education Institution (HEI) Officials in five North London universities we can gain further insight into the housing issues affecting universities and students.

Figure 138;

Number of Students Attending University (Source: HEI Interviews. Note: All data is from 2009/2010 admissions excluding Kings College London where 2008/2009 data was only available)

University	Undergraduate			Postgraduate			Other	Total
	Full-time	Part-time	Total	Full-time	Part-time	Total		
City University	6,707	-	6,707	6,683	2,526	9,209	500	16,416
Kings College London	12,324	1,190	13,514	4,518	3,094	7,612	-	21,126
Middlesex University	-	-	-	-	-	-	-	4,655
London Metropolitan University	-	-	-	-	-	-	-	34,000
University College London	-	-	13,032	-	-	9,596	-	22,628

- 7.111 Figure 138 shows the total number of students attending universities in North London. Different levels of data were obtained from each university.

- ^{7.112} It is apparent from the interviews obtained that all universities in North London are increasing the amount of accommodation that they currently offer to students with the exception of Middlesex University which who will be reducing their stock by the end of June 2010. Future closure of the university's philosophy programmes could be a possible explanation for the reduction.
- ^{7.113} Many institutions in North London no longer own or manage halls of residence, instead opting to use private companies. These companies include Sanctuary Management Services, ECI Residences, Liberty Living and Generation Estates. It is evident from the interviews that renting prices for halls of residence differ by institution and namely area. Currently the cheapest is a budget hall of residence run by City University (less than £100 per week). However the site is to be redeveloped by Generation Estates who seek to increase the bed capacity from 462 beds to 990 beds under 51 week contracts intended for postgraduates. It is feared that this loss of the budget hall of residence may impact on the social mix of students, however the university feels it is the right decision as 'its focus is on education provision rather than property management'.
- ^{7.114} Figure 139 and Figure 140 show the current contact addresses for City University undergraduate and post graduate students. It was established from the HEI interviews that there main areas of residence for students in private housing were The City of London, and Islington specifically Clerkenwell and Farringdon which is reiterated in the maps. What is interesting to note is the number of students commuting from further afield. Where many reside in cheaper areas such as Stoke Newington and Finsbury Park, and others commute from an even further distance such as Croydon which suggests students staying in their family home.

Figure 139;
Contact Addresses for Undergraduate Students Attending City University (Source: HEI Interviews)

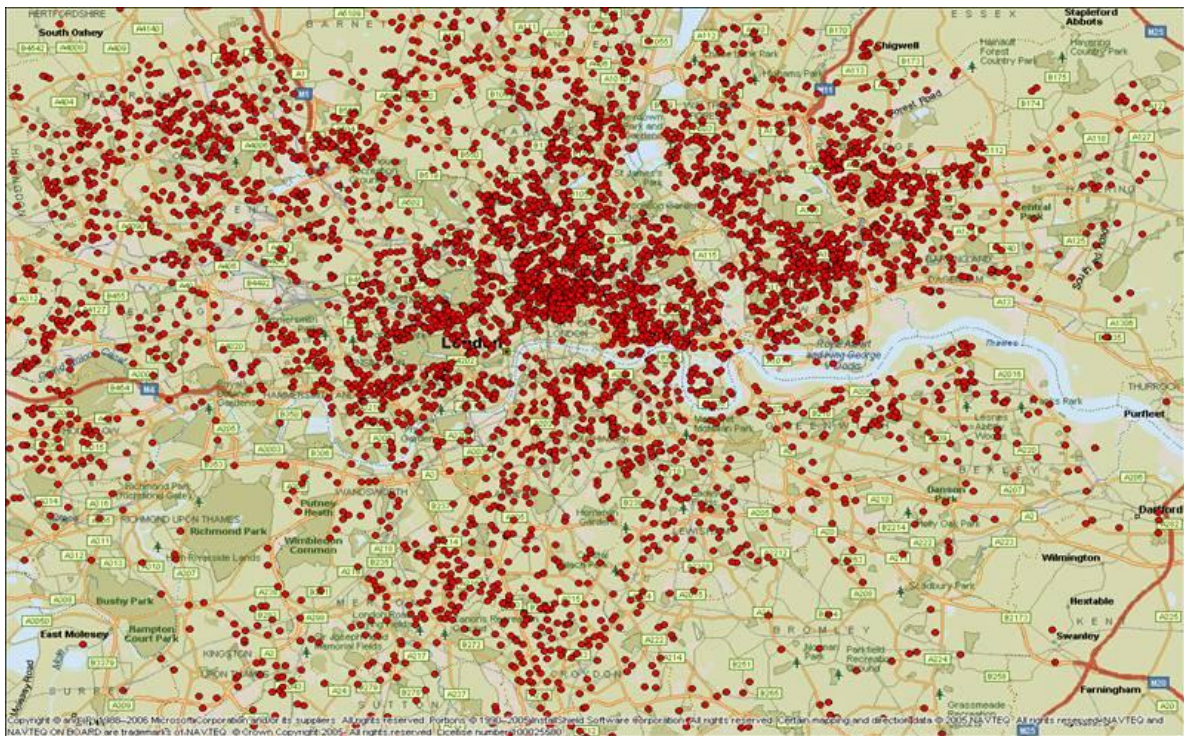
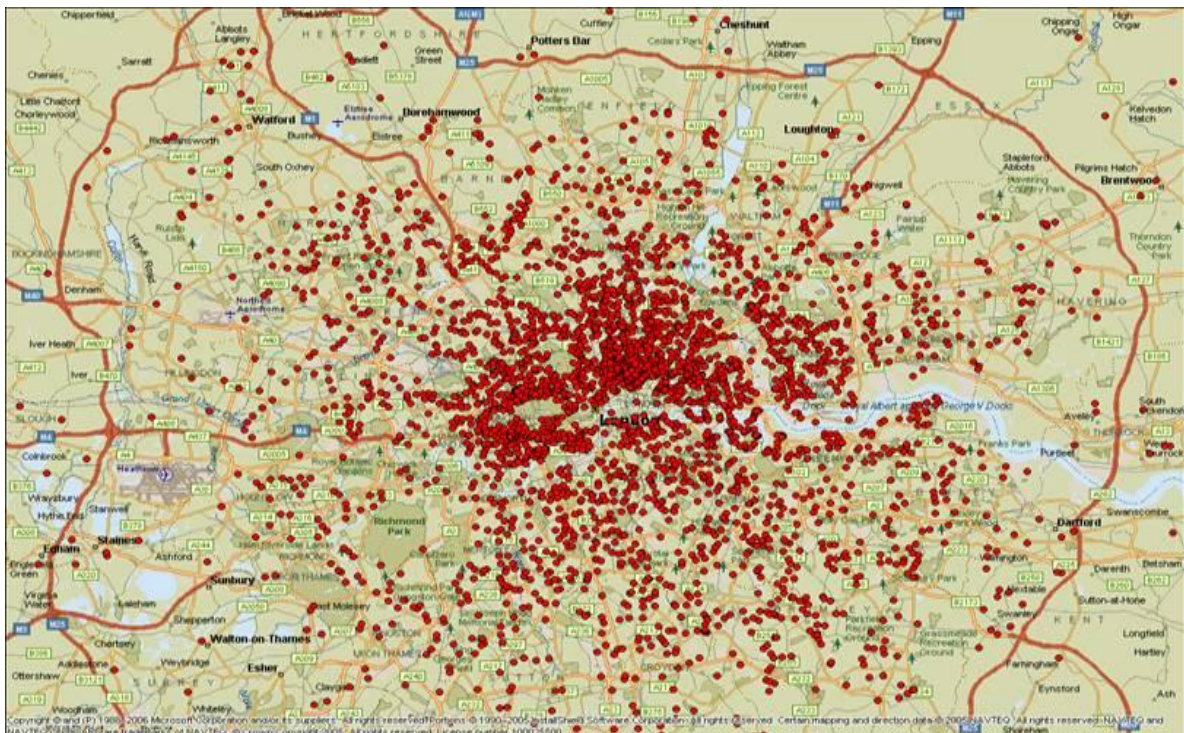


Figure 140;
Contact Addresses for Postgraduate Students Attending City University (Source: HEI Interviews)



7.115 Officials state that private rented accommodation for students is currently high in demand and is readily available due to housing market conditions. Many private companies are keen to develop accommodation for students. It is believed that this increase in supply is putting downward pressure on rents. There has been evidence of this as Unite reduced their weekly rents last summer. However there are concerns from the HEI officials that this may not continue as there are fears over further

planning restrictions imposed by the Local Authorities on private developers of student accommodation. It is also noted that whilst there is high availability in the private rented sector, students often struggle to attain accommodation due to high costs, competition with professional couples for whom landlords have a preference, as well as strong competing demands on land and private accommodation.

^{7.116} Another major issue that emerged from the interviews was that whilst the London Plan is supportive of student accommodation, inner London Councils are becoming increasingly restrictive. It is believed by the officials that this is partly due to community attitudes where they may have a possible aversion to students and partly because councils are not meeting their affordable housing targets.

^{7.117} Some universities have observed a dramatic increase in the number of London students commuting from home. This can be partially attributed to some universities changing the way in which they prioritise accommodation for international students and students travelling a further distance.

^{7.118} All universities interviewed believe that currently there is an adequate supply of accommodation although future issues are hard to predict with new Government funding and education policy.

Housing Requirements of Students: Summary of Key Points

- The 2001 Census identified a total of 110,000 students aged 16 or over resident in the North London region, with as many as 32,200 economically active;
- In the 2001 Census the highest proportion of those living in communal establishments (either educational establishments or other communal establishments) were aged 19, but living with parents still formed the majority (54%) for this group, and a third (33%) of those aged 20-24 remained in the parental home;
- In the 2000/01 academic year there were just over 73,700 full-time Higher Education students. By 2004/05, the number of full-time students in the region had increased to over 86,400 and by 2008/09 to 116,500;
- Over the period from 2000/01 to 2004/05, the number of bedspaces in student accommodation increased from 16,800 to 18,200, and the number of HEI students living with parents has increased from 15,900 in 2000/01 to around 18,400 by 2004/05 (including around a quarter whose parental home is outside the North London region); and
- Survey data about students shows that the vast majority (85%) of groups of students live in the private rented sector, with 78% of single students living alone also renting privately.
- Interviews with university officials revealed trends of purpose built accommodation being supplied by specialist companies, interest in providing accommodation by private landlords and a trend in some places for more students to commute from their parental home.

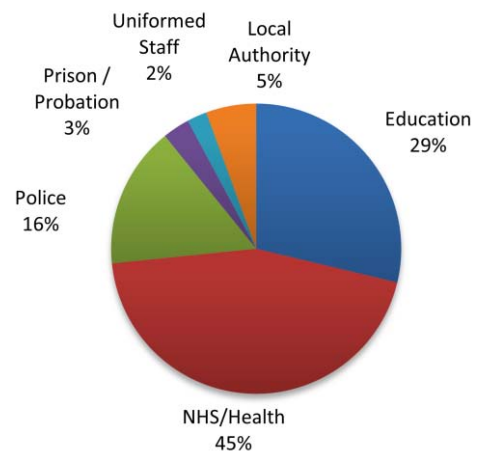
Understanding the Housing Requirements of Key Workers

Applicants for Key Worker Housing

7.119 This section focuses upon Key Worker groups. The definition of a Key Worker varies widely depending upon the circumstances it is being used in, but for the purposes of this study we will use those workers who qualify for Key Worker housing schemes.

7.120 The London Home Ownership Housing Group (LHOG) has identified that over 4,700 Key Workers have had their applications to be on the waiting list for dedicated schemes approved in the period April 2006 – May 2008 in North London. The occupations of these Key Workers are shown in Figure 141 with education and health sector workers forming almost three quarters of all approved applications for Key Workers housing schemes.

Figure 141;
Occupation of Approved Key Worker Applicants in North London
(Source: London Home Ownership Group 2006-2008)



7.121 Figure 142 shows that almost half of all Key Worker housing applicants currently live in the private rented sector while another 28% are currently living with families or friends. Figure 143 shows that there is little difference between non key worker applicants to LHOG schemes and key worker applicants although key workers are slightly more likely to already be a homeowner.

Figure 142
Previous Home of Applicants to LHOG schemes for Key Workers in North London (Source: London Home Ownership Group 2006-2008)

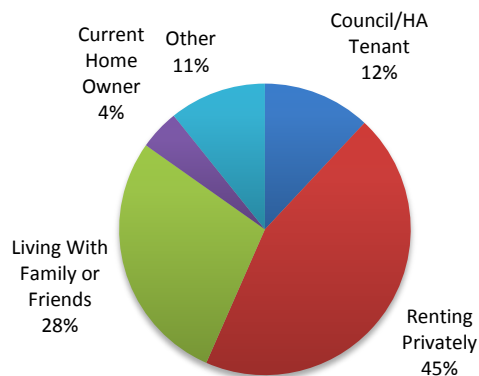
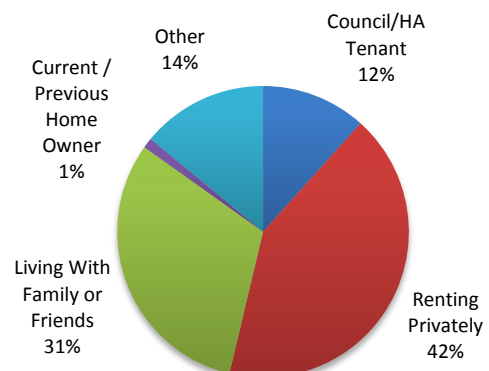


Figure 143
Previous Home of Applicants to LHOG schemes by Non Key Workers in North London (Source: London Home Ownership Group 2006-2008)



7.122 Almost half of all Key Worker households seeking low cost housing have household incomes of £20,000-£30,000. It is also the case that 20% have household income of over £40,000. Non Key Worker households who are seeking low cost housing have on average lower household incomes than the Key Worker households seeking this type of housing.

Figure 144
Household Income of Applicants for Key Workers in North London
(Source: London Home Ownership Group 2006-2008)

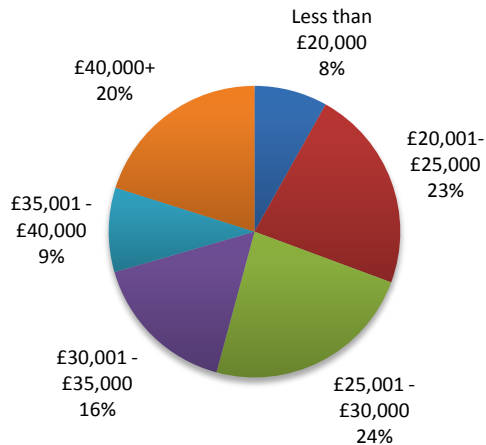
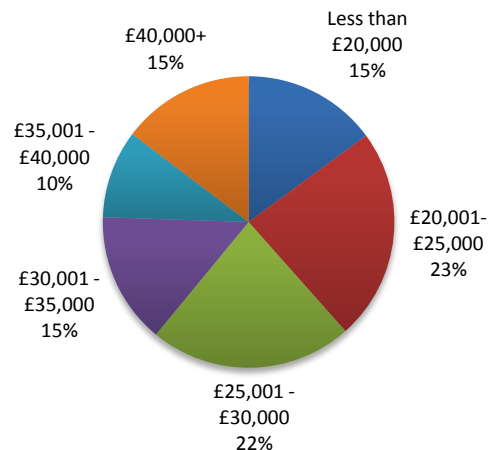


Figure 145
Household Income of Applicants for Non Key Workers in North London
(Source: London Home Ownership Group 2006-2008)



Recent Shared Ownership Movers

7.123 Alongside records of applicants for low cost housing schemes, detailed individual records of shared ownership sales in North London are available from the Continuous Recording (CORE) system. All figures relate to sales made between April 2006 and March 2009 and include both new and re-sales of shared ownership properties. The list does not include any household who moved into intermediate rented or social rented dwellings.

7.124 In total, around 400 Key Worker households moved into or within the shared ownership sector in North London while nearly 1,150 non Key Worker household also moved into or within this sector. Figure 146 shows that almost a third of all Key Workers who moved into shared ownership were aged 25-29 years with almost another third more being aged 30-34 years. When this is compared with non Key Worker households (Figure 147) it can be seen that Key Workers moving into shared ownership are on average slightly younger.

Figure 146
Age for Key Workers Moving in Shared Ownership Sector (Source: CORE Records 2006-2009)

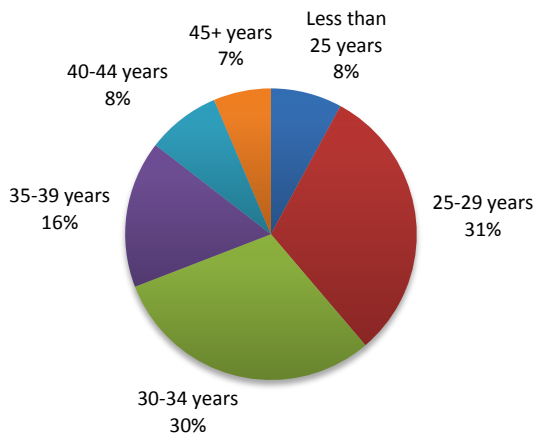
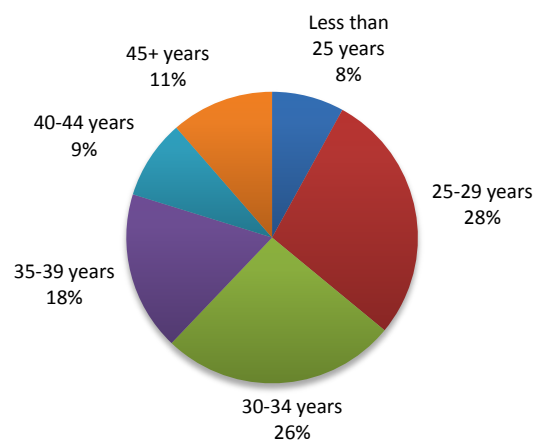


Figure 147
Age for Non Key Workers Moving in Shared Ownership Sector (Source: CORE Records 2006-2009)



7.125 Figure 148 shows that 2% of Key Worker households moving into or within the shared ownership sector had at some stage been owner occupiers previously. This group are likely to include;

- those who retained some equity from an old property following separation from a partner;
- those who were owner occupiers in other parts of the country, but can only afford shared ownership in North London; and
- those who previously bought small flats, but now require family housing which is unaffordable to them.

Figure 148
Key workers in shared ownership that previously owned housing (Source: CORE Records 2006-2009)

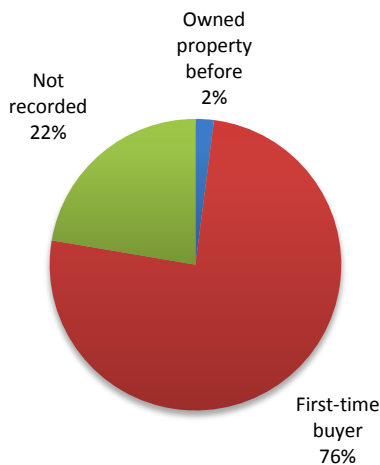
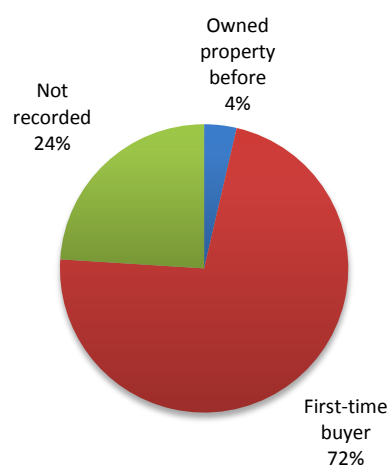


Figure 149
Non Key Workers in shared ownership that previously owned housing (Source: Records 2006-2009)



7.126 It is also noteworthy that the level of mortgages taken out by Key Worker households for shared ownership dwellings were on average higher than those taken out by non Key Worker households. Almost half of all Key Worker households had mortgages in excess of £100,000 for their shared ownership dwellings while this was the case for less than 25% of non Key Worker households.

Figure 150
Mortgage Levels for Key Workers (Source: CORE Records 2006-2009)

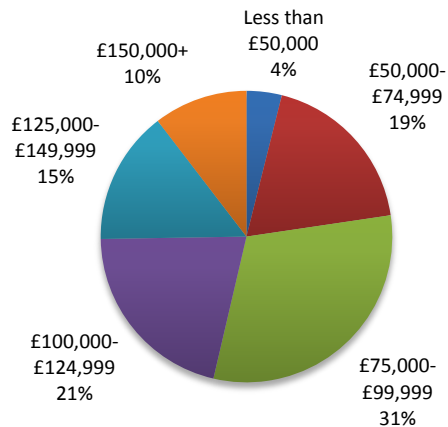
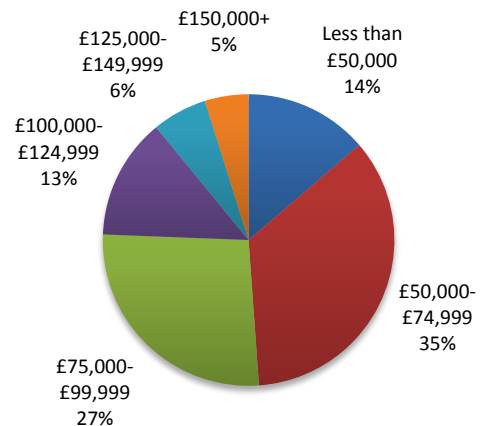


Figure 151
Mortgage Levels for Non Key Workers (Source: CORE Records 2006-2009)



Housing Requirements of Key Workers: Summary of Key Points

- Over 4,700 Key Workers have had their applications to be on the waiting list for dedicated schemes approved in the period April 2006 – May 2008;
- Education and health sector workers form almost three quarters of all approved applications for Key Workers housing schemes;
- Almost half of all Key Worker housing applicants currently live in the private rent sector while another 28% are currently living with families or friends;
- Almost half of all Key Worker households seeking low cost housing have household incomes of £20,000-£30,000. It is also the case the 20% have household income of over £40,000;
- In total, around 400 Key Worker households moved into or within the shared ownership sector in North London between April 2005 and March 2008;
- Around 2% of Key Worker households moving into or within the shared ownership sector had at some stage been owner occupiers in the past; and
- Almost half of all Key Worker households had mortgages in excess of £100,000 for their shared ownership dwellings.

Understanding the Housing Requirements of First Time Buyers

7.127 Sub-regional Strategy Support Studies Survey Database, 2008 update identified around 10,600 ‘first time buyers’ in North London who moved into their home within a year of the survey. This figure is calculated by looking at all those who have moved into owner occupation from a different tenure. Therefore, it may also include people who were previously owner occupiers, but not immediately prior to moving to their current home. However, the data provides a reasonable estimate of the number of first time buyers.

Figure 152
Tenure of First Time Buyers in North London (Source Sub-regional Strategy Support Studies Survey Database, 2008 update)

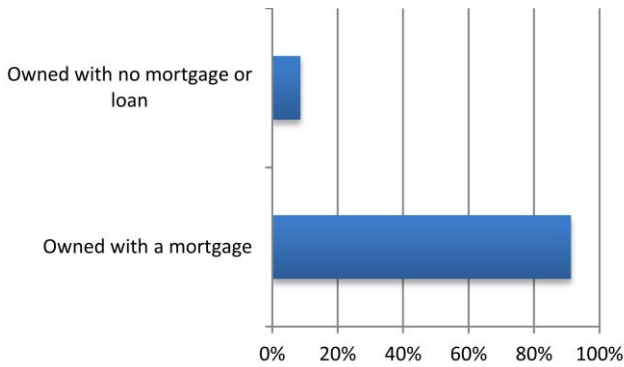
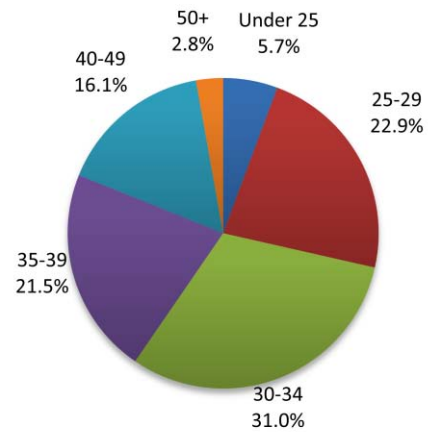


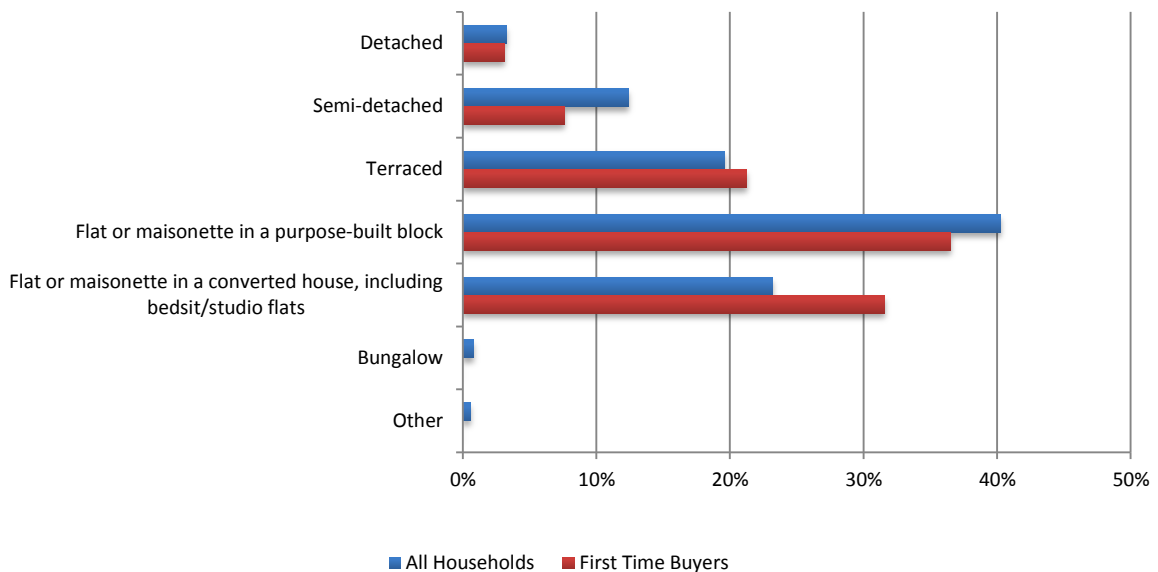
Figure 153
Age of First Time Buyers (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.128 Figure 152 shows that the vast majority of first time buyers own their home with the help of a mortgage with only 9% able to buy their home outright.

7.129 When examining the age of first time buyers, it is clear in Figure 153 that over half are aged between 25 and 34 years with a further 21.5% aged 35 to 39 years. Very few first time buyers are aged under 25 years or 50 years and over.

Figure 154
Property Type for First Time Buyers (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.130 Over two-thirds of all first time buyers are currently living in flats, with a further 21% having bought a terraced property. In particular, first time buyers when compared to all households are significantly more likely to be living in a converted dwelling and slightly more likely to be living in a terraced property. Furthermore, only around 3% of first time buyers have been able to access a detached property and are much less likely to be living in a semi detached property than across all households. This indicates that the affordability for this group is lower than for the population as a whole.

Figure 155
Number of Bedrooms in Homes occupied by First Time Buyers
 (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)

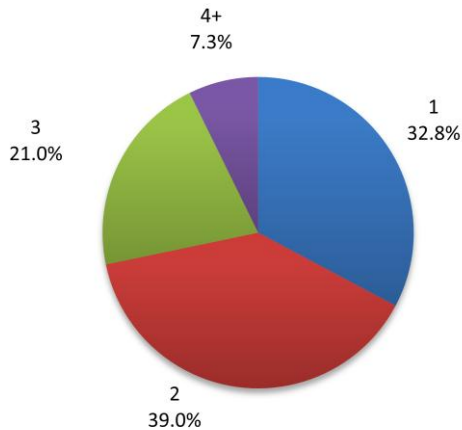
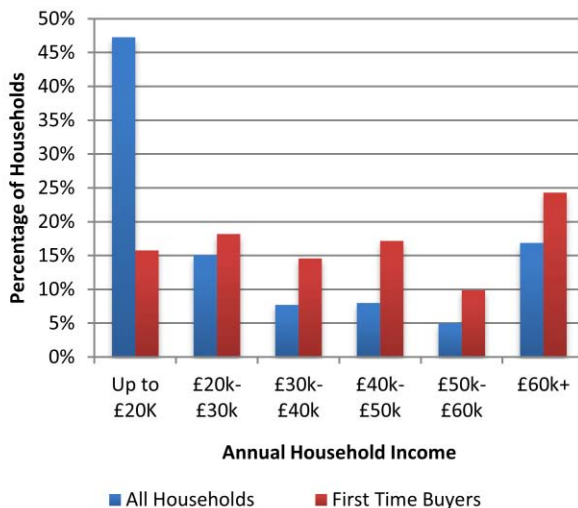


Figure 156
Household income by First Time Buyer Households for North London
 (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



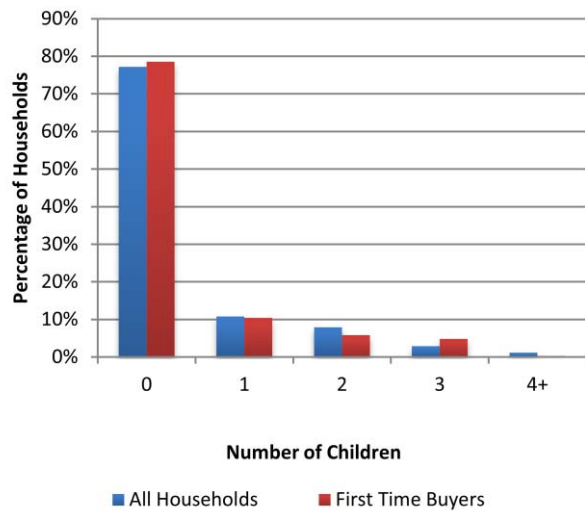
7.131 Homes occupied by first time buyers are also likely to be smaller than the average, with over two thirds (72%) consisting of 1 or 2 bedrooms. Only 7% of first time buyers move directly into a property with four bedrooms or more.

7.132 The household income of first time buyers varies greatly from that of the overall population as shown in Figure 156. While almost half of the entire population of North London have an income of less than £20,000 a year, this is the case for only 15% of first time buyers. It should also be noted that this group is likely to include people who have access to money from other sources, such as those who are recently separated, have been living temporarily in another tenure but have equity from a previous property, or those who have come into an inheritance.

7.133 Figure 156 also shows that the distribution of household income for first time buyers in North London is fairly evenly spread across the income bands. However, it is clear that first time buyers are much more likely than the general population to be in a position to afford owner occupation, particularly at the £30,000 level and above.

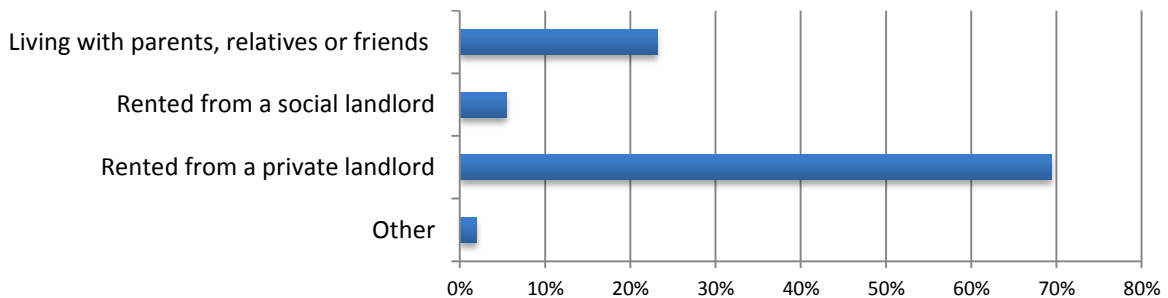
7.134 Figure 157 indicates that the majority (79%) of first time buyer households contain no children and that there is little difference in the number of children in the household when compared to all households in North London. However, it should be noted here that the data for all households also includes pensioner households which are unlikely to contain children. It is most probable that if only economically active households were presented, first time buyers would be seen to be slightly more likely to contain children than other households.

Figure 157;
Number of Children in Household by First Time Buyer Households
 (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



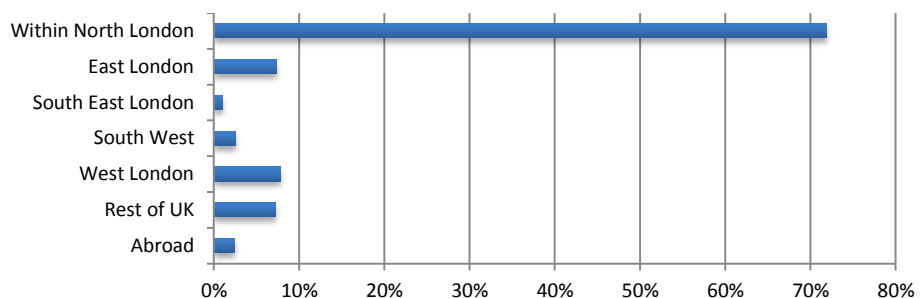
7.135 The vast majority (69%) of first time buyer households were renting from a private landlord immediately prior to moving into their current property. A further 23% were living with parents, relatives or friends. Very few were renting from a social landlord (either from the Council or a housing association) indicating that it is very difficult to move from the social rented sector into owner occupation.

Figure 158;
Previous Tenure for First Time Buyers (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.136 It is apparent from Figure 159 that most (72%) first time buyers were already living somewhere in North London with 70% of these remaining within the same borough. A further 19% of first time buyers were previously living elsewhere in London, mainly in the neighbouring sub-regions of West and East London. There appears to have been little movement between areas south and areas north of the Thames, which is a pattern seen when all migration for London is mapped. It is also apparent that very few international migrants are able to immediately access owner occupation.

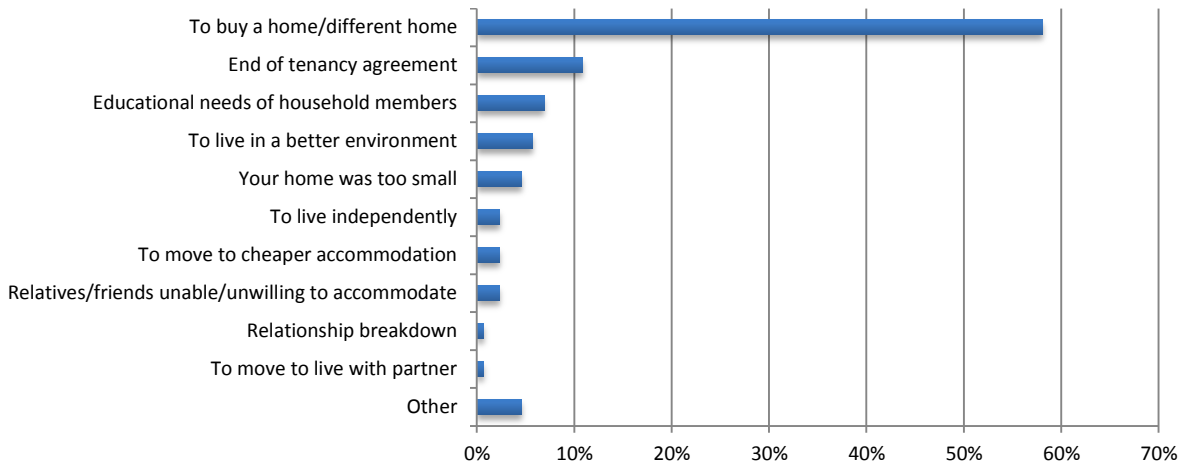
Figure 159;
Previous Location for First Time Buyers (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



7.137 Figure 160 below details the reasons first time buyers gave for moving into their current property. By far the most common reason was simply to buy a home, with a further 11% having reached the end of a tenancy agreement. Only 5% stated the reason for moving as their home was too small, this is usually one of the top responses when asked of all households who have recently moved.

Figure 160;

Reason for Moving for First Time Buyers (Source: Sub-regional Strategy Support Studies Survey Database, 2008 update)



Housing Requirements of First Time Buyers: Summary of Key Points

- Local authority survey data identified around 10,600 'first time buyers' in North London who have moved into their property within a year previous to the survey;
- When examining the age of first time buyers, over half are aged between 25 and 34 years with a further 21.5% aged 35 to 39 years;
- Over two-thirds of all first time buyers are currently living in flats, with a further 21% having bought a terraced property. Homes occupied by first time buyers are also likely to be smaller than the average, with over two thirds (72%) consisting of 1 or 2 bedrooms;
- While almost half of the entire population of North London have an income of less than £20,000 a year, this is the case for only 15% of first time buyers. First time buyers are much more likely than the general population to be in a position to afford owner occupation, particularly at the £30,000 level and above;
- The majority (79%) of first time buyer households contain no children and there is little difference in the number of children in the household when compared to all households in North London;
- The vast majority (69%) of first time buyer households were renting from a private landlord immediately prior to moving into their current property and a further 23% were living with parents, relatives or friends;
- Most (72%) first time buyers were already living somewhere in North London with 70% of these remaining within the same borough. A further 19% of first time buyers were previously living elsewhere in London; and
- Of the reasons first time buyers gave for moving into their current property, the most common was simply to buy a home, with a further 11% having reached the end of a tenancy agreement.

Homelessness

Acute Housing Need and Homelessness

7.138 A key duty of local authorities is to administer cases of homelessness. The Housing Act 1996 states that if the authority is satisfied that the applicant has a priority need, they shall;

- ensure that accommodation is available for his occupation for such period as they consider will give him a reasonable opportunity of securing accommodation for his occupation; and
- provide him with advice and assistance as they consider appropriate in the circumstances in any attempts he may make to secure that accommodation becomes available for his occupation.

7.139 Cases can be found to be homeless but not in priority need because they may have made themselves intentionally homeless. Examples of people who have made themselves intentionally homeless might be those who;

- Deliberately made themselves homeless by leaving home knowing they could reasonably have stayed; or
- Deliberately caused a serious nuisance or withheld rent or mortgage payments.

Households Defined as being in Priority Need

The following groups of households were originally defined as being in priority need under the 1996 Housing Act;

- pregnant women;
- persons with whom a pregnant woman resides, or might reasonably be expected to reside;
- persons with dependent children, or with whom dependent children might reasonably be expected to reside;
- persons who are vulnerable because of old age, mental or physical disability or other special reason; and
- persons who are homeless in emergency.

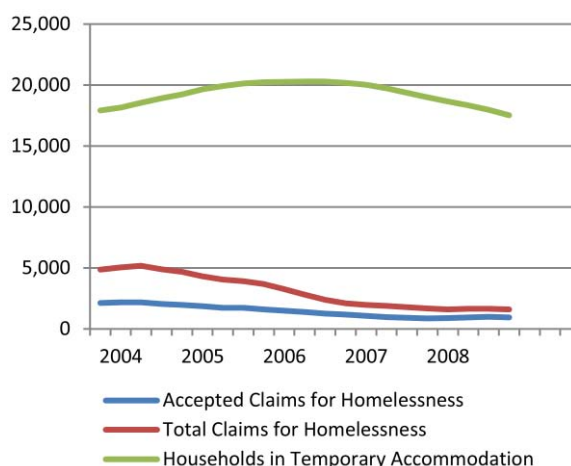
The following categories were added to this list by the Priority Needs Order 2001;

- 16 to 17-year-olds (not *relevant children* under the Children’s Act 1989 and Children Leaving Care Act 2000);
- young persons under 21 who are looked after/accommodated between 16 and 18;
- young persons under the age of 21 who are vulnerable as result of being looked after/accommodated/fostered;
- those who are vulnerable as result of being in HM forces;
- those who are vulnerable as a result of custodial sentence/remand to custody/contempt of court/kindred offence; and
- those who are vulnerable as result of leaving accommodation because of threats of violence.

7.140 Figure 161 indicates that the total number of claims for homelessness has gradually fallen since 2004, along with accepted claims. The number of households housed in temporary accommodation rose to a peak of over 20,200 in 2006 but has since fallen rapidly to only 17,500 in the fourth quarter of 2008.

7.141 Figure 163 indicates that the total number of acceptances for homelessness have been gradually falling since 2004 across all local

Figure 161
Unintentionally Homeless and in Priority Need Applications and Households in Temporary Accommodation for North London 2003 Q4-2008 Q4 (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)



authorities. However, from 2007 Haringey saw a rapid increase in the number of cases which were accepted as homeless, but there are signs this has now started to fall again. It should be noted, however, that one of the major factors that have influenced these numbers is an increased emphasis from the Councils on preventing homelessness.

Figure 162
Households in Temporary Accommodation by Local Authority Q4 2003- Q4 2008 (Source: Local Authority P1E Homelessness Data)

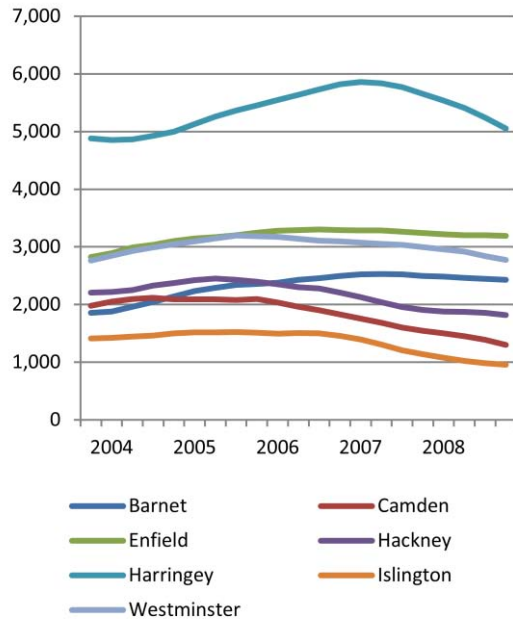
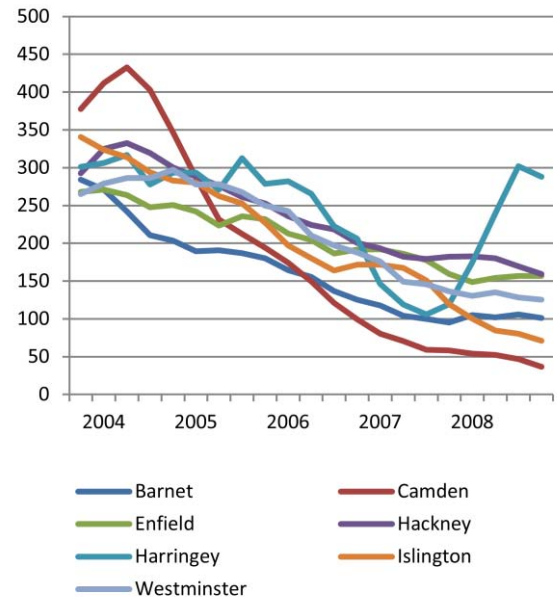


Figure 163
Unintentionally Homeless and in Priority Need Households by Local Authority Q4 2003- Q4 2008 (Source: Local Authority P1E Homelessness Data. Note: Number of cases based on 12-months to end of quarter)



7.142 Similarly, from 2007 onwards, Haringey has reduced the number of households held in temporary accommodation but has a higher number than all other local authorities. Westminster, Hackney, Camden and Islington have also reduced the number of households in temporary accommodation since 2004 as well as the number of homeless applications through homelessness prevention initiatives.

7.143 In North London between the 1st quarter of 2003 and the most recently available data from the 4th quarter of 2008, 30,537 people were accepted as homeless and in priority need. Figure 164 identifies the ethnic minority dimension to homelessness acceptances across North London. Of all households accepted as being homeless and in priority need in the period 2003-08, around 55% were from BME groups, which is much higher than their share of the total population.

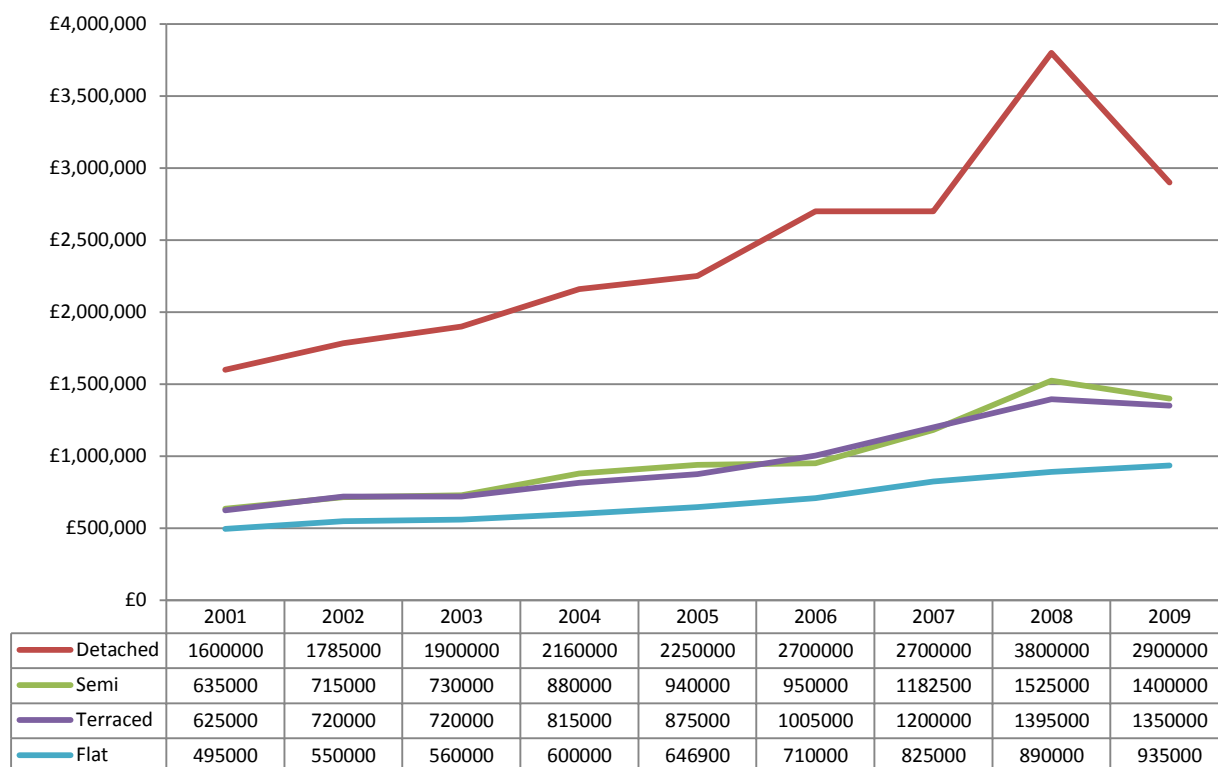
Figure 164
Homeless and in Priority Need by Ethnic Group Q1 2003-Q4 2008 (Source: Local Authority P1E Homelessness Data and UK Census of Population 2001)

Local Authority	% of cases from groups	% of population from groups
White	37.7%	71.7%
African/Caribbean	29.9%	13.4%
Indian/Pakistani/Bangladeshi	8.1%	9.8%
Other Ethnic Group	17.1%	5.1%
Unknown	7.2%	-
Total	100%	100%

Understanding the Role of Luxury Housing

- 7.144 Given London’s role as a world city, it is important to recognise that a prime housing market exists in parts of the region to cater for those households with significant resources available who are looking for luxury housing. It is important that the requirement for such housing is not overlooked when considering the strategic perspective for housing in the sub-region.
- 7.145 Unfortunately, local authority survey data does not provide any reliable information about these households, partly because they only constitute a relatively small proportion of the entire population and perhaps more importantly because they are particularly difficult to interview.
- 7.146 We have therefore considered a range of secondary sources that help us understand the extent and distribution of this market.
- 7.147 Figure 165 shows the 95th percentile house price for each type of property across the whole sub-region has changed over recent years. It should be noted that there are very few transactions that involve detached housing, so these values can be more erratic than other property types (as seen in 2008).
- 7.148 Consistent with the housing market as a whole, the most expensive housing has increased in price quite markedly since 2001 as illustrated below. The most expensive flats (including luxury apartments) have increased from around £0.5M in 2001 up to £0.9M in 2009. Terraced housing (or town houses) and semi-detached properties have both increased from £0.6M up to £1.4M over the same period, with detached housing increasing from £1.6M up to £2.9M.

Figure 165
95th Percentile House Price by Property Type (Source: HM Land Registry, All transactions 2001-09)

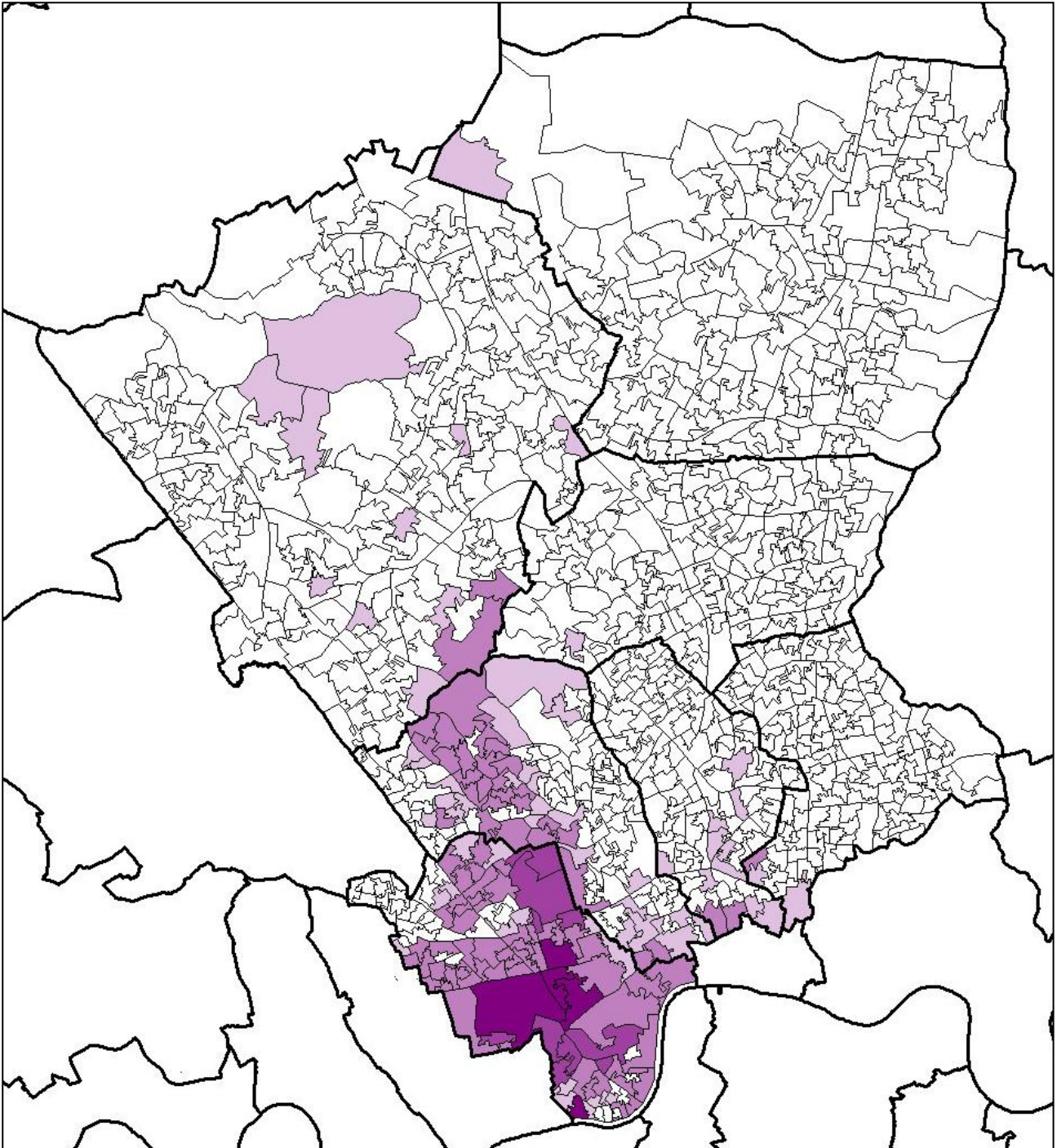


7.149 The maps below show the distribution of these most expensive properties across the sub-region, with the darkest shading representing the highest number of transactions.

7.150 It is apparent that the most expensive flats are concentrated towards inner London, in particular central parts of Westminster and Camden, and some parts of Islington in particular areas bordering the City of London. There are sales of expensive apartments also recorded in some areas of Barnet and Enfield.

Figure 166

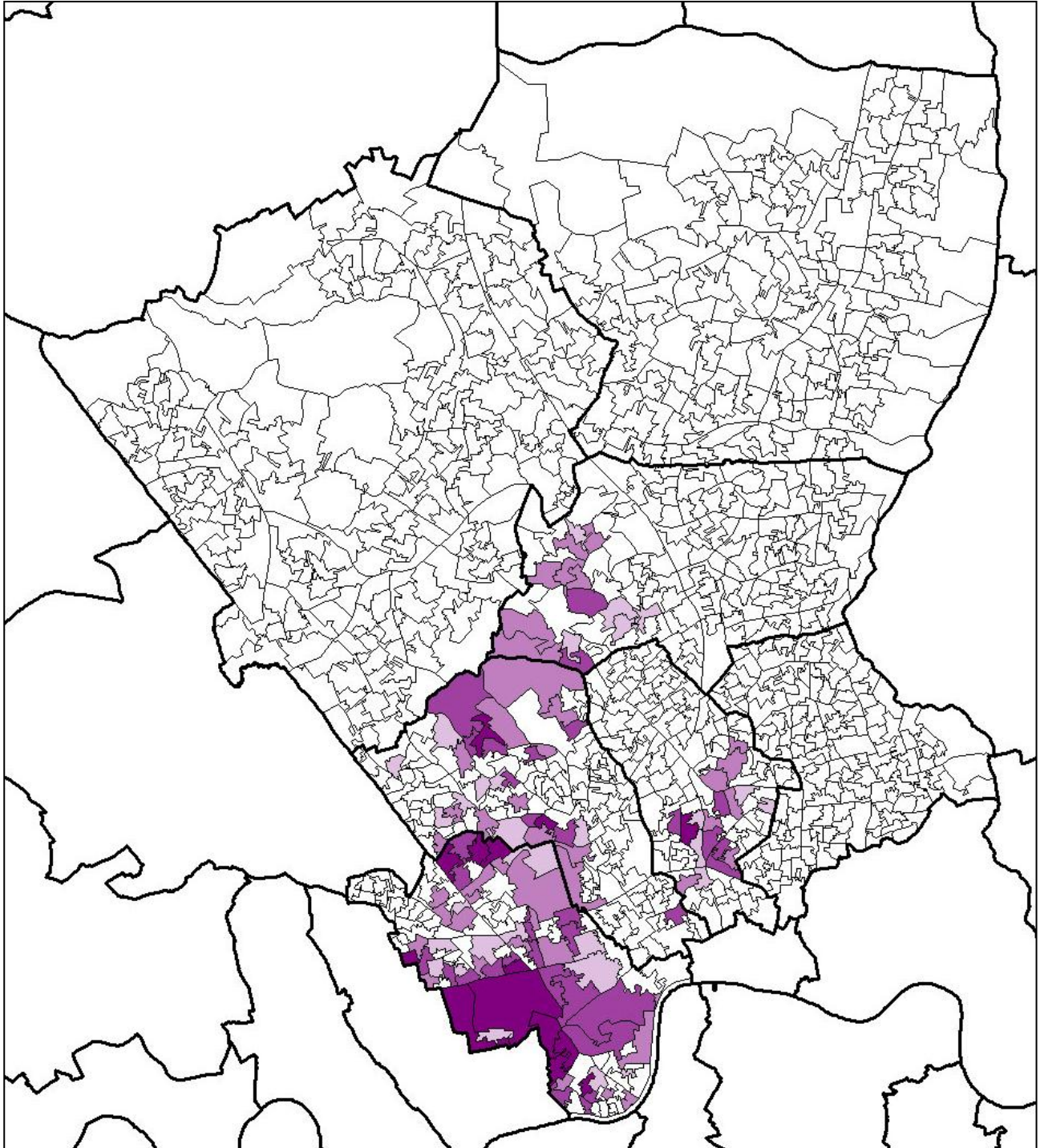
Location of Flats selling within the Top 5th Percentile across the Sub-region over the period Jan 2005-Dec 2009 (Source: HM Land Registry)



7.151 It is apparent that the concentration of the most expensive terraced housing is similar to that seen with flats, although these properties are concentrated in different parts of Camden, Islington and also the south western part of Haringey.

Figure 167

Location of Terraced Houses selling within the Top 5th Percentile across the Sub-region over the period Jan 2005-Dec 2009 (Source: HM Land Registry)



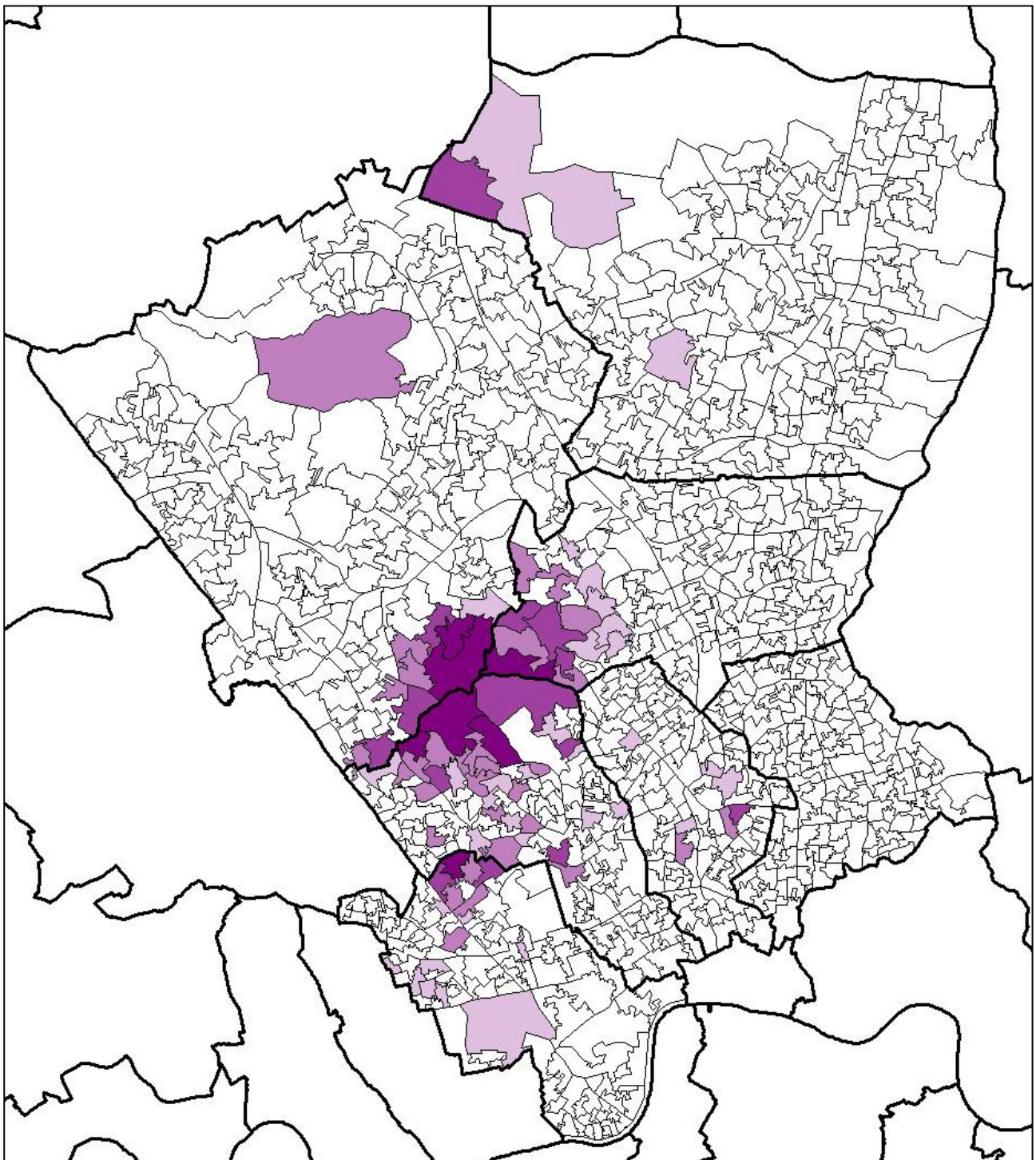
7.152 Due to the lack of detached property transactions, the following map considers detached and semi-detached housing collectively.

7.153 It is apparent that the areas of Camden and Haringey identified as having some of the sub-region's most expensive terraced housing also have detached and/or semi-detached housing available. For these property types, this area also extends into the south eastern border of Barnet. There are some transactions also recorded in the more northern parts of Barnet and Enfield. Given the nature of the housing stock in Westminster, there are few transactions of this type in the area.

Figure 168

Location of Detached and Semi-detached Houses selling within the Top 5th Percentile across the Sub-region over the period Jan 2005-Dec 2009

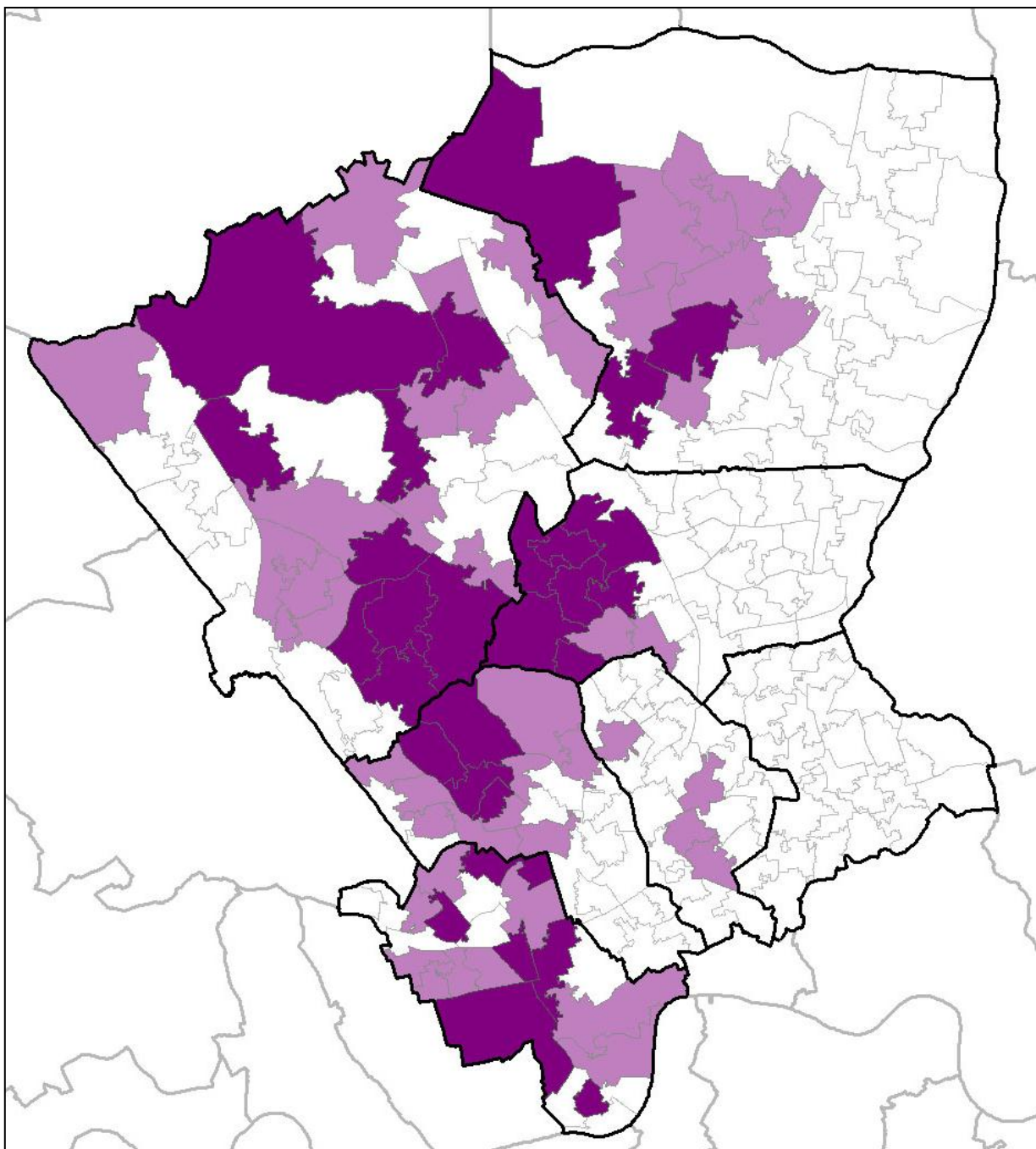
(Source: HM Land Registry)



7.154 The final output considers the location of the highest average income by area across the sub-region. Unfortunately, averages mask the extremes, so an area with a mix of high and low earners may show the same average as an area with mainly middle income earners.

7.155 Nevertheless, the map below shows that there is a broad tie in between the highest income earners and top-end housing stock towards the south of the sub-region. Areas with an average weekly income of over £1,000 are shown in dark purple, while those with an average income of £800-£1,000 are shown in light purple. There are clearly high income earners also living in parts of Enfield and Barnet that are not mirrored in the house price data. However, this could be due to this population being more stable and therefore the properties that they occupy not being sold on such a frequent basis.

Figure 169
ONS Modelled Income Distribution by Middle Super Output Area (Source: ONS)



**The Role of Luxury Housing:
Summary of Key Points**

- In North London the most expensive flats have increased from around £0.5M in 2001 up to £0.9M in 2009. Terraced housing (or town houses) and semi-detached properties have both increased from £0.6M up to £1.4M over the same period, with detached housing increasing from £1.6M up to £2.9M.
- The most expensive flats are concentrated towards inner London, in particular central parts of Westminster and Camden, and some parts of Islington in particular areas bordering the City of London.
- The most expensive terraced housing is similar to that seen with flats, although these properties are concentrated in different parts of Camden, Islington and also the south western part of Haringey.
- Areas of Camden and Haringey identified as having some of the sub-region's most expensive terraced housing also have detached and/or semi-detached housing available with this area also extending into the south eastern border of Barnet.
- The areas of highest household income in North London do not match exactly with areas of high house prices. Many areas of Enfield and Barnet contain relatively high levels of household income, but this is not mirrored in the house price data.

Section 8: Conclusion and Main Policy Issues

8.1 In this section we provide concluding remarks and further examine the main policy issues that arise from the SHMA at the sub-regional level. Remarks are confined to strategic issues relating to the future housing requirement.

General conclusion

- 8.2 The evidence supports the 'story' of the sub region;
- the sub-region consists of inner and outer London boroughs and contains extremes of wealth and poverty;
 - Greater London is the engine of the UK economy and as such it attracts many young people to the inner city for education, work, lifestyle and cultural reasons;
 - Greater London relies upon a great many low paid jobs to sustain its retail and service sector many of which are filled by international migrant workers;
 - due to shortages of housing, prices are driven up;
 - this has led to a response from entrepreneurs to provide cheaper housing by subdividing dwellings, a public policy response of promoting family housing and the action of many single person households to flat share;
 - due to demographic trends households tend to be small and there are flows of older households and those who have children to outer London and the commuter belts;
 - the economics of the development of new dwellings in inner London mean that most development will be of high density small apartments, in outer London and the commuter belts lower density and more diverse housing sizes and types are possible reinforcing the flows;
 - the general direction of travel of public policy is to ensure that housing development is sustainable and that there is minimum harm to the environment. This means that policy aims are about more than meeting housing requirements identified by the SHMA, for example, achieving mixed tenure developments and incentives such as generous intermediate housing policies to contain 'city flight';
 - this in turn means that a serious gap exists in London's housing - housing for lower paid workers vital to the local economy who cannot access social housing and who cannot afford decent market housing;
 - whilst all boroughs have linked housing growth with regeneration opportunities, the major housing growth will occur in East London rather than North London or any of the other sub-regions. This is largely driven by the 2012 Olympic Games which affect the east of the sub-region; and

- the SHMA has demonstrated that in whole housing terms the sub region is cohesive and that failure to meet estimated affordable housing requirements will impact upon market housing. This coupled with the potential reduction in housing benefit support for private rented sector housing may free up housing supply for the identified gap, although the impact on households that can only afford social housing but are living in the private rented sector may be severe, especially if they are large families on low income.

Implications of Not Delivering the Housing Requirement

- 8.3 Delivery of additional housing over the 5 year period will be a minimum of 33,755 dwellings which is considerably less than the lowest estimate of requirements estimated by the SHMA (49,544 dwellings).
- 8.4 In Section 6 of the report the size and tenure mix of the 5 year housing requirement was estimated using a number of scenarios and assumptions about future supply. The standard ORS approach to estimating these requirements is arguably the approach that most accurately takes account of the varying role and interactions of tenures across the whole housing market. By applying affordability tests and standard ORS assumptions regarding supply of affordable and intermediate housing (from dedicated products, private rented sector housing benefit tenancies and lower quartile private rented sector supply) the 5 year affordable housing requirement is estimated at 20,901 dwellings out of the total requirement of 49,544 dwellings and the tenure ratio can be estimated as;
- market housing 28,603 dwellings (58%);
 - intermediate affordable housing 2,790 dwellings (6%); and
 - social rented housing 18,111 dwellings (37%).
- 8.5 There are significant implications for the whole housing market if the 18,111 units of social rented dwellings are not provided. The households who are identified as requiring these homes will have to find alternative accommodation. The most obvious conclusion from not being able to deliver the 18,111 units of social rent is that housing benefit claims in the private rented sector will continue to rise and also that some households will be forced to spend very high shares of their income to find accommodation in the private rented sector.
- 8.6 Note that the market housing requirement does not represent the requirement for new build housing. Instead, it represents the number of units which market housing could potentially increase by in the next 5 years in North London driven by the growth in the number of households that could afford it. The distinction between these two points can be illustrated by a simple example.
- 8.7 Taking a scenario where a newbuild dwelling is bought by a household who is currently occupying an existing owner occupied property in North London the key question is what happens to the dwelling they vacate. If it is bought by another household who occupy the dwelling the total market housing stock has been increased by one unit (the newbuild dwelling). However, if the dwelling is bought by a landlord who subsequently rents the property to a household receiving housing benefit this effectively becomes part of the affordable housing supply. Therefore, completing one newbuild dwelling can see the market housing supply remain unchanged, but the affordable housing supply rise as part of the second hand stock finds its way into the affordable housing sector.

- 8.8 This situation has been common in London as newbuild dwellings are occupied as market housing, but parts of the second hand stock have been turned over to housing benefit receipt private rent or sub-divided and let as lower quartile private rent. The implication is that while the market housing requirement is identified as being 28,600 this does not necessarily equate to the newbuild market requirement. If more of the second hand stock becomes part of the effective affordable supply then potentially more units of newbuild could be required. However, if sufficient genuine affordable housing can be provided, units of current effective affordable supply can be returned to the market sector, i.e. households could vacate the lower quartile or housing benefit supported private rent and these dwellings could return to being part of the market supply. However, this would require a provision of social and intermediate housing of at least the levels identified in the various scenarios discussed in Section 6.
- 8.9 A further complication occurs if a total of 49,544 dwellings are not provided in the next 5 years. The households who wish to occupy these dwellings will still need to live somewhere. This will provide further demand for dwellings within North London being sub-divided as households seek to live in smaller units to make them affordable. Another possibility is that some households will seek housing outside the sub-region. However, the most mobile households are those who can afford market housing, so it is these households who are most likely to seek alternative areas to live in. A further possibility is that some households who wish to form separate households will fail to do so because of lack of options and this may see them continue to live in overcrowded conditions in their current home.
- 8.10 Therefore, if the total housing requirement is not provided it is likely that either sub-division of dwellings will occur, households will seek to live in alternative areas, or households will fail to form. If the affordable housing requirement is not provided then there is likely to be a complex result in the market housing sector where parts of the current second hand market housing stock become units within the effective affordable housing supply.

Implications of Potential Policy Change regarding Housing Benefit Support for Private Rented Sector Tenants

- 8.11 If we were to assume that any dwelling vacated in the housing benefit (HB) supported private rented sector is re-let to the open market private rented sector, this will have major consequences for the market, intermediate and social housing requirements. Such a change may be triggered by any combination of events and circumstances;
- local market conditions push rents beyond local housing allowance limits;
 - the area becomes attractive to higher income households; and/or
 - HB support is reduced as part of the Governments response to the economic crisis.
- 8.12 Using the standard supply assumptions of the ORS housing market model, over the next 5 years it is projected that 25,913 households will move who are currently occupying housing benefit supported private rented dwellings. Of these, 8,037 occupy dwellings where the rent is above the lower quartile private rent threshold and 17,876 occupy dwellings below the threshold.
- 8.13 Therefore, assuming all vacated housing benefit supported private rent property is returned to the open market will see the implied supply of social rented dwellings fall by 25,913, the supply of market

(PPS3 definition) will rise by 8,037 and the supply of dwellings affordable to those who require intermediate affordable housing will rise by 17,876.

- 8.14 The consequence of these changes for the modelled results is that if we exclude vacated housing benefit private rented properties from the potential social rented housing supply, the requirement for social housing rises to 44,023 dwellings over 5 years. The return of the housing benefit supported properties to the open private rented sector would leave a potential surplus of intermediate affordable housing. This means that there would be a greater number of lower quartile private rented housing available than would be required by households requiring intermediate affordable housing.
- 8.15 The unknown factor is how landlords/entrepreneurs would respond to a changing market;
- the extent to which less generous HB funding would lead to cheaper market rents;
 - the degree to which landlords will retain their sitting tenants in preference to rent losses and fees associated with re-letting; and
 - the extent to which households in the intermediate affordable housing income band would consider the extra supply attractive and affordable.

Intermediate Affordable Housing Issues

- 8.16 The aim of this section is to relate SHMA findings to policy and delivery of intermediate affordable housing. A concern for policy is the extent to which the additional supply of intermediate affordable housing products are likely to be affordable to local people within the meaning of PPS3.

Abstract from PPS 3 Annex B definitions relating to affordable housing

Affordable housing

Affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market.

Affordable housing should:

- Meet the needs of eligible households including availability *at a cost low enough for them to afford, determined with regard to local incomes and local house prices.*
- Include provision for the home to *remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.*

Intermediate affordable housing is:

Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.’ These definitions replace guidance given in Planning Policy Guidance Note 3: Housing (PPG3) and DETR Circular 6/98 Planning and Affordable Housing.

The definition does not exclude homes provided by private sector bodies or provided without grant funding. Where such homes meet the definition above, they may be considered, for planning purposes, as affordable housing. Whereas, *those homes that do not meet the definition, for example, ‘low cost market’ housing, may not be considered, for planning purposes, as affordable housing.*

Intermediate affordable housing and the SHMA

- 8.17 The SHMA has investigated affordability based upon local market prices and social rents. It has concluded that intermediate affordable housing is affordable to 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). Therefore, social rent and private sector rent levels affecting North London have been used to support a local definition in accordance with PPS3 Annex B definitions.
- 8.18 The SHMA estimates that based upon this criteria that the 5 year requirement for intermediate affordable housing is for 2,790 dwellings. This is 6% of total requirements or 8% of target delivery of 33,755 dwellings.

Intermediate housing and the Replacement London Plan Consultation Draft 2009

- 8.19 This policy document describes the vision of how intermediate housing products can be targeted in the future to enable communities to be more mixed and sustainable over time (Replacement Plan paragraph numbers are quoted where appropriate);
- a more diverse range of intermediate housing products providing greater flexibility for movement between tenures (3.38) ;
 - infill schemes in predominantly social housing estates should primarily be targeted for intermediate and market housing (3.53);
 - Intermediate housing should meet the criteria outlined in Policy 3.11 and be available at prices and rents above those of social rent, but below market prices or rents. New intermediate homes should be affordable to households whose annual income is in the range £18,100 – £61,400;
 - for homes with more than two bedrooms, which are particularly suitable for families, the upper end of this range will be extended to £74,000. These figures will be updated annually in the London Plan Annual Monitoring Report (3.55);
 - to take more effective account of the PPS 3 requirement to have regard to local incomes and house prices in setting the upper level of the intermediate housing eligibility threshold, it must be recognised that lower quartile house prices in London are 70 per cent higher than in the country as a whole, 31 per cent higher than in the South East region and 50 per cent higher than in the East of England. The general London upper household income threshold of £61,400 is only slightly higher than the national standard threshold of £60,000 used by the Homes and Communities Agency. However, it is necessary to ensure that intermediate housing can be delivered and accessed across the range of demand and need, in particular, for larger homes which is where the greatest need arises. The higher income threshold of £74,000 reflects the higher costs to developers and purchasers of this family sized intermediate housing;
 - the Mayor will seek an average of at least 13,200 more affordable homes per year in London over the term of this Plan and, within this, seek to ensure that 60 per cent is social housing and 40 per cent is intermediate housing. That priority should be accorded to provision of affordable family housing;
 - derivation of separate targets for social rented and intermediate housing has been informed by the SHMA and other relevant factors including the role intermediate housing can play in

helping Londoners get a first step on the housing ladder, reducing the call on social rented housing, freeing up social rented homes, providing wider housing choices and securing a more balanced social mix on mono-tenure estates. Account has also been taken of the way intermediate housing development can extend the effectiveness of scarce public resources by increasing overall housing output through partnership working with the private sector (3.58); and

- the Mayor proposes that as a long term strategic target, 60 per cent of new affordable housing should be for social renting, especially for families, and that 40 per cent should be for the range of intermediate housing products outlined in the London Housing Strategy to meet different needs, including those arising from groups which hitherto have not been able to afford market housing but have been excluded from intermediate housing. The Mayor recognises that these are challenging targets, particularly in current economic conditions, but to meet Londoners' housing needs all stakeholders must engage to achieve them over the term of the Plan (3.59).

Information from the HomeBuy Agent

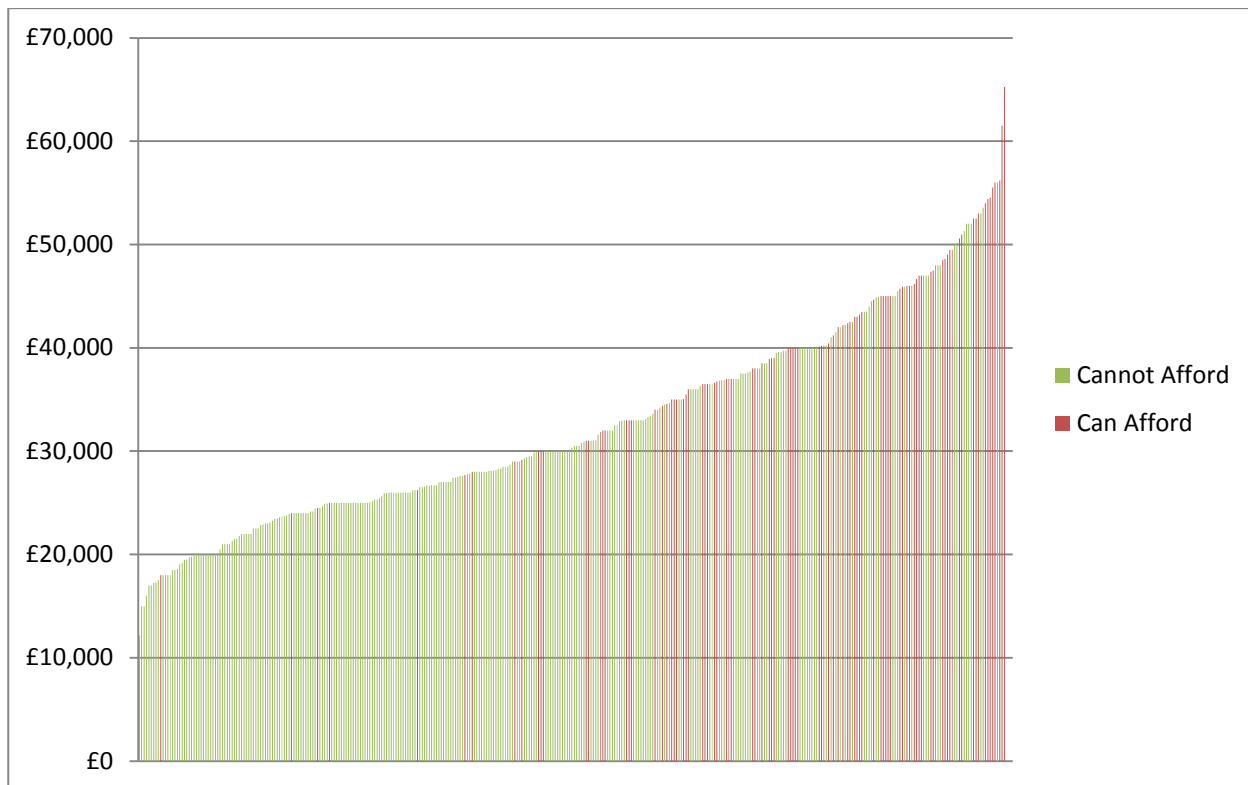
^{8.20} The object of the analysis was to understand how sales related to the SHMA findings relating to intermediate affordable housing and the Mayors' policy position as described above.

^{8.21} The HomeBuy 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 361 completed sales across the 7 local authorities in the sub-region to non key worker households and 57 sales to key worker households. A similar number of sales were achieved in all of the boroughs but a much smaller number were achieved in the City of Westminster;

- 96 (27%) sales to non key worker households were to households with income in excess of the intermediate affordable housing income band defined by the SHMA of £16,800 – £37,000 p.a.;
- 16 (28%) sales to key worker households were to households with income in excess of the intermediate affordable housing income band defined by the SHMA of £16,800 – £37,000 p.a.;
- 4 sales were to households with incomes in excess of £60,000 p.a., 2 sales each to key worker and non key worker households. The highest income household purchased a 30% share of a 2 bedroom flat at market value of £365,000.
- 3 sales were to households with income under £16,800. As an example a 25% share of a £180,000 2 bedroom flat was purchased;
- the average income of households across all sales was £27,600 for non key workers and £33,230 for key workers;
- using the same CLG practice guidance affordability benchmarks used by the SHMA to assess the requirement for intermediate affordable housing, 279 (77%) of non key worker and 45 (79%) of key worker households had purchased homes at a cost which they could not reasonably afford by this measure. Some households were beyond the benchmark by a considerable margin. We assumed a 15% deposit was required in all cases and included service charges in the calculation of housing costs;

- using the income distribution of households for all new build HomeBuy sales in the sub region in the data (key worker and non key worker) households with higher incomes tended to be the households most likely to be within the CLG affordability benchmarks (Figure 170).

Figure 170
Household Income Distribution of Recent New Build HomeBuy Sales (Source: HomeBuy Agent sales data 2008-9)



- However SHMA practice guidance (version 2, page 59) suggest a different approach to assessing affordability of shared ownership products. Here monthly gross income is compared to the combined monthly cost of rent and mortgage. Using this criteria for non key workers 105 (29%) and for key workers 20 (35%) sales would not be considered affordable.
- This method does not take account of service charges which can be a significant additional cost. If we add service charges into the calculation for non key workers 128 (35%) and for key workers 26 (46%) sales would not be considered affordable.

8.22 In general terms the affordability of sales to individual households is difficult to assess as there is an additional variable in addition to household income and price. This is the size of the share purchased which can be assumed to be a main factor that enables a sale to be affordable to a household. Analysis of sales suggests that even where a 25% share has been purchased most households have purchased more than they can reasonably afford. One explanation could be if a large deposit has been paid however the size of the mortgage for these households would suggest that large deposits have not been paid. That said, clearly lenders have provided the finance to support the sale.

Conclusions for Policy Consideration

8.23 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. The Mayor makes a very powerful argument for the role of intermediate housing and increasing the supply of it.

- 8.24 A cause for some concern is that, based upon recent sales, a number of households are clearly paying 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 none outside the Draft Replacement London Plan upper earnings limit.
- 8.25 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.
- 8.26 The SHMA points to a smaller requirement for intermediate housing than the Draft London Plan aspires to. This is because the SHMA estimates are based upon affordability considerations. Factors such as understanding household aspirations that affect demand and the perceived value of shared ownership need further study. Nevertheless, based upon evidence from the HomeBuy agent it is apparent that there is 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.
- 8.27 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. The evidence from the HomeBuy agent suggests there is no intermediate product affordable to this group. At the same time those without children and in good health will have little opportunity to access social housing. Typically they rent in the cheaper end of the private rented sector/flat share or continue to live in the parental home. Those with large families have few options. They can only realistically afford social rented housing which is in short supply due to right to buy sales.
- 8.28 In conclusion, based upon the evidence of recent sales, intermediate affordable housing;
- is generally sold to households within the income band defined by the SHMA;
 - the income band is a broad measure of affordability;
 - few individual sales are considered affordable to households in terms of the practice guidance affordability benchmarks consistently applied throughout the SHMA;
 - a greater proportion of sales can be considered affordable to households if alternative practice guidance (page 59) benchmarks are followed; and
 - sales that can be considered affordable to the household tend to be to households with higher income levels.
- 8.29 A policy response might include delivery of an intermediate affordable rent product affordable to lower income groups. In addition, once the measures taken to support the house construction industry are no longer needed re-instatement of a HomeBuy product based upon second hand market housing would generally improve the affordability of products.
- 8.30 It is clear that intermediate affordable housing as envisaged by PPS3 is not the same as the policy aim contained in the London Plan or the Replacement Plan and that the CLG income multipliers are not realistic in the context of inner London prices. However, we would point out, based upon the

evidence, that some households that have purchased flats and apartments under Newbuild HomeBuy arrangements have borrowed significant amounts of money and might be exposed to considerable risk which is not surprising in the aftermath of the credit crunch.

Unsuitable Housing and Overcrowding

^{8.31} A further cross-cutting issue at the sub-regional level is overcrowding. This issue is highlighted because;

- this group of unsuitably housed households are often in the most acute housing need;
- some BME groups are disproportionately affected;
- overcrowding has important implications for health and child development;
- large households on low incomes have few options to secure decent housing that is affordable to them; and
- larger social rented homes are in short supply.

^{8.32} The Mayor's policy aspiration is to provide a greater supply of family housing across London but would not want this to conflict with other policy aims of enabling communities to become more mixed and sustainable. This will be a considerable challenge as most large households on low income can only afford social rented housing.

^{8.33} SHMA evidence tells us that from household survey information;

- 58,000 households across the sub-region can cite overcrowding as a factor in considering they live in unsuitable housing; and
- some BME groups are disproportionately likely to suffer from overcrowding;
 - 28% of Bangladeshi households have one room too few for their needs with 7% lacking two rooms; and
 - 15% of Pakistani and 19% of black African households lack one or more rooms.